

ADTEC Green Procurement Policy

Second Edition

March 1, 2024

Organization of the Green Procurement Policy

1. Objectives of the Green Procurement
2. Scope
3. Overview of ADTEC Green Procurement Practices
4. Operating Procedures for ADTEC Green Procurement Policy
5. Supplementary Provisions

[Appendix]

- 1: Confirmation Document to ADTEC Green Procurement Policy

[Attached Documents]

- 1: Factory Inspection Checklist
- 2: Diagnostic Checklist for Special Process Audit
- 3-1: Environmental Impact Inquiry Form (for 14001 Certified Companies)
- 3-2: Environmental Impact Inquiry Form
- 4: Certificate of Nonuse of Hazardous Chemical Substances in Products and Materials

ADTEC Engineering Co., Ltd.

Introduction

ADTEC Engineering is committed to reducing its environment footprint throughout its FA system manufacturing activities, including system designing, production, and services.

We have been long actively engaged in switching to environmentally friendly products and complying with applicable laws and regulations. In addition, in order to contribute to the recent vigorous efforts toward UN Sustainable Development Goals (SDGs), we have decided to develop our green Procurement Policy. The policy will ensure that our procurement practices comply with national and international laws and regulations and that the chemical substances contained in our products are managed.

We will actively move forward with green procurement efforts. Our approach, however, requires not only our efforts but more orchestrated efforts throughout the supply chain. We appreciate our suppliers for understanding and cooperation.

1. Objectives of green procurement

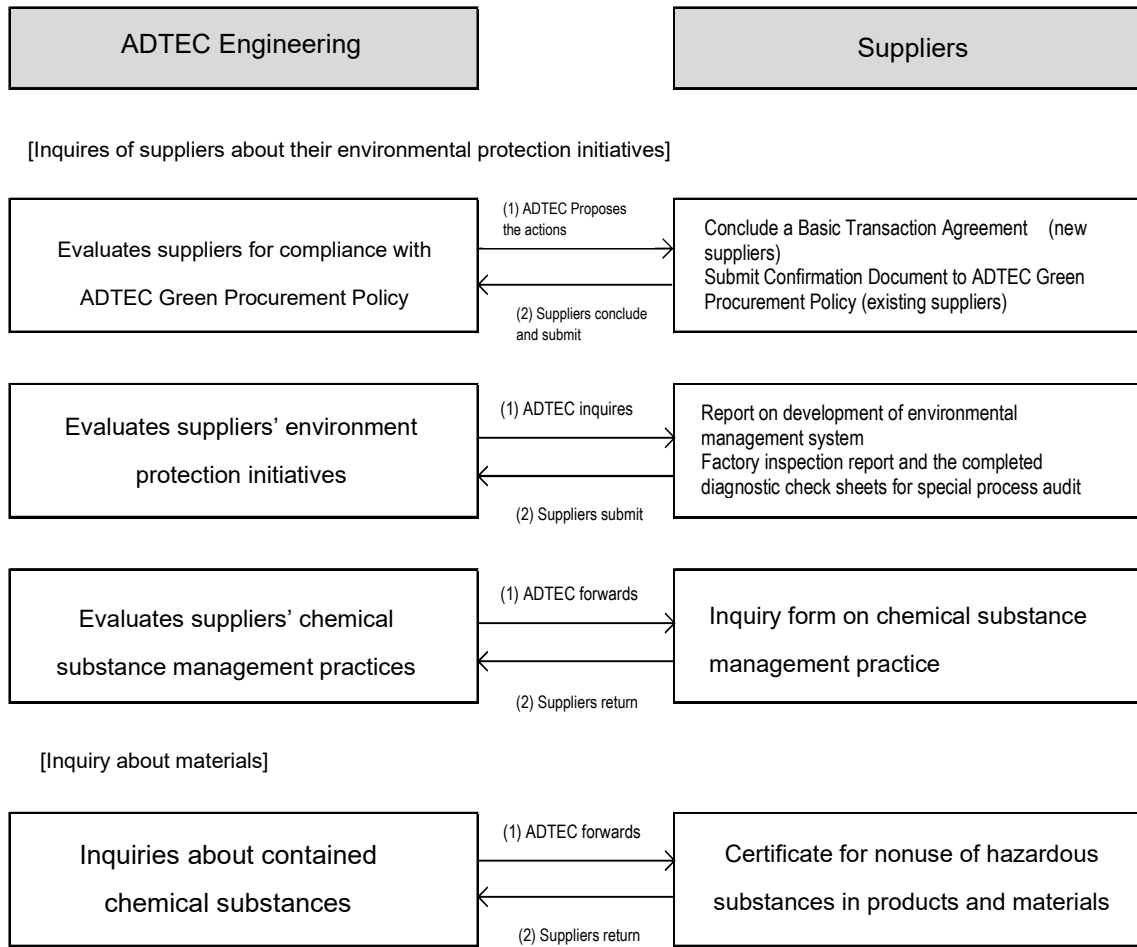
ADTEC Engineering has its own basic environmental philosophy in place; fulfill its social responsibility through continued and enhanced environmental conservation efforts and business activities that address and meet global, social and customer needs. With the philosophy as guiding principle, we developed the Green Procurement Policy to provide guidelines for purchasing materials throughout our supply chain. We will value the procurement practices that comply with the policy. We will move forward with green procurement together with you, our suppliers. We appreciate you for understanding and cooperation.

