

Green Procurement standards

F3022

Foster Electric Company Limited

[Green Procurement standards]

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Document revision history

Rev. No.	Date	Description	Approved by
1st Revision	2008.08.01	F3012: Green Procurement Guideline cancelled and 1st issue of this F3022: Green Procurement Standard	NAN
2nd Revision	2009.06.05	Increased the content of approaching to Energy saving and Environmental protection	MRT
3rd Revision	2010.05.24	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 17th	MRT
4th Revision	2010.09.07	Increased the content for the criteria of customer designated raw materials changed	MRT
5th Revision	2011.05.20	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 19th	KNA
6th Revision	2011.12.20	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 20th	DNG
7th Revision	2012.05.08	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 21st	KHM
8th Revision	2013.04.17	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 22nd	KHM
9th Revision	2014.05.16	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 23nd	TNI
10th Revision	2015.09.07	Revised the requirement as per updated version of Standard for Control of Environmentally Hazardous Substances H1002 Section II. Rev. 24nd	TNI
11th Revision	2017.04.26	Review by business progress	TNI
12th Revision	2021.11.30	Revised due to changes as environmental charter and environmental policy	YGS
13th Revision	2025.09.30	Revised due to review of Environmental Charter and Materiality	SKN

Table of Contents

I. Foreword	P2
II. Foster Procurement Policy	P3
III. Foster Environmental Policy	P3
IV. Requests to Suppliers	
1. Compliance with Environment-Related Rules and Ordinances	P4
2. Requests Regarding Establishment of Environmental Management System	P4
3. Requests on Environmental-Mindedness in Activities	P4
4. Requests Regarding Control of Environmentally Hazardous Substances in Parts and Materials Delivered to Foster	P5~7

1. Foreword

Based on our corporate philosophy, Foster Group has established a mission to "contribute to the future society through sound" as a global company in the acoustic industry, and aims to contribute to the realization of a sustainable society through harmony between corporate activities and the environment. To achieve this, we are engaged in management that emphasizes ESG (Environmental, Social, and Governance) aspects. Particularly regarding the environment, in light of recent domestic and international trends, we have established two important items: "response to climate change" and "conservation of global ecosystems through contribution to the realization of a resource-recycling society," and have formulated the "Medium-term Environmental Targets 2025-2027." Through these activities, we will actively work to reduce environmental impact.

Mid-Term Environmental Targets 2025-2027

Materiality items	Targets (April 2025 – March 2028)
 Addressing climate change	Improving resilience to climate change
	Reducing greenhouse gas emissions
	Reducing the use of energy and promoting the use of renewable energy
 Conserving the global ecosystem by contributing to building a resource-recycling society	Realizing a circular economy
	Complying with environmental regulations of each country and reducing environmental impact
	Protecting and restoring natural ecosystems

We aim to help you understand Foster Group's approach to the environment, and we will strive to engage in environmentally conscious activities and purchasing of materials through collaborative efforts with our business partners.

This standard document summarizes the requirements we would like our suppliers to follow regarding the environmental items in the "Foster Group Supplier Sustainability Code of Conduct." Please also refer to the "Foster Group Supplier Sustainability Code of Conduct."

Green procurement activities are extremely difficult without supplier understanding and cooperation. It is impossible to achieve sufficient effects. The Foster Group therefore asks its suppliers to lend it their understanding and cooperation regarding the Group's green procurement activities for a long time to come.

Production Div., Procurement Dept.

Foster Electric Company Limited

II. Basic principles of procurement

"We will deal with all of our suppliers in good faith."

1. Compliance with laws and ordinances

We will comply with the laws, ordinances and regulations in the countries and regions where we conduct business activities, and will conduct purchasing duties in accordance with social ethics. We will not accept any gifts or entertainment that violates laws or social ethics.

2. Fairness and impartiality

We will keep our doors open and provide equal opportunities to all businesses, and will evaluate and select suppliers with impartiality based on reasonable criteria.

3. Sustainable Procurement

We will promote procurement activities that comply with international standards, social norms, and corporate ethics, fulfilling our social responsibility together with our business partners.

4. Partnerships

We will endeavor to deepen mutual understanding with our suppliers and build bonds of trust with them.

5. Confidentiality

We will strictly manage confidential information that comes into our knowledge in doing business.

III. Foster Environmental Policy

Foster Group Environmental Philosophy and Environmental Policy

Environmental Philosophy

As a global company in the acoustic industry, the Foster Group upholds the mission of "contributing to the future society through sound." We consider harmony with the environment as one of our most important challenges and contribute to the realization of a sustainable society throughout all areas of our corporate activities.

Environmental Policy

Foreword

Foster Group prioritizes environmental friendliness in all actions, with each individual committed to pursuing technologies that harmonize with the environment throughout the product lifecycle, responding to climate change, and contributing to the conservation of the global ecosystem through the realization of a resource-recycling society.

