

Green Purchasing and Procurement Guidelines

Idemitsu Kosan Co., Ltd.

Procurement Department

Table of Contents

1. Purpose
2. Scope of Application
3. Definition of Terms
4. Basic Approach to Green Purchasing and Procurement
5. Evaluation Criteria for the Selection of Items in Green Purchasing and Procurement

Supplementary Provisions

Appendix

Appendix 1: Products with Environmental Labels

1. Purpose

The Idemitsu Group shall promote the following items as business activities based on our Basic Procurement Policy and Sustainable Procurement Guidelines. (The “Idemitsu Group” refers to our major affiliated companies, regular affiliated companies and sub-subsidiaries as stipulated in our regulations and the regulations of our affiliated companies.)

(1) Selection of Raw Materials

The Idemitsu Group shall select raw materials and secondary materials suitable for environmental conservation from the product production process to consumption. Furthermore, we shall adopt methods which allow those materials to be effectively re-used as resources.

(2) Purchasing of Goods

The Idemitsu Group shall proactively promote green purchasing and procurement taking into consideration the environment in addition to examining factors such as the quality, safety, cost and service when purchasing goods.

We shall establish these guidelines to proactively promote green purchasing and procurement so that we improve and strengthen the Idemitsu brand with the aim of achieving our social mission of building a circular society.

2. Scope of Application

These guidelines shall apply to the places of business in the Idemitsu Group.

3. Definition of Terms

We shall define as follows the individual terms when promoting green purchasing and procurement in these guidelines.

(1) Green Purchasing

We shall refer to the purchasing of environmentally-friendly products such as office supplies (stationery and paper), office automation equipment and business machinery as “green purchasing.”

(2) Green Procurement

We shall refer to the procurement of environmentally-friendly products

such as materials and equipment (for construction etc.), raw materials, secondary materials (additives, catalysts and chemicals, etc.) as “green procurement.”

We have established acceptance standards respectively for crude oil, imported and exported products, and semi-finished products.

Accordingly, they are not included in the scope of these guidelines. The purchasing of various goods in the research and development stage are also not included in the scope of these guidelines.

4. Basic Approach to Green Purchasing and Procurement

The basic principles for these guidelines shall be as follows.

- (1) We shall fully consider the necessity of purchased and procured products before purchasing them.
- (2) We shall purchase goods taking into consideration the diverse environmental impacts in the product lifecycle – from the collection of resources to disposal for purchased and procured products.
- (3) We shall purchase products and services giving preference to those from businesses striving to reduce their environmental impact.
- (4) We shall purchase and procure products and services by proactively obtaining and utilizing environmental information relating to them and the businesses which sell them.

5. Evaluation Criteria for the Selection of Items in Green Purchasing and Procurement

(1) Green Purchasing

We shall preferentially purchase products with environmental labels* for offices supplies (stationery and paper), office automation equipment, business machinery, lighting fixtures, home electronic appliances and automobiles (Appended Tab. 1).

*Products with environmental labels (environmental-friendly products and environmentally-conscious products: ISO 14020s), products compliant with the Act on Promoting Green Procurement (including designated fields such as home electronic appliances and automobiles), Biznet Green products, Eco Mark products, Green Mark products, products listed in the database of the Green Purchasing Network (GPN), Non-wood Green Products Association of Japan

products, products made by re-using milk cartons, ENERGY STAR products, products and services on the GPN** website, and devices eligible for energy saving labeling on the website of the Energy Conservation Center, Japan

**Green Purchasing Network (GPN): This is a network of consumers, companies and administrative bodies across Japan which promote the preferential purchasing of products and services with a low environmental impact.

