

# i-PRO Green Procurement Standards (Version 1.0)

Date of enforcement: April 1, 2022

Date of issue: April 1, 2022

Published by i-PRO corporation

# Contents

## I. Green Procurement Standards

- Chapter 1 General Rules
- Chapter 2 Green Procurement Policy
- Chapter 3 Applicable Suppliers and Supplier Category-based Requests
- Chapter 4 Environmental Impacts Reduction Initiatives
- Chapter 5 Encouraging Upstream Suppliers
- Chapter 6 Application

## II. Green Procurement Operation Manual

1. Tools for monitoring the status of initiatives at suppliers
2. Supplier evaluation principles

Green Procurement Standards Revision Record

# I. Green Procurement Standards

This section describes our Green Procurement Policy and specific requests to suppliers.

Our company may make specific requests that differ from these Green Procurement Standards based on the laws, ordinances, and rules of the country where they are located, business forms, customer requests, etc. In

this case, we would like to request our suppliers to prioritize these requests from our business units.

# Chapter 1 General Rules

## Objectives

### Article 1.

The objectives of these Green Procurement Standards are to disclose our Green Procurement Policy and specific requests to suppliers and ensure that our requests are met by suppliers in an effort to promote the procurement of materials with less impacts on the global environment, or "Green Procurement."

## Application

### Article 2.

① These Green Procurement Standards shall apply to our material procurement activities . "Materials" collectively refer to raw materials, parts and purchased products used for the manufacturing of products.

1. Parts include component materials (tape, solder, adhesives, etc..) of auxiliary materials, packaging materials of products, packaging materials for product transport and packaging materials used for transport/protection by part suppliers.

2. Purchased products refer to finished products whose design and manufacturing are consigned by our Company or equivalent products, refers to products manufactured under the i-PRO name manufactured according to the manufacturer's standards or specifications, and products for sales promotion.

\* The substrate Assy product is applied to be incorporated into the i-PRO product as a component.

② The relevant articles of these Green Procurement Guidelines shall apply mutatis mutandis to procurement activities for molds, mechanical equipment, service parts materials, etc.

③ The relevant articles of these Green Procurement Guidelines shall apply mutatis mutandis to procurement activities of information deliverables and services such as software, design consignment, research and translations.

## **Chapter 2 Green Procurement Policy**

### **Supplier Group Establishment**

#### **Article 3.**

Our company shall establish approved supplier groups to deliver products and goods conform to its Environmental Policy.

### **Basic Requirements of Suppliers**

#### **Article 4.**

Our company shall make the following basic requests to suppliers to establish supplier groups specified in the preceding article.

- 1.Reduce the environmental impacts not only from the products and goods that suppliers deliver, but also from their business activity fields such as procurement, production, logistics, development and sales.
- 2.Encourage upstream business partners of their supply chain to reduce their environmental impacts.

### **Supplier Selection**

#### **Article 5.**

In its selection of suppliers, We shall seek equality in business opportunities and fair judgment based on compliance with environment-related laws and regulations, product quality, prices, deliveries, services, technical development capabilities, etc.

1. Establishment of an environmental management system
2. Ensuring comprehensive chemical substance management
3. Reduction of GHG emissions
4. Promotion of resource recycling
5. Promotion of water recycling
6. Biodiversity conservation

## **Selection of Materials**

### **Article 6.**

In the selection of materials, priority shall be given to those materials that meet the following requirements, in addition to securing the required quality, functions and economical rationality.

1. Materials that meet the requirements of laws and regulations concerning resources, energy, chemical substances, etc.
2. Materials for which the content of separately specified chemical substances has been clarified and that do not contain prohibited substances
3. Materials that generate minimal noise, vibration, offensive odor, etc.
4. Materials that have a low environmental impacts in terms of chemical substance release, air, water or soil pollution, etc. after disposal
5. Materials designed for re-use as recycled resources and parts; resource conservation through reduced size and energy conservation
6. Materials with easy-to-recycle designs
7. Materials whose environmental information is disclosed
8. Packaging materials for which measures have been implemented for resource conservation, recycling, volume reduction, chemical substance content reduction, etc.

