

Furukawa Electric Group
Green Procurement Guideline

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Furukawa Electric Co., Ltd.

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1. INTRODUCTION

In recent years, global environmental problems, such as intensification and frequent occurrence of natural disasters due to climate change, heavy consumption of resources, biodiversity loss, pollution by chemical substances, etc., have been becoming serious issues facing the world. In response to these social issues, Furukawa Electric Group will contribute to achieving a sustainable society by working on problems solve with the Group's technologies, products, and services.

In 2021, the Group formulated the "Furukawa Electric Group Environmental Vision 2050" in order to strengthen "Creation of Environmentally Friendly Business" and "Developing Business Activities that Consider Climate Change". It is composed of three pillars "Contribute to realizing a carbon-free society", "Contribute to realizing a recycling-based society for water and resources", and "Contribute to society in harmony with nature". Through the provision of environmentally friendly products/services and recycling-based production activities, we will contribute to the realization of a sustainable society with the entire value chain. In particular, regarding greenhouse gas emissions from business activities (Scope 1, 2), we have set the "Challenge target of zero emissions in 2050".

To achieve the "Furukawa Electric Group Environmental Vision 2050" efforts across the entire value chain are essential. The Group positions green procurement as an important part of our environmental activity, and we will preferentially and continuously procure environmentally friendly products from business partners (hereafter referred to as the partners) who actively promote environmental conservation activities.

The cooperation of the partners is essential to these efforts. In this Guideline, we have presented the Group's way of thinking and matters that we would like the partners to make efforts together. We would like to express our gratitude to all the partners for their understanding and cooperation in the Group's environmental activities, and we will continue to make efforts together with the partners to achieve the "Furukawa Electric Group Environmental Vision 2050".

In this Guideline, concrete requests to the partners regarding environmental matters in Furukawa Electric Group CSR Procurement Guideline are summarized. Please also refer to the Furukawa Electric Group CSR Procurement Guidelines.

2. FURUKAWA ELECTRIC GROUP BASIC ENVIRONMENTAL POLICY

In 2008, the group formulated the “Furukawa Electric Group Basic Environmental Policy”.

Furukawa Electric Group Basic Environmental Policy (Formulated in 2008, revised in April, 2011)

Basic Philosophy		We, the employees of the Furukawa Electric Group, recognize that conservation of the global environment is a serious issue confronting the international community, and we pledge to contribute to a sustainable future for the world through technological innovation that utilizes our strength in advanced materials.
Action Guidelines	1	We shall comply with environmental laws and regulations as well as the demands of our customers and others, setting ever higher environmental targets as we continuously improve our global environmental conservation efforts.
	2	We shall strive to develop products that are friendly to the Earth, and create new environmental businesses.
	3	We shall strive to reduce environmental risk by incorporating anti-climate change and resource conservation/recycling considerations, as well as a reduction in the use of environmental impact causing substances, across the entire product lifecycle.
	4	We shall evaluate the ecological impact of all of our businesses, and strive for the conservation of biodiversity and sustainable use of resources.
	5	We will seek harmony with the natural environment and local communities through dialogue with our stakeholders.

3. FURUKAWA ELECTRIC GROUP ENVIRONMENTAL VISION 2050

In 2021, the group formulated the “Furukawa Electric Group Environmental Vision 2050”.

The “Furukawa Electric Group Environmental Vision 2050” is composed of three pillars “Contribute to realizing a carbon-free society”, “Contribute to realizing a recycling-based society for water and resources”, and “Contribute to society in harmony with nature”. And through the provision of environmentally friendly products and services and recycling-based production activities, we will contribute to the realization of a sustainable society with the entire value chain.

In particular, regarding greenhouse gas emissions from business activities (Scope 1, 2), we have set the “Challenge target of zero emissions in 2050”.

Furukawa Electric Group Environmental Vision 2050 (Formulated in March, 2021)

Through the provision of environmentally friendly products and services and recycling-based production activities, contribute to the realization of a sustainable society throughout the value chain		
1	Contribute to a carbon-free society Aim to reduce greenhouse gas emissions throughout the value chain (Greenhouse gas emissions from business activities (Scope 1 & 2): Challenge target of zero emissions in 2050)	
2	Contribute to realizing a recycling-based society for water & resources Minimize water usage, and promote the use of recycled materials, including waste plastic, throughout the value chain	
3	Contribute to society in harmony with nature Minimize the impact on ecosystems through value chain management that includes raw materials	

Scope 1: Direct emissions from the company's plants and offices
 Scope 2: Indirect emissions from the electrical power and heat paid by the company

4. SCOPE OF APPLICATION

This Guideline is applied to all the products that the Group procures from the partners.

