

# FCNT

## FCNT

### Green Procurement Direction

April 1st, 2024 (Edition 1)

FCNT LLC

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## 1. FCNT Green Procurement Direction

### 1.1. Purpose

FCNT LLC (herein individually referred to as a “FCNT”) is promoting environmental protection activities in all our business categories and purchasing lower-environmental-load products from all over the world.

This Green Procurement Direction describes fundamental philosophy of FCNT’s green procurement activities and specifies what we would like suppliers to fulfill.

### 1.2. Scope

This Direction has been established as a common direction of the entire FCNT companies and applies to procured products or goods that are applied to products sold by FCNT to customers as well as to their suppliers themselves.

In this Direction, “procured products or goods” shall mean material, components, units, accessories, packaging materials, OEM/ODM products, equipment, software, and services, etc., except for office automation equipment, stationery, or business consumables, etc., which are internally used in FCNT.

If there is a separate request from FCNT in individual purchase specifications or drawings, it will take precedence over this procurement standard.

## 2. Green procurement requirements to be fulfilled by suppliers

FCNT requires its suppliers to observe mainly the following requirements shown in Table 1.

FCNT promotes procurement from suppliers who observe these requirements.

**Table 1 Green procurement requirements to be fulfilled by suppliers**

	Requirements	Material/parts suppliers*	Non-Material/parts suppliers	Section
(1)	Establishment of EMS (Environmental Management System)	Required	Required	2.1
(2)	Compliance with regulations for FCNT specified chemical substances	Required	N/A	2.2
(3)	Establishment of CMS (Chemical substances Management System)	Required	N/A	2.3
(4)	Efforts to reduce environmental load	Required	Required	2.4
(5)	Responsible mineral procurement	Required	N/A	2.5

\*Material/parts suppliers: suppliers whose deliverables are equipped to FCNT's products or suppliers of OEM/ODM products

### 2.1. Establishment of EMS (Environmental Management System)

FCNT requires suppliers to establish an EMS. In principle, suppliers are requested to have an EMS certified by a third-party organization such as ISO14001. If you are a supplier which doesn't have an EMS certified by third-party organization, we will request you to establish any EMS which has PDCA cycle.

## 2.2. Compliance with regulations on FCNT specified chemical substances

FCNT has defined its own regulations on chemical substances related to Deliverables which are equipped to FCNT's products, or OEM/ODM products and packaging materials (hereinafter collectively called "Deliverables" in this Direction) and requested its suppliers to comply with the regulations.

### 1) Our concepts for chemical substances to be controlled:

With respect to the chemical substances, FCNT has defined herein substances by referring to those related to international laws such as EU's RoHS Directive or REACH Regulation, and the Class I substances specified by Japanese Chemical Substances Control Law, etc. In detail, please refer to the following. As for "Disclosure of information on deliverables", please refer to the Section 4.1.

### 2) FCNT specified Chemical substances:

Deliverables shall comply with the following regulations in the articles a) through e).

However, if there are particular designations or directions in a purchase specification, drawing or other similar kind of document that includes, for example, designation regarding other chemical substances, other "standards of ban", or other "exempted applications", such designations or directions will prevail.

"Packaging materials" herein also include the cases that they are packed by suppliers (or by a carrier that the suppliers entrust packaging) AND supplied directly to customers of FCNT without being unpacked by FCNT. In addition, also refer to the section 3.5 (Environmental considerations for packaging materials), which includes a few requests regarding environmental assessment.

#### a) Banned Substances

- In principle, Deliverables must not contain chemical substances defined in "FCNT Specified Chemical Substances List" (Part 1).
- In details of the target substances, "Standards of Ban" and calculation methods of concentration, etc., refer to "FCNT Specified Chemical Substances List" (Part 1) and its notation.
- Notwithstanding above, if exempted application(s) in "FCNT Specified Chemical Substances List" is(are) applicable to the Deliverables, such containment will be exempted from the restriction of the ban.
- Substances that require information transmission due to domestic and foreign laws and regulations, such as "restricted substances" under the Chemical Substances Control Law and the REACH Regulation, will be added to the prohibited substances in the future. If these substances are contained, we may ask you to report without waiting for the revision of this standard.

