

IWATSU Group Green Procurement Standards

Ver 1.0
March 2024

Introduction

The world is rapidly advancing efforts towards constructing sustainable societies, such as the SDGs (Sustainable Development Goals) and the Paris Agreement. In this context, the role of companies has become increasingly vital. At IWATSU Group, we recognize the preservation of Earth's invaluable environment as a paramount global issue and position initiatives for environmental management, ensuring harmony between corporate activities and the global environment, as one of our most crucial managerial priorities.

To achieve our group's environmental management goals, it's essential to engage the entire supply chain. Therefore, we are now establishing green procurement standards in collaboration with our suppliers to collectively promote environmental conservation on a global scale.

This standard supplements the environmental aspects outlined in the separately established 'IWATSU Group Sustainability Procurement Guidelines,' which contain specific requests to our suppliers. It details our group's environmental initiatives, legal compliance expected from our suppliers, considerations to be taken into account, as well as the evaluation of suppliers and products in the procurement process.

In cases where the laws of the countries where each of our group's companies is located, local ordinances, customer demands, etc., necessitate requirements different from this standard, the specific requirements set forth by each of our group's companies shall take precedence.

Our group aims to promote environmentally conscious procurement activities based on this standard and intends to contribute to the preservation of the global environment alongside our suppliers. We kindly ask for your understanding and cooperation with our group's green procurement initiatives.

Introduction.....	1
Table of Contents.....	2
Section 1: IWATSU Group Environmental Policy.....	3
Section 2: Requests to suppliers	4
2.1 Establishing a Management System.....	4
2.2 Environmental Permits and Reports to the Authorities.....	4
2.3 Managing the Chemical Substances Contained in Products.....	4
2.4 Chemical Substance Management.....	4
2.5 Minimization of Environmental Impact (Wastewater, sludge, exhaust, noise, vibrations, etc.)	4
2.6 Reducing Energy Consumption and Greenhouse Gas Emissions	5
2.7 Reducing environmental impact through product assessments	5
2.8 Reduction and Management of the Use of Hazardous Materials	8
2.9 Effectively use resources and manage waste	15
2.10 Biodiversity conservation	15
2.11 Publication and Disclosure of Environmental Conservation Initiatives	15
2.12 Promotion of Supply Chain Initiatives	15
Section 3: Supplier Evaluation	16
3.1 Supplier Evaluation	16
3.2 Evaluation Criteria	16
Section 4: Miscellaneous	17
4.1 Document History	17
4.2 Inquiries	17

Section 1: IWATSU Group Environmental Policy

In July 1999, IWATSU Group obtained the international standard ISO 14001 for environmental management systems, including domestic affiliates. This marked the beginning of our contributions toward reducing environmental impact in our products and developing high-efficiency energy-saving devices through power electronics measurement instruments. As a member of the local community, we have been committed to environmental conservation, participating in volunteer activities and sponsoring various events, actively engaging in environmental initiatives.

Moreover, in our mid-term management plan 'REBORN' starting from the fiscal year 2022, we declared our commitment to ESG management and revised our environmental policy. Based on this policy, our group aims to contribute to society as a responsible corporate citizen.

IWATSU Group Environmental Policy

The IWATSU Group will contribute to achieving a sustainable society by working to conserve natural capital through our business activities.

- 1. As specific initiatives against climate change, we will work to reduce Scope 1, 2, and 3 emissions of greenhouse gases.
(Achievement of SBT-Certified Reduction Targets)**
- 2. We will provide environmentally-friendly products and services, and endeavor to reduce environmental impact over the lifecycle of products and services.**
- 3. We will strive to prevent environmental pollution, conserve biodiversity, efficiently use resources, and promote their circulation, thus endeavoring to reduce the environmental impact of the activities of our business sites.**
- 4. We will comply with legal and other requirements.**
 - Laws and regulations related to the environment**
 - Environmental ordinances of regional local governments**
 - Other requirements that the IWATSU Group consents to**
- 5. We will continuously improve our environmental management systems, and endeavor to enhance environmental performance.**

Section 2: Requests to suppliers

To achieve the policies and goals outlined in Chapter 1, our group will promote green procurement, considering environmental impacts as part of our efforts, including the entire supply chain. We kindly ask for your cooperation on the following matters, including the provisions in our separately disclosed 'IWATSU Group Sustainability Procurement Guidelines' (hereinafter referred to as the Sustainability Procurement Guidelines).