5. TERM DEFINITION

The terms used in this Guideline are based on “ISO14001 (JIS Q 14001) Environmental Management System”, “ISO9001 (JIS Q 9001) Quality Management System”, “JIS Z 7201:2017 Management of Chemicals in Products - Principles and Guidelines” and others shown below.

- 1) Procurement products: The Group classifies procurement products into production materials, etc. and office supplies / work supplies, etc. The production materials, etc. represents all or part of raw materials, parts, intermediate products, finished products, packaging materials, etc. and their accessories and repaired goods that configure the Group’s products. The office supplies / work supplies, etc. represents generally procured items such as paper, stationery, office furniture, OA equipment, lighting, fire extinguishers, and work supplies.
- 2) Management of the chemicals in products: In order to realize products that meet the Management Criteria for Chemicals in Products, management standards shall be clarified and appropriate management shall be implemented at each stage of design/development, procurement, production, and delivery.
- 3) Managed substances: This represents chemical substances subject to the Management of the chemicals in products. From chemical substances subject to legal regulations and industry standards, chemSHERPA identifies.
- 4) chemSHERPA: Chemical information SHaring and Exchange under Reporting PAartnership in supply chain (chemSHERPA) provides Guidelines for the management of chemicals in products, Managed substance list, and information sharing and exchange forms, for smooth and efficient information transmission in the supply chain.

6. REQUEST TO THE PARTNERS

By procuring environmentally friendly products from the partners that actively promote environmental conservation activities, the Group will continuously reduce the environmental burden throughout the value chain. We would like to request the partners to implement the following activities in line with the “Furukawa Electric Group Basic Environmental Policy” and the “Furukawa Electric Group Environmental Vision 2050”.

6.1 Establishment of an Environmental Management System

- Establishment of an environmental management system.

*Environmental management systems based on third-party agency accreditation registration systems such as Eco Action 21, Eco-Station, and KES are also equivalent.

- Compliance with environmental laws and regulations.
- Target setting and action plan drawing up.

6.2 Implementation of Environmental Conservation Activities

Relating to “Contribute to realizing a carbon-free society”, “Contribute to realizing a recycling-based society for water and resources”, and “Contribute to society in harmony with nature” stipulated in the “Furukawa Electric Group Environmental Vision 2050”, we would request the partners to make efforts at each stage in consideration of the environmental impact of the entire life of products.

1) Contribution to realizing a carbon-free society

- Reduction of greenhouse gas emissions through the use of products (enhancement of energy-saving performance in use-phase, energy-saving products/technology development, downsizing/weight reduction, recycled materials usage, etc.).
- Reduction of greenhouse gas emissions during production (energy-saving activities, process improvement, renewal to high-efficiency equipment, fuel conversion, electrification, renewable energy usage, etc.).
- Reduction of greenhouse gas emissions during transportation (improved transportation efficiency, electric vehicle usage, modal shift, etc.).

2) Contribution to realizing a recycling-based society for water & resources

- Product design in consideration of resource input amount (downsizing/weight reduction, long life, recycled materials usage, reduction of scarce resource usage, search for alternative materials, etc.).
- Product design in consideration of disposal (easy separation/disassembly, easy reuse/recycling, material labeling on plastic products, reduction of environmentally hazardous substances/search for alternative materials, etc.).
- Consideration for packing and wrapping materials (weight reduction/volume reduction,

simplification, easy to reuse/recycling, recycled materials usage, reduction of environmentally hazardous substances, material labeling on plastic wrapping materials, etc.).

- Minimize risk by conducting a water risk assessment in the locating area.
- Minimize water intake, cyclical use, rainwater/recycled water usage, wastewater management, etc.
- Promotion of waste reduction and recycling.

3) Contribution to society in harmony with nature

The Group has established comprehensive guidelines for efforts to conserve biodiversity and has been conducting business activities in consideration of biodiversity based on the guidelines.

- Pollution prevention (atmosphere, water quality, soil/groundwater, etc.).

Furukawa Electric Group Biodiversity Conservation Guidelines

1. Evaluate the effects that our business activities have on the ecosystem, and minimize the harmful effects while maximizing the beneficial ones
2. To sustainably use resources and conserve biodiversity, consider more than ever the need to carry out measures against climate change, conserve resources, recycle and reduce environmentally hazardous substances
3. Carry out activities in collaboration with local communities to conserve biodiversity

- Reduction and management of environmentally hazardous substances.
- Minimize negative impacts in plant locating areas by conducting impact assessments on ecosystems.
- Nature conservation activities in collaboration with local communities.
- Protection of rare species, countermeasures against alien species.