## **Chapter 3 Applicable Suppliers and Supplier Category-based Requests**

### **Applicable Suppliers**

#### **Article 7.**

① These Green Procurement Standards shall apply to suppliers and raw materials manufacturers who deliver information deliverables, services, etc., such as materials, molds/mechanical equipment, service parts materials, etc., to the Company.

② If a supplier is a trading company, these standards shall apply to the manufacturers linked to the supplier

### **Supplier Categories**

#### **Article 8.**

Supplier categories shall be defined as follows.

- ① Supplier Category 1 Suppliers who deliver materials that meet the requirements of Article 2-1.
- ② Supplier Category 2: Suppliers who deliver molds/mechanical equipment used for manufacturing products, service parts materials, etc., that meet the requirements of Article 2-2.
- ③ Supplier Category 3: Suppliers who deliver information deliverables and services such as software, design consignment, research and translations that meet the requirements of Article 2-3.

## Supplier Categories and Requests

### Article 9.

Requests on the reduction of environmental impacts to suppliers shall be listed in the following Table. "◎" refers to mandatory initiatives; "○" refers to applicable initiatives that shall apply mutatis mutandis; "—" refers to optional initiatives; "△" means that chemical substance management requirements shall be partially applied in cases where chemical substances may scatter or fall onto products from equipment, etc., or chemical substances may adhere to or transfer to products due to contact with equipment, etc. (Detailed explanations are provided in Section II Green Procurement Operation Manual.)

Environmental impacts reduction initiatives	Supplier Category 1	Supplier Category 2	Supplier Category 3
Establishment of an environmental management system	◎	—	—
Ensuring comprehensive chemical substance management	◎	△	—
Reduction of GHG emissions	○	○	○
Promotion of resource recycling	○	○	○
Promotion of water recycling	○	○	○
Biodiversity conservation	○	○	○

## Chapter 4 Requests by target supplier and supplier category

## **Establish- ment of an Environ- mental Management System**

### **Article 10.**

- ①Suppliers shall establish, maintain and improve an environmental management system based on the ISO 14001 certification.
- ②Suppliers who have not yet obtained ISO 14001 certification shall formulate a plan to obtain certification and implement the necessary actions
- ③We will extend the deadline for acquisition of ISO 14001 certification for a specified period for suppliers only who have not yet obtained ISO 14001 certification but have obtained or have been implementing the actions required for the acquisition of other third-party certifications, etc., (EMAS, EA21, ISO 14005, etc.).
- ④ If the supplier does not plan to acquire ISO 14001 certification, we will allow the establishment of an environmental management system in accordance with ISO 14001.

## **Ensuring compre- hensive Chemical Substance Management**

### **Article 11**

①Suppliers shall follow the latest version of i-PRO Chemical Substances Management Rank Guidelines (For Products) (hereinafter referred to as "Rank Guidelines"). However, the requirement of non-use warranty of chemical substances in products that applies to suppliers refers to the warranty of the content below the regulated value and not the controlled value. In cases where materials delivered by suppliers are exempted from the full or partial application of the Rank Guidelines, our business units shall advise suppliers of any such exemption.

②Suppliers shall also not use ozone depleting substances (excluding HCFC), which are specified as Level 1 Prohibited Substances in the Rank Guidelines, in manufacturing processes. Manufacturing processes include those of their upstreambusiness partners.

③ In accordance with the Company's request, the Supplier shall submit to the Company the latest "Non-Use Warranty for Chemical Substances Related to Products" (hereinafter referred to as the "Non-Use Warranty").

If the Rank Guidelines are revised, the contents must be reflected promptly.

④If suppliers find prohibited substances to be present in delivered materials, or prohibited substances are found to have been used in their manufacturing processes, they shall promptly notify our business units of this finding and implement remedial measures in consultation with both parties.