b) Reportable Substances

- Reportable Substance(s) shall be taken hold on the presence or absence in Deliverables, and if Deliverables meet “Conditions of Deliverables to be reportable” defined in “FCNT Specified Chemical Substances List” (Part 2), its total mass, purpose of use, and application area, etc., shall be reported to FCNT.
- In details of target substances, “Conditions of Deliverables to be reportable”, contents to be reported or managed, and calculation methods of concentration, etc., refer to “FCNT Specified Chemical Substances List” (Part 2) .
- Substance may be added to Reportable Substances when the obligation of information transmission becomes necessary according to international regulations such as REACH Regulation. In such cases, FCNT may ask suppliers to provide information before revising this Direction.

c) Control Substances

- In the case that Deliverables meet "Conditions of Deliverables to be controlled" defined in “FCNT Specified Chemical Substances List” (Part 3), with respect to "Control Substance", its total mass, purpose of use, and application area, etc., shall be managed and recorded.
- In details of target substances, "Conditions of Deliverables to be controlled" and calculation methods of concentration, etc., refer to “FCNT Specified Chemical Substances List” (Part 3) and its notation.

d) Prohibited Substances in manufacturing process

- During manufacture of Deliverables, it is prohibited to use FCNT specified “Prohibited Substances” that are defined as “Ozone Depleting Substances” in “FCNT Specified Chemical Substances List” (Part 4), except for HCFCs. Meanwhile, if you use HCFCs, please work to reduce the emission and/or the use.
- In this regard, however, the use of Prohibited Substances is exempted from the restriction if they are used in indirect manufacturing process such as analytical determination and product development, or in a freezing/an air-conditioning machine.

e) Other restricted substances in delivery destination counties or areas

- Other than the substances defined in a) through d) above, Deliverables shall at all times comply with laws and restrictions applied in delivery destination countries or areas, for example, where Deliverables are delivered to overseas sites of FCNT.
- For your reference, please refer to the following principal laws and restrictions in Japan and overseas that are related to chemical substances in products. However, since it is hard to provide whole lists here, please confirm by yourselves.

#### Japan:

- Chemical Substances Control Law (CSCL)
- Industrial Safety and Health Law
- Law for Promotion of Effective Utilization of Resources (3R Law): Requirements for information disclosure of restricted chemical substances
- Law Concerning the Protection of the Ozone Layer through Control of Specified Substances and Other Measures (Ozone Layer Law)

#### Overseas:

- EU member nations: RoHS Directive, REACH Regulation (Restriction)
- Swiss: ChemRRV
- Norway: Norwegian Product Regulations
- USA: TSCA (Toxic Substances Control Act)
- China: China RoHS (Administrative Measures for the Restriction of Hazardous Substances in Electrical and Electronic Equipment)

### 2.3. Establishment of CMS (Chemical substances Management System)

FCNT requires establishment of CMS of material/parts suppliers. As typified by RoHS directive, REACH regulation of European Union, so-called “China RoHS” and Japanese “J-Moss”, it has been becoming necessary in every supply chain to severely control certain chemical substances in products. Responding to this, each company in such supply chains, as their social responsibilities, needs to implement proper and effective management of chemical substances in their products.

Also, industries are promoting standardization of Chemical substances management methods in products to reduce corporate’s burden, through the use of the “Chemical substances management guideline” (\*1) published by Joint Article Management Promotion-consortium (JAMP) and the “JIS Z 7201” (\*2) published by Japanese Industrial Standards Committee (JISC).

FCNT has created “CMS Check Sheet” in accordance with the above documents. It is designed to clarify action items that FCNT would like its suppliers to take.

The principal elements of CMS that FCNT would like its suppliers to manage are shown in Table 2.

After suppliers’ self-checking, furthermore, FCNT visits suppliers and implement audits regarding CMS on the basis of their CMS Check Sheets to check suppliers’ situations of establishment and operation of CMS. According to the audit result, FCNT may request the suppliers to improve unsatisfactory performance in their CMS operation and also provide some advice if necessary. However, if no improvement comes out, FCNT might reconsider business relationship to such suppliers.

In detail about CMS establishment and other related processes, FCNT will explain respectively to applicable suppliers.