6.3 Management of Chemicals in Products

To prevent environmental pollution from products and for protecting consumers, regulations on chemicals in products have been enacted in each country and each region. As a globally operating group, the Group collects and manages information on chemical in procured items, in order to comply with the regulations on chemicals in products in each country and each region related to the value chain.

We would request the partners to implement the management of chemicals in products in the following manner.

1) Purpose

- Obtain information and analysis data from the partners on chemicals in products procured by the Group and manage them appropriately.
- Promptly provide customers with information on chemicals in products delivered by the group.

2) Scope of application

This is applied to all raw materials, parts, finished products, and packaging materials used in the Group's products, together with transportation pallets, jigs, tools, and auxiliary materials used in all production processes at the group's plants and outsourced processing plants.

3) Managed substances

The latest version of the chemSHERPA Managed substance list shall be used.

However, in order to respond to the industry to which the division/group company belongs and customer demands, follow the instructions of the division/group company trading with.

4) Establishment and operation of a management system for the chemicals in products

- We would request to establish a management system for the chemicals in products. It is also available to establish a management system for the chemicals in products by incorporating it with an already established quality management system or environmental management system. By establishing a management system for the chemicals in products, we judge that the related data is not transient but is managed appropriately with consistency and continuity.
- Contents inspection for the managed substances in products shall be conducted following chemSHERPA Guidelines for the management of chemicals in products and tools, etc.
- Self-assessment shall be conducted by utilizing the check sheet attached to chemSHERPA Guidelines for the management of chemicals in products, and the management system shall be improved/maintained.

5) Information provision on the chemicals in products

- Investigation for the content status of the managed substances in products shall be conducted using the chemSHERPA data entry support tool, etc., and the result shall be information shared and exchanged with the requester.
- If environmental incompatibility is found in products, it shall be reported promptly. And, cooperation for on-site audit after a separate consultation is requested.
- Spontaneous information provision is requested about the information on ingredients of procured products obtained after a transaction and considerations on disposal, also about updates regarding accidents and violations by other companies.

6.4 Others

1) Cooperation in survey

- Cooperation is requested with the survey for environment-related surveys such as the chemicals in products survey, greenhouse gas emissions survey, etc.

2) Deployment to the partner's business associates

- After identifying the major business partners, encourage them to reduce environmental impacts by referring to the contents of this guideline.

7. GREEN PROCUREMENT OF OFFICE SUPPLIES / WORK SUPPLIES, etc.

Regarding office supplies / work supplies, environmentally friendly products are procured on a priority basis referring to socially recognized environmental labels in each country or region.

<References>

● ISO Standard for environmental labels

ISO classifies environmental labels into three types, Type I to III.

- TypeI (ISO14024) "A third party certification" Environmental labelling by a third-party certification.

- TypeII (ISO14021) "Self-declaration" Self-declared environmental claims by business operator.

- TypeIII (ISO14025) "Environmental declarations" Quantitative display of the environmental impact of products.

8. OPERATION OF THE GREEN PROCUREMENT GUIDELINE

- 1) In order to respond to the industry to which the division/group company belongs and customer demands, follow the instructions of the division/group company trading with.
- 2) Regarding the environmental requirements specified in the basic contract, memorandum, purchase specifications, drawings, etc., which are specified separately from this Guideline, judgmental decisions will be made by the relevant division in charge by comparing them with the applicable laws and regulations.
- 3) The confidentiality of the provided information will be strictly handled and stored with sufficient consideration.
- 4) Products selection and procurement will be conducted based on the provided information.
- 5) Changes in the provided information or new information shall be promptly provided the content to the requester.
- 6) Questions, etc. related to this Guideline shall be checked with the requester.

Related Guidelines

Regarding CSR procurement and quality assurance, please refer to the guidelines below.

- Furukawa Electric Group CSR Procurement Guidelines

https://www.furukawa.co.jp/procure/pdf/csr_guideline_en.pdf

- Quality Assurance Guidelines for Partners

https://www.furukawa.co.jp/en/procure/pdf/qag_guideline_en_202010.pdf

Revision History

First edition enacted: April 2009.

Revised 2nd edition: September 2019. Changes related to the chemicals in products. (Migration of substance list to chemSHERPA Managed substance list., and deletion of various forms.)

Revised 3rd edition: July 2023. Changes to a configuration in line with the “Furukawa Electric Group Environmental Vision 2050”, addition of the relationship with the “Furukawa Electric Group CSR Procurement Guidelines”, and changes related to office supplies / work supplies. (Eliminations of the List of applicable environment labels and the List of applicable products for office supplies / work supplies)

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