2. Scope

- (1) The policy will cover the materials that make up the products that ADTEC Engineering markets [parts, semi-finished products (assemblies, unit products), raw materials, packaging materials and instructions for use].
- (2) The policy will also cover any materials that come into direct contact with constituent materials of the products during their manufacturing process, or that may remain in the constituent materials after they are used for cleaning or other processes.

3. Overview of ADTEC Green Procurement Practices

ADTEC Green Procurement will be practiced based on the operating diagram below.



*Chemical Management Policy

: EU RoHS Directive

: 11th meeting of the Conference of the Parties to the Stockholm Convention Decision

Decision on substances subject to elimination

4. Operating procedures for ADTEC Green Procurement Policy

4-1. Inquiry about Environmental Protection initiatives

(1) Evaluate suppliers for compliance with ADTEC Green Procurement Policy

New suppliers are required to sign a Basic Transaction Agreement in order to commit to the ADTEC Green Procurement Policy. Existing suppliers are required to submit their commitment to the ADTEC Green Procurement Policy (Appendix 1).

Basic Transaction Agreement: Hazardous Substance Management Clause

Contracts	Article	Wording
Basic Transaction Agreement	Article 40, paragraph 2 Environmental Management	Party B shall comply with the Green Procurement Policy set out by Party A.

(2) Evaluate Environmental Protection Level

Before entering into the transaction, we will examine whether candidate suppliers have any environmental management systems. (ISO 14001) in place. In addition, we will evaluate candidate suppliers' quality management system as well as its environmental management system through factory audit reports, completed Factory Inspection Checklist (Attachment 1), and completed Diagnostic Checklist for Special Process Audits (Attachment 2). Suppliers may be requested to submit any of the reports of completed checklists when problems of noncompliance occur.

(3) Investigation of Chemical Substance Management practices

At the request of any specific customer, we will examine suppliers' chemical substance management practices and request that they submit completed Environmental Impact Inquiry Forms (Attachments 3-1 and 3-2). If there is a concern for inclusion of or contamination with prohibited substances, we will check the preventive measures against the inclusion or contamination.

•List of the action items to environmental protection

	Action Items	Actions	Timing
(1)	Compliance with ADTEC Green Procurement Policy	Basic Transaction Agreement (new suppliers)	When the transaction is started
		Submit Confirmation Document to ADTEC Green Procurement Policy (existing suppliers)	When the Green Procurement Policy is established

(2)	Environmental protection initiatives	Report the existing environmental management systems	When the transaction is started and as needed.
		Submit a factory inspection check sheet and completed diagnostic check sheet for special process audit	When the transaction is started and as needed.
(3)	chemical substance management practices	Submit a completed environmental impact inquiry form	When the request is made by a specific customer

4-2. Inquiry about materials

(1) ADTEC chemical substance management policy

We follow the EU RoHS Directive for chemical substance management. We are committed to procuring materials and parts that comply with the Directive. **In addition, we will include Dechlorane Plus and UV-328, which were listed under Annex A (elimination) at the 11th meeting of the Conference of the Parties to the Stockholm Convention (COP11), in the substance listing of our chemical substance management policy.**

Note that apart from the above-mentioned chemical substance management policy, we may implement additional measures to meet any green procurement requirements from specific customers. In such cases, we will contact suppliers individually.

[European RoHS Directive]

RoHS is an abbreviation for "Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment." The directive is a law in the EU (European Union) that restricts the use of certain hazardous substances in electrical and electronic equipment. It was enacted on February 13, 2003, and came into effect on July 1, 2006. It was significantly revised and renamed the RoHS II Directive on January 3, 2013.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L0863&rid=1>

[Hazardous substances whose use is restricted by the European RoHS Directive]

