

Green Procurement Guidelines (Version 3.0)

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FIGARO ENGINEERING Inc.

Introduction

Since the Earth Summit in 2002 set a goal of “Minimizing the adverse effects of the production and use of chemicals on human health and the environment by 2020,” global regulations on chemical substances have been made stricter. EU regulations, such as the ELV Directive, RoHS Directive, and REACH Regulation, have made an impact on many other countries. In Japan, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR system) and the Chemical Substances Control Law (CSCL) were significantly revised in 2009. This trend toward more stringent regulations is expected to continue to accelerate.

We have been asking our business partners for their understanding and cooperation in our green procurement policy to promote environmental conservation activities. In order to respond to these regulations and the associated requirements from our customers, it has become essential to build an even stronger cooperation with the upstream suppliers in our supply chain.

For this reason, we have revised our “Green Procurement Guidelines” to set them as the guidelines for our overall chemical substance control and have revised the chemical substances to be controlled.

In addition to the Green Supplier System, our requests regarding chemical substance control are set forth in this document. Please thoroughly read this guideline. We would appreciate your continued understanding and cooperation in promoting our green procurement efforts.

Figaro Engineering Inc.

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President

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1. Figaro's Environmental Initiatives

《Environmental initiatives》

Figaro Engineering Inc. (hereinafter referred to as “Figaro”, “our company”, “we”, or “us”) is continuously working to reduce the environmental impact of our company's business activities by combining various methods and evaluation criteria.

=Figaro's Environmental Policy=

- Figaro is committed to contributing to the creation of an earth-friendly environment through our gas sensing technology and collaborative business initiatives together with our partner companies.
- We will continue to carry out improvement activities based on our own environmental management system to provide products and services that incorporate various environmental impact reductions.

◆Action Guidelines◆

1. Building a sustainable environmentally friendly management system
2. Contributing to the mitigation of climate change and the achievement of carbon neutrality
3. Sustainable use of natural resources
4. Scrutinizing influencing factors for environmental assessment
5. Compliance with environment-related laws and regulations

《Product initiatives》

We have been providing gas sensors and gas detection devices with various detection methods. Going forward, in addition to pursuing further energy savings and miniaturization of our products, we will work to continuously reduce environmental impacts, such as active development of leak detection devices for green refrigerant gases.

《Initiatives at our offices and factories》

We will implement autonomous management in accordance with ISO14001 to establish our environment management system, raise awareness among our employees, and work to reduce the environmental impact continuously.

2. Green Procurement Guidelines

(1) Positioning of the Guidelines

(i) These guidelines outline our basic approach to procuring materials that have a minimal impact on the global environment (hereinafter referred to as "Green procurement") as we promote environmental conservation activities based on our environmental policy.

(ii) By promoting Green procurement with the cooperation of our suppliers (business partners) who are proactive in protecting the global environment, we aim to comply with the applicable laws and regulations and fulfill our responsibilities as a business entity, and achieve management that allows for sustainable development.

(2) Our approach to Green procurement

We have included "Environmental considerations" in our material procurement criteria, in addition to "Quality," "Cost," "Delivery," and "Service". Moreover, we will preferentially procure materials that meet these requirements.

*"Environmental considerations" refers to compliance with applicable laws and regulations regarding chemical substances, the 3Rs, etc.

(3) Requests to our business partners

We ask for your understanding of our Green procurement approach and your cooperation in addressing the following requests:

- Active efforts to protect the environment
- Consideration and efforts in reduction of the environmental impact of the materials used in delivered goods, manufacturing processes and auxiliary materials related to delivered goods
- Control of chemical substances contained in delivered goods and materials

(4) Scope

As a general rule, these guidelines will apply to all of our business partners.