⑤Suppliers shall prepare information on the chemical substance content of materials delivered to the Company based on the chemical substance content information of the materials they purchase and chemical knowledge and manufacturing information related to their own manufacturing processes, and shall enter data into the Green Procurement Meister at the request of the



Company.

The data entered into the Green Procurement Meister refers to the data contained in the Chemical Substances specified in the Rank Guidelines.

- ⑥ When selecting materials, suppliers shall submit analysis data that certifies that the concentrations of hazardous substances specified in the RoHS Directive (hereinafter referred to as "substances subject to the RoHS Directive") in applicable materials are below the regulatory limits to our business units upon their request. For any substances subject to the RoHS Directive, if they continue to be delivered to us beyond the date when the prohibition of delivery comes into effect, they shall be subject to inspection.
- ⑦ Suppliers shall periodically submit analysis data that certifies the non-inclusion of substances subject to the RoHS Directive to our business units at the request of our business units. For any substances subject to the RoHS Directive, if they continue to be delivered to us beyond the date when the prohibition of delivery comes into effect, they shall be subject to inspection. If it is possible to deem that the risk of the inclusion of substances subject to the RoHS Directive is extremely low, suppliers shall submit documents that certify that there have been no changes to manufacturing conditions (materials, manufacturing methods, manufacturing equipment / manufacturing sites, subcontractors, suppliers of parts and materials, etc.) and similarly certify that the concentrations of substances subject to the RoHS Directive are below the regulatory limits as a substitute for submission of analysis data.
- ⑧ Suppliers shall undergo supplier environmental quality assurance system audits (hereinafter referred to as "supplier environmental audits") at the request of our business units.
- ⑨ Suppliers shall check for the risk of contamination by substances subject to the RoHS Directive (presence of parallel production, conformance of stocked parts and materials with RoHS Directive, etc.). If there is any risk of contamination (parallel production is being carried out, there is uncertainty about the conformance of stocked parts and materials with RoHS Directive, etc.), suppliers shall implement measures to prevent contamination with substances subject to the RoHS Directive.
- ⑩ Suppliers shall check for the risk of contamination by substances subject to the RoHS Directive (presence of parallel production, conformance of stocked parts and materials with RoHS Directive, etc.) in their supply chain. If there is any risk of contamination (parallel production is being carried out, there is uncertainty about the conformance of stocked parts and materials with RoHS Directive, etc.), suppliers shall ask business partners in their supply chain to implement measures to prevent contamination and confirm their implementation status.

⑪ Suppliers shall provide advance notice to our business units for any changes in manufacturing conditions (materials, manufacturing methods, manufacturing equipment / manufacturing sites, subcontractors, suppliers of parts and materials, etc.).

⑫ Materials used in research and development are exempt from the application of Paragraphs 1 to 12 of this Article.

⑬ If chemical substances scatter or fall onto products from equipment, etc., they shall be regarded as including no Prohibited Substances specified in the Rank Guidelines for Supplier Category 2 suppliers. Similarly, if there is a risk that chemical substances may adhere to or be transferred to products due to contact with equipment, etc., the sections of equipment, etc., that have been in contact with the products shall be regarded as including no Prohibited Substances as specified in the Rank Guidelines.

## **Reduction of Greenhouse Gas Emissions**

### **Article 12.**

① Suppliers shall recommend materials that effectively reduce greenhouse gas (hereinafter referred to as "GHG") emissions at our business units and advise them to adopt such materials. Materials that effectively reduce GHG emissions include the following materials.

1. Materials that contribute to energy conservation of products when incorporated into products
2. Materials that contribute to the reduction of GHG emissions of suppliers during material production

② In order to promote the understanding and reduction of GHG emissions throughout the Company's supply chain, suppliers shall cooperate in the calculation of GHG emissions for the Company at the request of the Company.

## **Promotion of Resource Recycling**

### **Article 13.**

① Suppliers shall propose materials to the Company that contribute to recycling-oriented manufacturing that effectively utilizes the resources promoted by the Company, and encourage their adoption. Materials that contribute to recycling-oriented manufacturing are defined as the following materials.