2.1 Establishing a Management System

Please obtain certification for the ISO 14001 Environmental Management System or establish and operate mechanisms for reducing environmental impact in line with this standard. For details, please refer to the Sustainability Procurement Guidelines (Section 2, Item A).

2.2 Environmental Permits and Reports to the Authorities

Businesses must comply with the regulations of their operating location, obtaining the necessary permits, approvals, registrations, and making the required reports for their operations. For details, please refer to the Sustainability Procurement Guidelines (Section 4-1).

2.3 Managing the Chemical Substances Contained in Products

Companies must adhere to all applicable regulations and customer requirements regarding the prohibition or restriction of specific substances in products, including labeling for recycling and waste disposal. For further details, please refer to the Sustainability Procurement Guidelines (Section 4-8). Additionally, management aspects and content are outlined in Section 2.7.

2.4 Chemical Substance Management

Companies must comply with regulations in each country and manage the identification, labeling, and control of chemicals and other substances that pose risks to human health and the environment. It is essential to ensure their safe handling, transportation, storage, use, recycling, reuse, and proper disposal. For more details, please refer to the Sustainability Procurement Guidelines (Section 4-7).

2.5 Minimization of Environmental Impact (Wastewater, sludge, exhaust, noise, vibrations, etc.)

Companies must comply with regulations in their operating country concerning wastewater, sludge, emissions, noise, vibration, and similar factors. Additionally, they should implement voluntary standards for further improvements when necessary. For further details, please refer to the Sustainability Procurement Guidelines (Sections 4-3, 4-4, 4-5).

2.6 Reducing Energy Consumption and Greenhouse Gas Emissions

Companies should strive for improved energy efficiency and engage in continuous efforts to reduce energy consumption and greenhouse gas emissions. For more details, please refer to the Sustainability Procurement Guidelines (Section 4-2).

2.7 Reducing environmental impact through product assessments

Companies are required to conduct product assessments and voluntarily engage in design, manufacturing, and other measures to reduce their environmental impact (refer to Sustainability Procurement Guidelines, Section 4-9). Table 1 outlines the items to be considered during product assessment. Additionally, besides the items listed in Table 1, we request voluntary implementation of designs and measures aimed at reducing environmental impact.

Table 1 Items to consider during a product assessment

Items		Detail
1)Materials	Standardization of Materials	Please standardize the types of materials used in products as much as possible.
	Selection of Materials	<ul style="list-style-type: none"> - When selecting materials for use in products, avoid composites and other difficult-to-recycle materials as much as possible. - Use recycled materials as much as possible for the materials used in products. - Avoid plastics to use materials in the products as much as possible, When it comes keep them to a minimum, and use recycled materials and biomass plastics whenever possible.
	Biodiversity	If materials are of biological origin, we ask that consideration be taken of biodiversity.
	Exhaustible resources and scarce resources	<p>Endeavor to procure sustainable raw materials and reduce the use of exhaustible resources and scarce resources as much as possible.</p> <p>If using such materials, we ask that suppliers provide the names of the materials and clearly state the amount used. As needed of the IWATSU Group, we ask to suppliers to explain the techniques they use to prevent leaks during usage, to keep such materials separate from other products, in shipping and transport, for recycling, and for disposal.</p>
2)Product Designs	Energy Conservation	Design product energy (electric power and fossil fuels) consumption to be as small as possible.