1. We contribute to the realization of a sustainable society by continually improving our environmental management systems, and by communicating and cooperating with our stakeholders proactively.
2. We are committed to reducing CO2 emissions throughout the entire process, including procurement of raw materials, manufacturing, transportation, sales, and disposal, and promoting the use of renewable energy to address climate change.
3. We strive for the waste reduction by promoting effective use of resources in our group-wide activities and product development. We also use water resources responsibly in our manufacturing processes.
4. We strive to promote activities that consider biodiversity conservation, and to prevent pollution and reduce environmental impact through chemical substance management.
5. We comply with domestic and international environmental laws and regulations and other requirements related to our group-wide activities.
6. We develop human resources who practice environmental activities through enlightening people involved in group activities and educating employees.

IV. Requests to Suppliers

1. Compliance with Environment-Related Rules and Ordinances

The Foster Group requests to suppliers that they comply with environment-related rules and regulations that pertain to the Group's business activities and also comply with our environmentally hazardous substance management standard (H1002 Sec II).

2. Requests Regarding Establishment of Environmental Management System

The Foster Group requests to suppliers that they establish an environmental management system based on the acquisition of external certification in ISO14001.

Suppliers who have already established said system are requested to maintain, enhance and update its operation.

Even in cases where it is difficult to acquire ISO14001 certification, suppliers are asked to establish an environmental management system based on the requirements under the ISO14001 standard, and to continue their efforts to acquire ISO14001 certification.

3. Requests for Environmental-Mindedness in Activities

Foster Electric will continue to tackle the reduction of its environmental footprint through its supply chain.

Suppliers may be asked for their cooperation in providing Foster Electric with information on that reduction.

(1) Efforts to Address Climate Change

The Foster Group positions the reduction of greenhouse gas emissions as one of the important environmental issues and is working on reduction activities by setting "medium to long-term CO₂ reduction targets." CO₂ Emission

CO₂ Emissions Reduction Targets

	Mid-Term Reduction Targets for 2030	Long-Term Reduction Targets for 2050
Scope 1, 2	Reduce absolute CO ₂ emissions 50% by 2030 from a 2018 base-year	Aim to achieve carbon neutrality by 2050
Scope 3	Reduce absolute CO ₂ emissions 15% by 2030 from a 2018 base-year	

We believe that it is important to work across the entire value chain to reduce greenhouse gas emissions. We kindly ask our business partners to set CO₂ emission reduction targets and promote reduction activities such as energy conservation and the use of renewable energy. In addition, we will request a survey to understand the CO₂ emissions of our business partners.

(2) Initiatives for Resource Circulation

• Resource Circulation and Waste Reduction

In addition to complying with laws and ordinances related to waste and recycling in various countries that pertain to the business activities of the Foster Group, suppliers are also asked to promote reduction in final disposal volumes of waste through the effective utilization of resources.

• Proper Management of Water Resources

The Foster Group is working to reduce water usage by promoting recycling of water used in manufacturing processes, and to properly manage water supply, drainage, and usage in compliance with laws and regulations. We also ask our business partners to comply with water-related laws and regulations in each country related to their

business activities, and to implement proper management of water supply, drainage, and usage in preparation for risks of water disasters, water resource shortages, and pollution.

(3) Preservation of Biodiversity

As one of its challenges in realizing “symbiosis with nature,” the Foster Group implements biodiversity-minded initiatives with the promotion of the biodiversity preservation-minded activities espoused in its Environmental Policy.

Suppliers are also requested to implement biodiversity-minded initiatives in their products and business activities.

4. Request Regarding Management of Environmentally Hazardous Substances

As part of its chemical substance management for the environment, Foster Group aims to understand the environmental impact of its products while considering the entire product lifecycle from raw material procurement to manufacturing, use, and disposal, with the goal of supplying products that have a lower environmental burden.

(1) Basic principles

- Inclusion of banned substances in parts or materials being delivered to us due to their use in or commingling with them is not permissible as set forth in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances. The thought process involved in the criteria/threshold level will be operated in the same manner as stipulated in these Standards.
- The data to be submitted from suppliers will constitute the basis of our activities for control of chemical substances contained in parts, etc. and compliance of our products with relevant laws and of customer requirements.
- Any requirements of relevant laws and customer needs that are not defined in these Standards will be informed to suppliers separately for compliance on an as-needed basis.
- The fields where lives and safety are directly related, parts and materials for which no substitute technologies are available or occasions where reliability problems may take place will be waived from application of these Standards subject to our designation.

(2) Scope

These Standards apply to parts and materials and other goods which Foster Electric Co. and its affiliate companies procure. For details, please refer to the latest revision of H1002, Section II, the Standards for Control of Environmentally Hazardous Substances.

Exemption cases will be notified as they arise.

(3) Definition of Terms

Please refer to the Terms and Definitions Section of H1002, Section II, the Standards for Control of Environmentally Hazardous Substances.