1. Materials that contribute to a reduction of the total resources used

2. Materials that contribute to the greater use of recycled resources
3. Materials that contribute to the reuse of packaging materials for product transport
4. Materials that contribute to zero waste emissions in the production activities of our sites (including reuse of packaging materials used for transportation and protection by parts suppliers, etc.)

## **Promotion of Water Recycling**

### **Article 14.**

①We are promoting resource recycling. Suppliers shall propose materials that contribute to the water cycle promoted by the Company and encourage them to adopt them. Materials that contribute to water recycling include the following materials.

1. Materials that contribute to the reduction of production water consumption at bases

## **Biodiversity Conservation**

### **Article 15.**

①Suppliers shall recommend materials that contribute to biodiversity conservation to the Company and encourage their adoption. Examples of materials that contribute to the conservation of biodiversity are given below.

1. Materials made from wood produced from properly managed forests

Example: FSC certified wood

2. Materials excluding wood, minerals, etc., gained as a result of forest destruction, etc., that have harmful effects on valuable ecosystems that require the protection or the survival of rare wild animals. (In the future, our company may conduct surveys on the use of applicable materials if specific wood or minerals are specified in terms of the biodiversity conservation)

# **Chapter 5 Encouraging Upstream Suppliers**

## **Encouraging Upstream Suppliers**

### **Article 16.**

Suppliers must not only comply with environment-related laws and regulations but also encourage upstream business partners, with the aim of ensuring the adoption of environmental impact reduction initiatives across our supply chain so as to establish an environmental management system, so as to ensure comprehensive chemical substance management, reduce GHG emissions, promote resource/water recycling, and conserve biodiversity.

## **Chapter 6 Application**

### **Basics of Application**

#### **Article 17.**

- ① The Company may make specific requests that differ from these Green Procurement Standards based on laws, ordinances, and rules of the country where they are located, business forms, requests from customers, etc. In this case, the Supplier shall give priority to these requests from the Company.
- ② Suppliers shall meet our requests stated in these Green Procurement Standards and follow the Green Procurement Operation Manual provided in Section II.

# **II . Green Procurement Operation Manual**

This "Green Procurement Operation Manual" describes methods and means for grasping and evaluating the status of suppliers' responses to our requests.

We prefer to procure from suppliers who are proactive in reducing their environmental impacts.

We will monitor the status of the implementation of the initiatives we have requested to suppliers in Section I: Green Procurement Standards, and evaluate the suppliers. We will share the evaluation results with the suppliers, with the aim to improve the level of environmental impacts reduction initiatives implemented by the suppliers.

This manual provides the tools and evaluation principles used to monitor the status of environmental impacts reduction initiatives of suppliers. We would like to request suppliers to read through this manual and cooperate with our monitoring of the status of implementation of items requested in Section I: Green Procurement Standards.

## **1. Tools for monitoring the status of initiatives at suppliers**

We will monitor the status of the suppliers' responses to our Green Procurement requests using the following tools.

### **(1) Supplier environmental quality assurance system audit**

- We will conduct this audit to check the system that ensures the non-use of the Prohibited Substances specified in the Rank Guidelines
- Through the audit, we will monitor the level of suppliers' systems that ensure the non-use of these chemical substances
- Our business units that have transactions with respective suppliers will carry out the audit.
- We will conduct the audit based on a separate audit checklist. Suppliers will be requested to fill out voluntary audit columns in this checklist before our audit.
- Our business units that have transactions with respective suppliers send requests to suppliers separately

### **(2) Product chemical substance management system**

- We grasp the response level of suppliers based on the data entry status of "Green Procurement Meister" operated by our company.
- We will grasp the response level of suppliers on our using the "Green Procurement Meister".

## **2. Supplier evaluation principles**

- We evaluate suppliers by supplier category.
- In Supplier Category 1, we evaluate mandatory items.
- In categories 2 and 3 of suppliers, we will check the status of our efforts to reduce environmental impact.

# Green Procurement Standards Revision Record

Enacted: April 1, 2022 Ver.1.0

Revised: April 1, 2022 Ver.1.0