		<ul style="list-style-type: none"> - Specified equipment specified in the "Act on Rationalizing Energy Use" must have performance in accordance with that law. - Products eligible for the "International Energy Star Program" must have performance equivalent to this. - Consider the following as performance that should be suppressed. <ul style="list-style-type: none"> ✓ Average power consumption: Average amount of power used under the presented usage conditions ✓ Calorific value: Calorific value inside the device under the presented usage conditions ✓ Maximum power consumption
	Weight reduction	Make products as lightweight as possible.
	Long service life	Give products as long a service life as possible.
	Ease of disassembly	Give products a structure that enables easy disassembly into recyclable components or reusable materials as much as possible.
	Processing methods to avoid, etc.	<p>Avoid, as much as possible, using the following types of processing on plastic materials used in products. If such types of processing are necessary, provide such information to the IWATSU Group as requested.</p> <ul style="list-style-type: none"> - Painting and plating of plastic surfaces - Affixing labels, etc. (However, this does not apply to cases in which the label material is of the same type as the plastic material, and where the label is affixed [e.g. via welding] without using adhesive.) - Adding tempered glass or other filler
3)Labeling	—	Display the information necessary for recycling and optimal disposal of products and parts, such as clearly indicating the name of the material, in a way that does not easily disappear as much as possible.
	Display the name of the plastic material	<p>①Citation standards</p> <ul style="list-style-type: none"> - JIS K 6899-1 (ISO 1043-1) "Plastics - Symbols and abbreviated terms - Part 1: Basic polymers and their special characteristics" - JIS K 6899-2 (ISO 1043-2) "Plastics - Symbols and abbreviated terms - Part 2: Fillers and Reinforcing

		<p>Materials”</p> <ul style="list-style-type: none"> - JIS K 6999 (ISO 11469) “Plastics - Generic Identification and Marking of Plastics Products” <p>②Identification symbols for materials Display identification symbols for materials for molded products made of plastic materials used in products and parts in accordance with JIS K 6899-1, JIS K 6899-2, and JIS K 6999, as much as possible.</p> <p>③ Labeling method As a general rule, products should not be displayed using labels, but should be displayed using a method that takes recycling into consideration, as shown in the example below. (Examples)</p> <ul style="list-style-type: none"> - Etching the symbol into the mold and using the mold for labeling - Embossing - Melt imprint <p>However, this does not apply to cases in which the label material is of the same type as the plastic material, And where the label is affixed without using adhesive. [e.g. via welding]</p> <p>④Label location Put the label in a place that can be easily seen during disposal and disassembly.</p>
	Hazardous substance labeling	<p>For labeling pertaining to hazardous substances, include information in accordance with J-Moss.</p> <ul style="list-style-type: none"> - J-Moss: JIS C 0950, “The marking for presence of the specific chemical substances for electrical and electronic equipment”
4)Packaging materials	Structure	Ensure that packaging materials are given a structure that enables them to be reused as much as possible.
	Materials	Avoid using plastic in packaging materials as much as possible and try to reduce the amount of resources used. Also use recycled materials and renewable resources (e.g. paper, biomass plastic).

	Labeling	Label the name of materials used in packaging materials in such a way as the labels do not easily come off or fade. Also, if using plastic in packaging materials, label the name of the material in accordance with section 3) in this table.
5)Ease of disposal	–	Design products such that, when products (including packaging materials) undergo interim processing and final disposal, they have as little impact as possible on the processing facility and the environment surrounding the facility.
6)Recycling and disposal methods	–	Suppliers should create procedural documents for product recycling and disposal methods, and explain those procedures to the IWATSU Group at IWATSU Group' s request. Also, as much as possible, plastic should be recycled via material recycling.

2.8 Reduction and Management of the Use of Hazardous Materials

As a principle, please refrain from using substances that require special disposal or are considered harmful, in adherence to laws and regulations. In the event such substances are used, suppliers are requested to clearly disclose the names and quantities of these hazardous materials. Additionally, at the request of our group, suppliers are required to provide information on leakage prevention during use, segregation from products, transportation, recycling, and disposal methods.