\*1: “Chemical substances management guideline” can be downloaded from the JAMP’s website. (<https://chemsherpa.net/english>)

\*2: JIS Z 7201: “Management of chemical substances in products-Principles and guidelines” revised on December 20, 2017 can be browsed on the JISC’s website. (<http://www.jisc.go.jp/eng/index.html>)

**Table 2 Management items in CMS**

No.	Management items	Outline of the required actions
1	Policy	Clarifying CMS policies by corporate or business representative
2	Definition of Management Criteria	Clarifying management procedures and criteria for requirements from laws, industry standards or customers
3	Definition of Scope of Management	Clarifying products, processes, constructional elements, and chemical substances to be managed
4	Establishment of Objectives & Planning for Implemented Process	Setting objectives and reviewing implemented process
5	Definition of Organizational System, Responsibilities and Authority	Clarifying responsibilities and roles in each division related to the management
6	Design and Development	Considering compliance with the defined requirements at design and development stage.
7	Acquisition and Verification of Information of Chemical Substances in Products	Creating a mechanism for obtaining and confirming information from suppliers.
8	Purchase Management	Communicating requirements to business partners, etc.
9	Acceptance Verification	Implementing conformity check of delivered items with one's defined criteria when receiving delivered items.
10	Process Management	Clarifying processes in which composition of chemical substances vary and controlling properly. Also implementing distinction control and prevention of contamination.
11	Shipping Verification	Implementing conformity check of shipping products with one's defined criteria or standards.
12	Traceability	Constructing traceability scheme of products and delivered items.
13	Change Control	Clarifying procedures in case that composition of chemical substances is likely to be influenced, such as changes of design, process, supplier, etc.,
14	Non-conformity Response	Clarifying procedures when unconfirmable products come out
15	Training	Clarifying education contents
16	Management of Documentation and Records	Implementing documentation of management procedures or instructions and controlling appropriately.
17	Communication (Provision of Information)	Constructing information sharing system.
18	Performance (State of Implementation) Evaluation and Improvement	Evaluating CMS implementation status and improving performance.
19	Management Review (Correction by Management)	Reviewing and correcting problems by top management

Management items and required actions are subject to change, if necessary.

## 2.4. Efforts to reduce environmental load

### 1) Efforts to reduce greenhouse gases

FCNT asks its business partners to take measures to reduce CO2 emissions as a response to climate change issues such as global warming.

As for the approach, first clearly state the intention of the initiative, and then implement the initiative with goals, etc. in-house. If possible, we would like to see you expand your efforts to the outside, such as implementing activities in collaboration with external organizations and working with upstream suppliers.

Note) "CO2" here is used to include all greenhouse gases (N2O, CH4, SF6, HFC, PFC, etc.). For this reason, please understand the amount of greenhouse gas emissions emitted from your company's business activities and the entire supply chain, set targets, and make efforts to reduce them.

Also, please use renewable energy as much as possible.

FCNT will be procured preferentially from business partners who are implementing efforts to reduce greenhouse gases.

### 2) Efforts to recycle resources

Please understand the amount of waste associated with business activities, reduce it as much as possible, reuse and recycle, and understand the disposal method (material recycling, thermal recycling, final disposal method, etc.) and recycling rate.

### 3) Biodiversity conservation efforts

While considering biodiversity conservation for the materials used by our business partners, we will work with stakeholders (employees, local governments, experts such as NGOs, etc.) on ecosystem conservation inside and outside the office and conservation activities for rare animals and plants. Please work on it.

### 4) Efforts to conserve water resources

With the rapid population growth and the progress of water pollution, the increase in global water demand and the shortage of water resources have become international issues, and efforts to conserve water resources are required in business activities as well. increase.

FCNT asks its business partners to investigate and understand the water risks related to their company, and to take measures to conserve water resources, such as preventing water pollution and reducing water usage. If possible, we would like you to expand your efforts to the outside, such as by working with upstream suppliers.

#### [Example of efforts]

- Reduction of water usage: Control of water flow, saving water in toilets, recycling of industrial water / clean water, utilization of rainwater, etc.
- Water pollution prevention: Purification of factory wastewater, cleaning activities of rivers and lakes, regular water quality inspection, etc.
- Water source recharge activities: Forest conservation activities, etc.