(4)Implementation

① Basis of implementation

- Chemical substances contained in parts and other goods will be controlled by our green procurement activities in observance of these Standards. Execution of a basic business agreement (including subsidiary agreements) or something similar to it and exchange of delivery specifications (or equivalent documents) before initiation of green procurement activities shall be a general rule.
- Reports, certificates and data covering various items which suppliers shall submit to us shall be tools to verify compliance of our products with the requirements of relevant laws and our customers.
- H1002, Section II, the Standards for Control of Environmentally Hazardous Substances, has been laid down to meet the requirements of local and overseas countries' relevant laws but they do not include all applicable laws in every country nor do they meet all our customers' requirements. Therefore, submission of reports, certificates and data of matters which are not defined in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances, will be sought separately from relevant suppliers as the necessity arises.
- The allowable concentration of the chemical substances banned from use defined in these Standards and H1002 Section II, the Standards for Control of Environmentally Hazardous Substances, is set according to the current technical level and the level most customers require us to meet. However, if tougher concentration is required by some customers, suppliers are requested to meet such requirements by submitting reports, certificates and data on an as-needed basis.
- Environmental substances to be controlled
Banned or regulated chemical substances identified in these control instructions (these Standards) are presented in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances.

②Headwater control

Control by suppliers at the head of the supply chain is necessary to confirm and assure control of chemical substances contained in the products being delivered to us.

③Change control

In cases applicable to the following occasions arising at both our suppliers and their suppliers (2nd-tier suppliers for us), involved changes must be reported in writing to our Purchase Division to obtain its approval before implementation.

- Items requiring reporting and approval
 - Change of suppliers or processing service providers of parts, etc.
 - Change or addition of the countries or factory locations where production will be run
 - Change of materials including those which are raw
 - Change of secondary processes (printing, painting, plating, etc.)
 - Change of manufacturing methods of parts, etc.
 - Change of contained chemical substances
- Form of change control report
Use the supplier's form for reporting.

④ Occurrence of anomalies or non-compliance

Should anomalies or non-compliance regarding control of chemical substances contained in products occur at our suppliers or their suppliers (2nd-tier-suppliers for us), it must be appropriately addressed and reported immediately to the Purchase Division of our production site to which their products are to be delivered.

⑤ Avoidance of pollution

The use of chemical substances banned from use is prohibited within the same room where manufacturing (reaction, synthesis, joining, kneading, molding, assembly, etc.) of parts and other items for us is done using the same equipment. Should no alternative be available other than the use of the same room, establishment and positive implementation of measures to avoid commingling and contamination are essential. Furthermore, to avoid risks where it is possible for molds, jigs and tools, machines and facilities, and sub-materials to come in contact with, or be contaminated by parts or other items during manufacturing processes at our suppliers, no materials containing the chemical substances banned from use defined in these Standards may be used.

⑥ Disclosure of information

It is possible for us to disclose to our customers all or part of the data you may submit to us, when we reply to requests from customers for environmental surveys. However, items having a bearing on our suppliers' business confidence can be subject to conference if you approach our survey interface.

⑦ Requirements not covered in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances

Requests from our customers for chemical substances which are not covered in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances, and for in-depth survey of these, will be referred to you separately for surveying as needed.

⑧ Survey of newly added regulated chemical substances

When the necessity arises to survey chemical substances newly included due to amendments or addition to laws, we will ask you separately to help us meet such need. Additionally, requests from the central government or administration organizations for survey of chemical substances will also be referred to you separately.

⑨ Receiving inspection control

We conduct receiving inspections of parts and other goods delivered from our suppliers as appropriate at our local or overseas business sites.

In the event of discovery of measurements in excess of values defined for receiving inspections in H1002, Section II, the Standards for Control of Environmentally Hazardous Substances, suppliers will be requested by

our responsible department to look into them and inform us of their findings promptly. Please note that H1002, Section II, the Standards for Control of Environmentally Hazardous Substances, for receiving inspection may differ on occasion depending on our customers' requirements.

(5) Data to be submitted

Our green procurement can only be considered successful if it is proven to our customers through related data submitted (input) from our suppliers that the chemical substances contained in products are under control. The requested documents must be submitted by the specified date. For details of data to be submitted, please refer to the latest issue of H1002, Section II, the Standards for Control of Environmentally Hazardous Substances.

Please be reminded that the responsibility for the submitted data, including the accuracy of the contents, lies with the manufacturer.

— Means to send in the requested documents

Inputting into the Web (IMDS) for data submission and the use of electronic data for other matters shall be the general means of delivery.

Data, such as nonuse certificates and analysis reports being submitted in an electronic form shall, as much as possible, be made in PDF files. When many similar models are listed, attachment of a reference sheet to our product Nos. (6 digits) is required.

— Destination of submission of data

IMDS content data shall be input in the Web (IMDS/ FOSTER-ID(96208)) and other data sent to the requesting party.

When the same requests for the same parts or materials come from other FOSTER Group companies or a number of Foster Electric Co.'s business sites, they must be given an individual response.