Our group classifies and manages hazardous substances contained in products in three stages:

- Prohibited Substances:
Substances prohibited from inclusion in products. These are materials that are evidently harmful to the environment and human health, with manufacturing restrictions mandated by regulations, and designated by our group.
- Restricted Substances:
Substances for which inclusion in products should be limited. These substances are evidently harmful to the environment and human health, subject to regulatory control (including overseas regulations), and specified by our group based on societal conditions and technological trends.
- Managed Substances:
Substances for which inclusion in products should be managed. These materials are evidently harmful to the environment and human health, with regulations requiring management of their use, as specified by our group.

① Designation of hazardous materials

The designation of hazardous substances shall be as follows:

- For items procured with the intention of use within Japan, please refer to Table 2.
- For items intended for use outside Japan, compliance with the regulations of the respective country or region is required. Substances subject to restriction should include those specified by our group as listed in Table 2.
- The list of hazardous substances can also be obtained from the 'Managed Substances Information' on chemSHERPA, operated by the Japan Article Management Promotion Consortium (JAMP). (chemSHERPA Website: <https://chemsherpa.net/>)

Please ensure to refer to the latest regulations. Additionally, even for substances not listed in Table 2, efforts should be made to avoid using substances with evident harmful effects (such as chronic toxicity by inhalation or ingestion, carcinogenicity, reproductive toxicity, etc.).

Table 2 Hazardous substances designated by the IWATSU Group

Prohibited substances	Class I Specified Chemical Substances as per Article 2, paragraph (2) of the Act on the Regulation of Manufacture and Evaluation of Chemical Substances.	Chemical Substances Regulation Act
	Substances banned from manufacturing as per Article 55 of the Industrial Safety and Health Act	Industrial Safety and Health Act
	Hazardous substances as per Article 14-3 of the Water Pollution Prevention Act that are required to have a cleanup standard value of “not detected” in Annexed Table 2 of the Enforcement Regulations of the Water Pollution Prevention Act.	Water Pollution Prevention Act
	Specified substances as per Article 2 of the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures that are also specified in the Annexed Table of the Enforcement Order of that Act. However, Group I in Annex C is excluded.	Ozone Layer Protection Act
	Substances as per Article 2, paragraph (1) of the Act on Special Measures against Dioxins.	Dioxins Act
	Substances as per Article 1 of the Act on Special Measures for the Promotion of Proper Treatment of Polychlorinated Biphenyl Wastes.	PCB Special Measures Act
	Substances as per Annex III of The Rotterdam Convention on the Prior Informed Consent	Rotterdam Convention

	Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	(PIC Convention)
	Specified Poisonous Substances as per Article 2, Paragraph 3 of Poisonous and Deleterious Substances Control Act	Poisonous and Deleterious Substances Control Act
	Specified Hazardous Substances as per EU RoHS Directive (excluding cases that fall under the exemptions of Annex III of the Directive)	EU RoHS Directive (Directive 2011/65/EU)
	Specified Dust (Asbestos) as per Article 18 of Air Pollution Control Act	Air Pollution Control Act
	Not Included Substances as per EU ELV Directive (EU End-of Life Vehicles Directive) (excluding cases that fall under the exemptions from Annex II of the Directive)	EU ELV Directive (Directive 2000/53/EC)
	Substances as per EU Packaging and Packaging Waste Directive that the gravimetric concentration must not exceed 100 ppm	EU Packaging and Packaging Waste Directive (Directive 94/62/EC)
	Banned Substances listed in Annex I of EU POPs Regulation	Annex I of EU POPs Regulation (Regulation (EU) 2019/1021)
	Restricted Substances as per Annex XVII of EU REACH Regulation (excluding cases that fall under the exemption provisions of the Regulation)	EU REACH Regulation (Regulation (EC) 1907/2006)
	Persistent, Bioaccumulative, and Toxic (PBT) Chemicals under TSCA Section 6(h)	U.S. TSCA
	Mercury and Cadmium exceeding the standard values as per EU Batteries Directive	EU Batteries Directive (Directive 2006/66/EC)
	Prohibited and Restricted Substances as per Table A of Ship Recycling Convention	Ship Recycling Convention