## 2.5. Responsible mineral procurement

FCNT's policy is to eliminate high-risk minerals that promote conflict or are associated with forced labor and human rights abuses from FCNT's products and components and supply chains. \* 3

We would like to ask our business partners for their support and cooperation in the investigation of FCNT's responsible mineral procurement. Also, please work with upstream suppliers to carry out responsible mineral procurement throughout the supply chain.

\* 3: Under the "Financial Regulation Reform Act (Dodd-Frank Act)" enacted in the United States in 2010, minerals produced in the region

Of these, tantalum, tin, gold, tungsten, and other minerals judged by the U.S. Department of State are classified as conflict minerals, and U.S. listed companies are obliged to report to the U.S. Securities and Exchange Commission (SEC) when using these minerals. Has been established.

## 3. Requests for implementation of environmental assessment of products

Suppliers are requested to comply with laws or regulations applied to Deliverables. Moreover, as far as you can, please do the following environmental assessments of Deliverables.

However, if there are particular designations or directions in a purchase specification, drawing or other similar kind of document, such designations or directions will prevail.

### 3.1. Marking deliverables that use a small secondary battery

Deliverables that use a small secondary battery shall indicate a recycle or other legal mark in accordance with the Law for Promotion of Effective Utilization of Resources.

### 3.2. Energy saving

The operating and standby power consumption levels of deliverables shall be as low as possible and shall fulfill the following requirements:

#### 1) Use of power saving function

A deliverable that can have a power saving function shall be able to automatically reduce the power consumption of components other than the main power supply and/or separate a part of the system by means of an operator operation or schedule function.

#### 2) Compliance with the Law concerning the Rational Use of Energy

If a deliverable is specific equipment designated by the law, the following requirements shall be fulfilled.

- The energy consumption efficiency must be indicated based on the law.
- Consideration shall be paid to the target of energy consumption efficiency specified by the law and efforts shall be made to achieve the target.

#### 3) Compliance with the International Energy Star Program

When a deliverable is subject to the International Energy Star Program, the power consumption standard specified by the program shall be fulfilled.

### 3.3. Consideration on recycling

Considering ease of recycling, deliverables shall fulfill the following requirements:

1) Unification of plastic materials

The plastic materials used for deliverables shall be unified as far as possible.

2) Use of plastic materials that can be easily recycled

The use of thermosetting plastics, which are difficult to recycle, shall be avoided and general-purpose plastics, which are easy to recycle, shall be used, as far as possible.

[Assumptions regarding plastic materials]

Customers should select plastic materials as follows.

- When using plastic materials, consider recycling and select from the following four types as much as possible.
  - Polyethylene
  - Polypropylene
  - Polystyrene
  - Polyester
  
- Avoid plastics as much as possible in products, keep them to a minimum when using them, and use recycled materials (recycled materials) and biomass plastics as much as possible.

3) Suppression of use of polyvinyl chloride

Use of polyvinyl chloride on deliverables shall be suppressed as much as possible, except for cable coverings and electronic component insulators (such as heat-shrink sheets), in order to prevent dioxin production when the material is improperly disposed of.

4) Painting on plastics

Painting and plating on plastic material surfaces of deliverables shall be avoided as far as possible because they make it difficult to recycle the material.

5) Material identification marking

All plastic parts to be delivered shall be labeled according to JIS or ISO standards. However, small parts that cannot be engraved should be decided in consultation with FCNT separately. The flame retardant must be displayed in accordance with JISK6899-4 (ISO 1043-4) as much as possible.

6) Materials of documents attached to deliverables

Manuals and documents attached to deliverables shall fulfill the following requirements:

- Recycled paper shall be used for all document pages.  
Or, eco-friendly virgin pulp, such as FSC certified papers, is used.
- Covers of documents shall be free from plastic coatings, which can be an obstacle for recycling.

### 3.4. Easy treatment and disposal

Considering easy treatment and disposal after their use, deliverables shall fulfill the following requirements:

- Consideration for ease of separation and disassembly and reduction of composite parts It is necessary that deliverables can be divided and disassembled into identical material units with hands and general tools (such as Phillips screwdrivers, nutdrivers, wrenches, hexagon wrenches, tweezers, nippers, pliers and/or hammers), except when use of special screws is mandatory to prevent modifications or when disassembly should be made difficult to prevent fires or ensure safety human body safety or for other reasons.