3. Chemical Substance Control

(1) Concept

One of our initiatives, based on the concept of the Green Procurement Guidelines mentioned above, is the control of chemical substances used in our products. Due to stricter regulations on chemical substances in recent years, the control of chemical substances has become an important element in conducting business. We expect that the number of chemical substances subject to applicable regulations will continue to increase, especially in the EU. In order to ensure compliance with the applicable laws and regulations and to prevent any hindrance to our product sales, we will provide our business partners with our criteria for chemical substance investigation and control, and improve our chemical substance control system.

(2) Chemical substances to be controlled

The chemical substances that have been designated for control by our company are as follows:

(i) RoHS Directive

Substances designated in the latest RoHS Directive must be controlled.

(ii) REACH Regulation

- Candidate List of SVHC for Authorization (Candidate substances subject to authorization)
- Annex XIV (Substances subject to authorization)
- Annex XVII (Substances subject to restriction)

For the latest information on substances to be controlled and regulated concentrations (thresholds), please check the website of the ECHA* or the Ministry of the Environment of Japan: Network for Strategic Response on International Chemical Management.

*ECHA: European Chemicals Agency

(iii) Substances designated by our company

Please see the table in the next page for the chemical substances to be controlled.

(3) Investigation of chemical substances

Please investigate whether these chemical substances to be controlled are contained or not.

- Who should conduct investigation:

Business partners who supply raw materials, parts, or other goods purchased that make up our products, as well as auxiliary materials and packaging materials, etc.

- When investigation should be conducted:

Whenever laws and regulations change, when substances to be investigated specified in this guideline change, when new products are delivered, etc.

- How to provide us with investigation results:

For chemical substances to be controlled in (2) (i) and (ii), please provide them using chemSHERPA.

For chemical substances to be controlled in (2) (iii), please provide them using the non-use guarantee form*.

*Non-use guarantee form: Please obtain the latest version from our website.

* Other substances

Regarding any other chemical substances that may be designated by our customers

In the business relationships with our customers, we will appropriately investigate any applicable laws or regulations, or chemical substances to be controlled according to our customers' control criteria.

*Example: IMDS: for automobiles, Conflict Minerals Survey, etc.

◇For any questions, please contact the following◇

Substances designated by our company *Not covered by the RoHS Directive and REACH Regulation

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No.	Substance name	Remarks
1	Short-chain chlorinated paraffins (SCCP, C10–13)	EU POPs Regulation Annex I, CSCL, POPs Convention
2	Polychlorinated naphthalenes (substances with 1 or more chlorine atoms)	EU POPs Regulation Annex I, CSCL, POPs Convention
3	Polychlorinated biphenyls (PCBs)	EU POPs Regulation Annex I, CSCL, POPs Convention
4	Ozone-depleting substances (excluding HCFCs)	Ozone Layer Protection Law, Montreal Protocol, US Fluorocarbon Tax
5	Hydrochlorofluorocarbons (HCFCs)	EU ODS Regulation, US Clean Air Act, Ozone Layer Protection Law, Montreal Protocol, EU F-Gas Regulation
6	Formaldehyde	German Chemical Prohibition Regulation, Danish Formaldehyde Regulation, US TSCA
7	Perfluorooctane sulfonic acid (PFOS) and its salts	EU POPs Regulation Annex I, CSCL, POPs Convention
8	Specific benzotriazoles	CSCL
9	Hexabromocyclododecane (HBCD)	EU POPs Regulation Annex I, CSCL, POPs Convention
10	Chlorinated phosphate ester flame retardants (3 types: TDCPP, TCEP, TCPP)	US domestic laws (including municipal laws)
11	Hydrofluorocarbons (HFCs)	Canadian Environmental Protection Act 1999, EU F-Gas Regulation
12	Perfluorooctanoic acid (PFOA), its salts and PFOA-related substances	EU POPs Regulation Annex I, CSCL
13	Perfluorohexane sulfonic acid (PFHxS) and its salts and PFHxS-related substances	POPs Convention
14	Tris (isopropylphenyl) phosphate (PIP(3:1))	US TSCA
15	Dechlorane plus TM	POPs Convention
16	UV-328	POPs Convention

«Where to send investigation reports and other documents»

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Revision history

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