	Substances listed in the RoHS Directive	Abbreviations	Maximum Allowable Concentration	Main uses
(1)	Cadmium	Cd	0.01 wt%	Pigments, plating, fluorescent materials, storage batteries
(2)	Lead	Pb	0.1 wt%	Solder, alloy components, storage batteries
(3)	Mercury	Hg	0.1 wt%	Fluorescent lamps, thermometers
(4)	Hexavalent chromium	Cr+6	0.1 wt%	Plate, oxidizers
(5)	Polybrominated biphenyls	PBB	0.1 wt%	Automotive paints, flame

				retardants
(6)	Polybrominated diphenyl ethers	PBDE	0.1 wt%	Flame retardants
(7)	Diethylhexyl phthalate	DEHP	0.1 wt%	Plasticizers
(8)	Dibutyl phthalate	DBP	0.1 wt%	Plasticizers, adhesives, cellophanes, paints
(9)	Butyl benzyl phthalate	BBP	0.1 wt%	Plasticizers
(10)	Diisobutyl phthalate	DIBP	0.1 wt%	Plasticizers

[The Stockholm Convention on Persistent Organic Pollutants]
The Stockholm Convention is a treaty to prohibit or restrict the use of persistent organic pollutants. It came into force on May 17, 2004, and as of July 2022, 185 countries, including Japan, have ratified the treaty. All the signatory countries have to implement its treaty decisions in their own national laws.

[Substances added to Annex A (elimination) list at the 11th meeting of the Conference of the Parties to the Stockholm Convention] (COP11)

	Substances	CAS Nos.	Restrictions imposed	Main uses
(1)	Dechlorane Plus	13560-89-9	Prohibition of production and use	Flame retardant
	Dechlorane Plus cis isomer	135821-03-3		
	Dechlorane Plus anti isomer	135821-74-8		
(2)	UV-328	25973-55-1	Prohibition of production and use	Ultraviolet absorber

*CAS Nos. (CAS registry number) :

The numbers used in Chemical Abstracts, journal published by the American Chemical Society (ACS), to identify chemical substances

*Summary of the 11th meeting of the Conference of the Parties to the Stockholm Convention, Ministry of Economy, Trade and Industry, dated May 16, 2023
<https://www.meti.go.jp/press/2023/05/20230516001/20230516001-1.pdf>

(2) Request and check the information on contained chemical substances

In order to check whether the goods delivered to us comply with our chemical substance management policy, we will request that suppliers submit a Certificate of Nonuse of Hazardous Chemical Substances in Products and Materials (Attachment 4), which effectively indicates that those goods do not contain substances listed in the RoHS Directive if necessary. In particular, the products and materials that are supposed to be placed in the areas of our products where our customers are likely to make their workpieces come into contact with them will be more closely checked. However, any suppliers may be exempt from the obligations to demonstrate

compliance with the chemical substance management policy for specific materials and parts at their request.

[When are suppliers required to provide the information on contained chemical substances (they may be exempted)?]

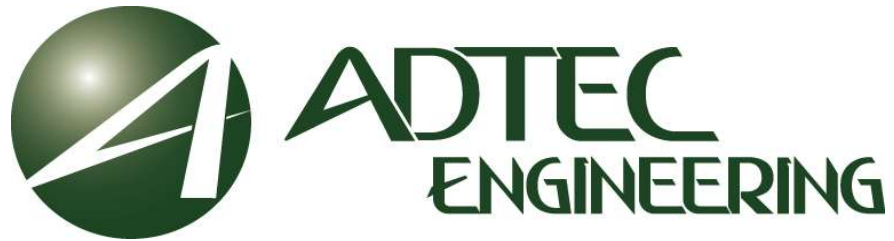
	Suppliers are required to provide information when
(1)	drawings and specifications are submitted in the course of our procuring new materials,
(2)	the suppliers or we change the specifications, and
(3)	additional information is requested to ensure that our chemical substance management policy is revised.

5. Supplementary Provisions

- (1) If any confidential expertise or trade secrets are contained in the information that the suppliers are providing, it should be clearly indicated.
- (2) The completed inquiries and other materials will be reviewed within us and will not be disclosed to any third party, except in cases where we have any agreements with suppliers about their confidential expertise or trade secrets, or when any regulatory authorities ask us to provide the information.
- (3) The policy complies with the EU RoHS Directive **and the Stockholm Convention**. It will be, therefore, revised in response to any subsequent revision of the European RoHS Directive **and the Stockholm Convention** and other changes in the social context.
- (4) The policy may be revised without prior notice. Please refer to our website for the current versions.
- (5) We may separately provide a different form and make inquiries in response to revisions in laws and regulations or customer requests. We appreciate your cooperation.

Revision history

No.	Revision dates	Descriptions
First Edition	March 20, 2023	Created
Second Edition	March 1, 2024	Added Dechlorane Plus and UV-328 as substances whose use is restricted in response to the decision to list the substances under Annex A (elimination) at the 11th meeting of the Conference of the Parties to the Stockholm Convention (COP11) in May 2023.



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