		(The Hong Kong Convention)
	Prohibited and Restricted Substances as per EU Ship Recycling Regulation ANNEX I	EU Ship Recycling Regulation (Regulation (EC) 1257/2013)
	Substances prohibited by the IWATSU Group in consideration of the size of their environmental impact, social conditions, and technological trends	IWATSU Group designated substances
Restricted substances (If these overlap with prohibited substances, classification will depend on the designation thereof.)	Metals, chemical substances, etc. that are requirements for Specific Hazardous Industrial Wastes as per Article 2-4, paragraph (5) of the Enforcement Order for the Waste Management and Public Cleansing Act, that are also listed in Annexed Table 2 of the Enforcement Regulations of the Act.	Waste Management and Public Cleansing Act
	Substances as per Article 2, paragraph (3) of the Act on Promotion of Global Warming Countermeasures, and Article 1 and 2 of the Enforcement Order of that Act, that fall under Article 2, paragraph (5) of the Act.	Global Warming Act
	Hazardous substances as per Article 14-3 of the Water Pollution Prevention Act, but excluding those required to have a cleanup standard value of “not detected” in Annexed Table 2 of the Enforcement Regulations of the Water Pollution Prevention Act.	Water Pollution Prevention Act
	Specified substances as per Article 2 of the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures that are specified as Group I in Annex C of the Annexed Table of the Enforcement Order of that Act.	Ozone Layer Protection Act
	Specified hazardous substances as per Article 2 of the Soil Contamination Countermeasures Act that are specified in Article 1 of the Enforcement Order of that Act.	Soil Contamination Countermeasures Act
	Authorized Substances as per Annex XIV of EU REACH Regulation	EU REACH Regulation

		(Regulation (EC) 1907/2006)
	Candidate Substances for authorization (substances of very high concern: SVHC) as per EU REACH Regulation	EU REACH Regulation (Regulation (EC) 1907/2006)
	Substances as per Annex VI of EU CLP Regulation	EU CLP Regulation (Regulation (EC) 1272/2008)
	Hazardous Substances as per Table B of Ship Recycling Convention	Ship Recycling Convention (The Hong Kong Convention)
	IHM Listed Substances as per EU Ship Recycling Regulation ANNEX II	EU Ship Recycling Regulation (Regulation (EC) 1257/2013)
	<p>“Conflict minerals” are specified by the IWATSU Group in light of social circumstances and technological trends.</p> <p>*Companies listed in the United States are required to disclose their usage, etc., of conflict minerals in products. (“Conflict minerals” are tantalum, tin, gold, tungsten, and other minerals designated by the U.S. Secretary of State)</p>	IWATSU Group designated substances (United States Dodd-Frank Act)
Controlled substances (If these overlap with prohibited Substances or restricted substances, classification will	Type 1 and Type 2 substances in Annexed Table 3 of the Enforcement Order for the Industrial Safety and Health Act	Industrial Safety and Health Act
	Substances as per Article 2, paragraph (2) of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof that fall under the substances in Article 5	PRTR Act

depend on the designation thereof.)	(excluding items (iii) and (iv)) of the Enforcement Order of that Act; as well as substances as per Article 2, paragraph (2) of the Act that fall under Article 6 (excluding items (iii) and (iv)) of the Enforcement Order of that Act.	
	Class II Specified Chemical Substances as per Article 2, paragraph (3) of the Act on the Regulation of Manufacture and Evaluation of Chemical Substances.	Chemical Substances Regulation Act
	Monitoring Chemical Substances as per Article 2, paragraph (4) of the Act on the Regulation of Manufacture and Evaluation of Chemical Substances.	Chemical Substances Regulation Act
	Poisonous Substance as per Article 2, paragraph (1) of Poisonous and Deleterious Substances Control Act	Poisonous and Deleterious Substances Control Act
	Deleterious Substance as per Article 2, paragraph (2) of Poisonous and Deleterious Substances Control Act	Poisonous and Deleterious Substances Control Act
	Reportable Substances and Substance Groups Included in IEC 62474 reportable substance list	IEC 62474
	Hazardous Substances as per EU WEEE Directive	EU WEEE Directive (Directive 2012/19/EU)
	Substances as per California Law Perchlorate Best Management Practices regulations	California Law Perchlorate Best Management Practices regulations
	Substances other than those listed above in chemSHERPA Controlled Substances (latest edition) (including GADSL regulated substances)	chemSHERPA

②Management of Hazardous Materials in Products

Suppliers are requested to manage and provide records of the presence of prohibited, restricted, and managed substances in their products. Furthermore, suppliers are expected to present management information upon request from each of our group's companies.