(2) Green Procurement

- i. Selection of Business Partners and Suppliers
 - (i) We shall give priority to places of business which have acquired, or which plan to acquire, environmental management system certification (places of business which have built an ISO14001, ECO ACTION 21, ECOSTAGE or equivalent environmental management system etc.).
 - (ii) Considerations: We shall give consideration such as by preferentially adopting environmentally-friendly suppliers and businesses engaged in sustainable procurement as part of supply chain management (SCM) when our business departments procure raw materials and secondary materials.
- ii. Perspectives of Reducing the Environmental Impact of Procured Products
 - (i) Resource saving:
Little use of resources. Made with recycled resources.
 - (ii) Energy saving:
Low energy consumption during manufacturing and use.
 - (iii) Recyclability:
Collection and recycling are possible.
 - (iv) Long-term usability:
Can be used for a long time. Re-usable.
 - (v) Ease of treatment and disposal:
Easy to appropriately treat and dispose when discarding.
Easy disassembly and sorting.
 - (vi) Pollution prevention:

- Prioritize switching to products which do not contain harmful substances and alternative substances.
 - (vii) Use of recycled materials:
 - Made with recycled materials and re-used parts.
- iii. Considerations for Suppliers
 - (i) Presentation of a green procurement item list and evaluation criteria
 - (ii) Understanding of the initiatives of suppliers (evaluate the degree engagement on the environment by suppliers)
 - (iii) Presentation of the advance chemical substance management confirmation method and applicable laws/ordinances

Supplementary Provisions

1. Approver:

The enactment, revision and abolishment of these guidelines shall be approved by the General Manager of the Procurement Department.
2. Party with responsibility for these guidelines:
3. The Static Machinery Group shall bear responsibility for the procedures to enact, revise and abolish these guidelines.
4. Date of effectiveness:

These guidelines shall take effect from April , 2024.
5. Enactment and revision:

Date of enactment: September 1, 2021

Revision 1:	March 15, 2022
Revision 2:	July 1, 2022
Revision 3:	April 17,2023
Revision 4:	April 1,2024

Appendix 1: Products with Environmental Labels

- (1) Products Compliant with the Act on Promoting Green Procurement
(Including Home Electronic Appliance Products and Automobiles)
These refer to products which meet the specified procurement items under the Act on Promoting Green Procurement and their evaluation criteria.
- (2) Biznet Green Products
These refer to products selected as environmental products by Biznet Corporation under the following ethos: “Strive to save resources from the stage of producing products. Choose materials which can be re-used. Those that are easy to separate and discard. Give consideration to the environment and human safety.”
- (3) Eco Mark Products
These refer to products with a mark indicating that they have been reviewed and certified by the Japan Environment Association as useful in conserving the environment without polluting it.
- (4) Green Mark Products
These refer to products with a mark indicating that they have been reviewed and certified by the Paper Recycling Promotion Center for the purpose of raising awareness to conserve the natural environment and protect forest resources.
- (5) Products Listed in the Database of the Green Purchasing Network (GPN)
These refer to products listed in the Eco-products Database with a declaration by their manufacturers. The members of the GPN are comprised of companies, administrative bodies and consumers (non-governmental organizations) across Japan.
- (6) Non-wood Green Products Association of Japan Products
These refer to products certified by the Non-Wood Green Products Association of Japan for the purpose of protecting forests by promoting the spread products made using non-wood (kenaf and rice straw, etc.) pulp as an alternative to wood pulp.
- (7) Products Made by Re-using Milk Cartons
These refer to products made by recycling as raw materials milk cartons collected in communities and certified by the Japan Milk Carton Recycling Association citizen’s group.
- (8) ENERGY STAR Products

These refer to products which comply with the International ENERGY STAR Program. This is an international energy saving program aiming to promote the development and spread of office equipment which is excellent in reducing energy consumption and which enables efficient use considering global environmental problems.

(9) Devices Eligible for Energy Saving Labeling

These refer to devices eligible to be labeled under the Energy Saving Labeling Program as established by the Japanese Industrial Standards (JIS) such as home electronic appliance products and gas and petroleum devices. The Energy Saving Labeling Program is one which uses labels to indicate that products are energy consumption efficient as recommended by the Energy Conservation Center, Japan.