### 3.5. Environmental considerations for packaging materials

Suppliers are requested as much as possible to use packaging materials of deliverables that fulfill the following requirements:

1) This article A shall apply to packaging materials that are supplied directly to customers of FCNT without being unpacked by FCNT. For example, software media and accessories sold with unit products and directly supplied to our customers.

#### a) Materials of Packaging materials

Packaging materials shall fulfill the following requirements:

- Any corrugated board shall contain used paper as its content at 70% or more.
- Paper materials shall be free of plastic coating, bonding of art paper or other materials. Non-petroleum solvent ink or vegetable oil ink shall be used as much as possible for printing on package.
- Polyvinyl chloride shall not be used, except when appropriate alternate materials are unavailable.
- Protective bags shall be made of paper or polyethylene, polypropylene or other plastic materials that can be easily recycled, except for special-purpose bags.
- Paper bags shall be free from plastic coatings or clear plastic sheets attached at openings.

#### b) Marking on packaging materials

Packaging materials shall fulfill the following requirement and be marked for material identification.

- Packaging materials by the Containers and Packaging Recycling Law shall be marked for material identification.

- 2) This article B shall apply to packaging materials that are unpacked by FCNT, which will be discarded or sold after delivery to FCNT.
- a) General requirements
- Suppliers are requested as much as possible to reduce heavy metals containing Lead/Lead compounds, Mercury/Mercury compounds, Cadmium/Cadmium compounds Hexavalent Chromium/Hexavalent Chromium compounds and others.
  - Suppliers are requested as much as possible to promote recycle and reuse.
  - Suppliers are requested not to use Polyvinyl chloride, except when appropriate alternate materials are unavailable.
  - Suppliers are requested as much as possible not to use materials difficult to recycle for packaging materials such as urethane sponge.
- b) Loading pallet
- Suppliers are requested as much as possible to use a loading pallet having a structure available to use repeatedly.
  - Suppliers are requested as much as possible to use a loading pallet made of materials that can be recycled.
  - Suppliers are requested as much as possible to reduce number of windings of stretching film.
  - Suppliers are requested as much as possible not to use PP-band.
- c) Packing boxes
- Suppliers are requested as much as possible to use corrugated board that contains higher content ratio of used paper.
  - Suppliers are requested as much as possible to let packing boxes not to be mixed or attached by materials that interfere in recycle.
- d) Inner packaging materials: buffering materials, trays, tapes, partition board
- Suppliers are requested as much as possible to make simple packaging.
  - Suppliers are requested as much as possible not to bond different types of materials.
  - Suppliers are requested as much as possible to reduce adhesive tapes.
  - Suppliers are requested as much as possible to use common plastic materials such as PolyPropylene (PP), PolyEthylene (PE) or PolyStyrene (PS) for plastic packaging materials unless it's used for special purpose.
  - Suppliers are requested as much as possible to display material of plastic packaging materials based on JIS or ISO standards.

e) Methods of filling

- Suppliers are requested as much as possible to fill in a box by every unit specified in case the site specifies number of items in a box.
- Suppliers are requested as much as possible to place an item in the packing box with becoming as much bulk ratio as possible.

#### 4. Information disclosure

Suppliers have to provide following information using the specified format by specified date when requested by FCNT.

##### 4.1. Disclosure of information on deliverables

- Information of material used in deliverables, such as types of constituent materials and mass and/or concentration of each chemical substance

Note: Suppliers are required to provide information by several formats, such as JAMP information transmission scheme (chemSHERPA), FCNT original format, or a format specified by FCNT's customer.

- Information of non-containment of specified chemical substances  
Note: Suppliers are required to provide a Non-use certificate, Non-containment certificate, or Warranty of compliance with FCNT requirement for chemical substance Form.
- Analysis data of deliverables  
Note: Analysis methods for the evaluation and management of products to FCNT confirm to IEC62321.
- OEM product assessment results if the FCNT company has requested this information in accordance with the FCNT-specified regulations on environmental assessment of products.
- Risks in terms of quality, performance and environment involved in changing production conditions of time-proven materials used in deliverables (4M change)

##### 4.2. Disclosure of information on suppliers

It is mandatory for business partners to submit an environment-related activity survey form.

Please submit the "Environment-related Activity Survey Form" separately specified in accordance with the Green Procurement Standards.

Also, if there is any change in the description, please submit it each time.

[Revision record]

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