As a general principle, the management information to be provided should include the details outlined in Table 3.

- Basic Information: Information to be managed regarding prohibited, restricted, and managed substances.
- Additional Information: Information to be managed regarding restricted and managed substances.

Table 3 Managed information to be provided

	Managed information	Prohibited substances	Restricted substances	Controlled substances
Basic information	- Presence of hazardous materials	Yes	Yes	Yes
Additional information	- Concentration of hazardous substances - Amount of hazardous materials used (contained) per product (or unit) - Purpose of use and location of use of hazardous materials - Possibility of leakage of hazardous materials into the environment during use (operation) or during disposal of the product - Method of separating the places where hazardous materials are used - Recycling and disposal methods - Methods of restricting the use of hazardous substances (availability of alternative substances), etc.		Yes	Yes

2.9 Effectively use resources and manage waste

Companies are required to comply with regulations and implement proper management to promote the principles of Reduce, Reuse, and Recycle (3Rs). By doing so, effective resource utilization is achieved, minimizing waste generation to the greatest extent possible. For further details, please refer to the Sustainability Procurement Guidelines (Section 4-6).

2.10 Biodiversity conservation

Companies are required to consider biodiversity conservation in the materials they use. They should also engage with stakeholders, including employees, local authorities, experts from NGOs, and others, to undertake conservation activities for ecosystems within and outside their premises, as well as the preservation of rare flora and fauna. For further details, please refer to the Sustainability Procurement Guidelines (Section 4-10).

2.11 Publication and Disclosure of Environmental Conservation Initiatives

Companies are required to disclose information regarding their adherence to this guideline and information related to relevant regulations. For further details, please refer to the Sustainability Procurement Guidelines (Section 2, Item E). Additionally, at the request of each of our group's companies, we kindly ask for cooperation in surveys, questionnaires, or site visits.

2.12 Promotion of Supply Chain Initiatives

Please engage with upstream suppliers regarding the environmental conservation activities outlined in 2.1 to 2.11 above.

Section 3: Supplier Evaluation

3.1 Supplier Evaluation

Our group conducts evaluations through "Corporate Evaluation" and "Product Evaluation" concerning the business conduct of our suppliers and the products they procure.

- Corporate Evaluation: We assess the efforts of companies in terms of Environment (E), Social (S), and Governance (G).
- Product Evaluation: We evaluate primarily the environmental considerations of the products.

3.2 Evaluation Criteria

This will be based on the 'IWATSU Group Sustainability Procurement Guidelines' and the standards set forth in this criterion, the 'IWATSU Group Green Procurement Standards'.

3.3 Evaluation Method and Operation

The evaluation will be conducted through written assessments using survey forms (questionnaires) and, if necessary, on-site evaluations. Regarding the submission of survey forms and the implementation of on-site evaluations, we will contact you through the respective contact departments of each company within our group as needed. Your cooperation is greatly appreciated. Additionally, each company within our group will prioritize the procurement of products from suppliers with excellent evaluation results, as a general rule.

Section 4: Miscellaneous

4.1 Document History

Revision	Date	Description
1.0	March 2024	Initial release - The Standards are translated the Japanese version established in January 2013.

4.2 Inquiries

- Regarding the contents of this guideline:
IWATSU ELECTRIC Co., Ltd. Compliance Office
e-mail: iso@iwatsu.co.jp
- Matters concerning written assessment via survey forms (questionnaires) and on-site evaluations:
Contact department for each supplier within our group