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Green Procurement Standards

Ver.15.0



July 1, 2023
PANAC Co., Ltd.

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Foreword

PANAC Corporation has built our business by positioning “preserving the global environment and realizing a sustainable society” as a key concern of our corporate activity.

In this way, we believe we must give priority to procuring materials that have little burden on the environment. We began environment-friendly “green procurement activities” in 2006 when we issued our “Green Procurement Standard (Ver1.0).”

As stated in our company’s Fundamental Environmental Principles, “to keep a clean global environment to future generations is the mission for us who now live on this earth.” PANAC Corporation takes it as the mission for humanity, and makes perpetual efforts to preserve the environment.

As exemplified by RoHS directive of EU, and REACH regulation, throughout the world, law regulating chemical substances that are contained in products is being enforced and the scope is widening year after year.

In these circumstances, we have revised its Green Procurement Standard so that, as stated in our Fundamental Environmental Principles, our Corporation and its entire staff will further undertake sincere voluntary efforts to preserve and improve the global environment, with gratitude for the benefits we receive from nature. All our staff will understand this Standard, comply with it, and put it into practice.

Moreover, we will continue to promote environment-friendly procurement based on this Green Procurement Standard and contribute to society together with our business partners.

We will appreciate your understanding and cooperation.
Thank you.

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July 1, 2023
PANAC Co., Ltd.
General Manager of Administration Headquarters
Yoshiharu Itou

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PANAC's Environment statement

Environmental basic statement

To keep a clean global environment to future generations is the mission for us who now live on this earth. With gratitude for the benefits we receive from nature, PANAC Corporation and its entire staff undertake sincere voluntary efforts to preserve and improve the global environment.

Environment vision

1. In our business activities, we use resources effectively, and reduce waste and the presence of substances with an adverse environmental impact, in order to improve the preservation of the environment.
2. We make efforts to prevent environmental contamination in routine/non-routine production activities, and even in emergencies, and continuously improve such prevention measures.
3. To preserve the environment, we conform to environment-related laws and regulations, agreements with local communities, and the environmental requirements of our customers and others.
4. We regularly review our environmental goals and targets and engage in continuous improvement activities to keep our environmental control system up-to-date.
5. The Environmental Policies are documented, and the staff members concerned are well informed of these policies.

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1. Purpose

In order to create and supply products that are in harmony with the environment, the purpose of the Standard is:

- 1) to clarify the environmental impact substances the use of which our Corporation prohibits, or otherwise to control the amount of such substances contained in the products that we procure, or the in parts, materials, and indirect materials of which such products are composed;
- 2) to procure materials with low environmental impact (Green Materials) from suppliers that make active efforts to preserve the environment (Green Suppliers); and
- 3) to keep our suppliers well informed of our environmental considerations.

By means of the foregoing, we aim to provide environmentally considerate products (Green Products) and improve the environmental quality of our products.

2. Scope

This Procurement Standards is applied to each and every part, material, indirect material, and so forth, that is contained in any PANAC products procured from any suppliers, and in prototype products and products in development entrusted to PANAC by any customers that are input to PANAC's production process.

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3. Term and Definition

Term	Definition
1) Materials	Products, components, and materials that are procured by PANAC for production or their production processes.
2) Indirect materials	Packaging and packaging materials procured by PANAC.
3) Elements	Components, and materials that are procured by PANAC.
4) Environmental impact substances	Chemical substances, from among the substances that are contained in PANAC's products, parts, and materials (components) or that are used in their production, that PANAC determines to involve a great risk to the global environment and to human beings, on the basis of any legislation or past cases, and that PANAC designates as such.
5) Environmental impact substances control category	The environmental impact substances contained in the components of PANAC's products are classified and controlled as Prohibited Substances and Controlled Substances.
6) Prohibited substances	(1) Environmental impact substances that are prohibited from being contained in any product/component, or the content of which is permitted only within respective limited concentrations.
	(2) Any content exceeding the threshold (applicable scope) in products delivered to PANAC is prohibited.
	(3) It is required that use prohibited substances are reported to PANAC irrespective of the concentration thereof. Moreover, if a content of those substances was found by some kind of means, this should be reported to PANAC irrespective of the concentration.
	(4) Even if it is a prohibition substances, We can procure the component density of prohibition material of the product after the processing if the threshold is within it
7) Management Substances	(1) Environmental impact substances the intentional use of which is not restricted, but of which the circumstances of use in products should be understood with respect to human health, safety and hygiene, and proper disposal.
	(2) Prohibited substances which, according to PANAC customer standards, are designated for usage purposes that are exempt from the prohibition, are handled as use management substances.

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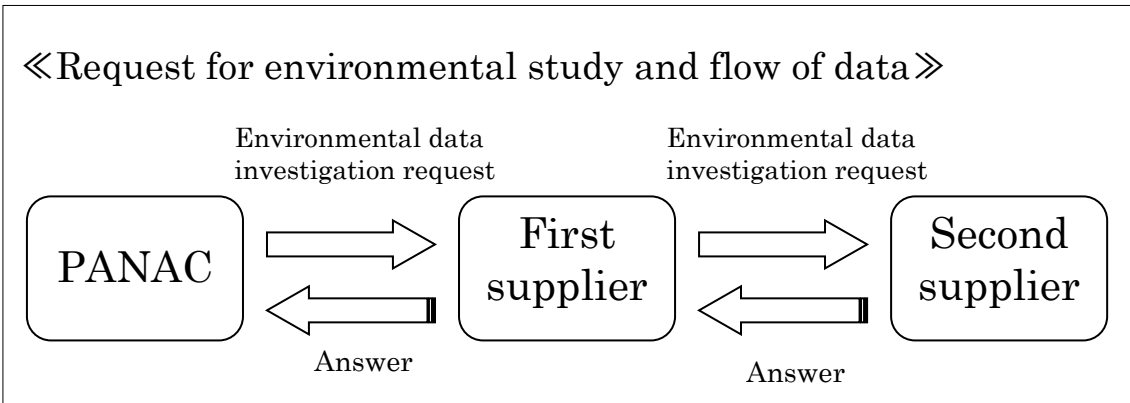
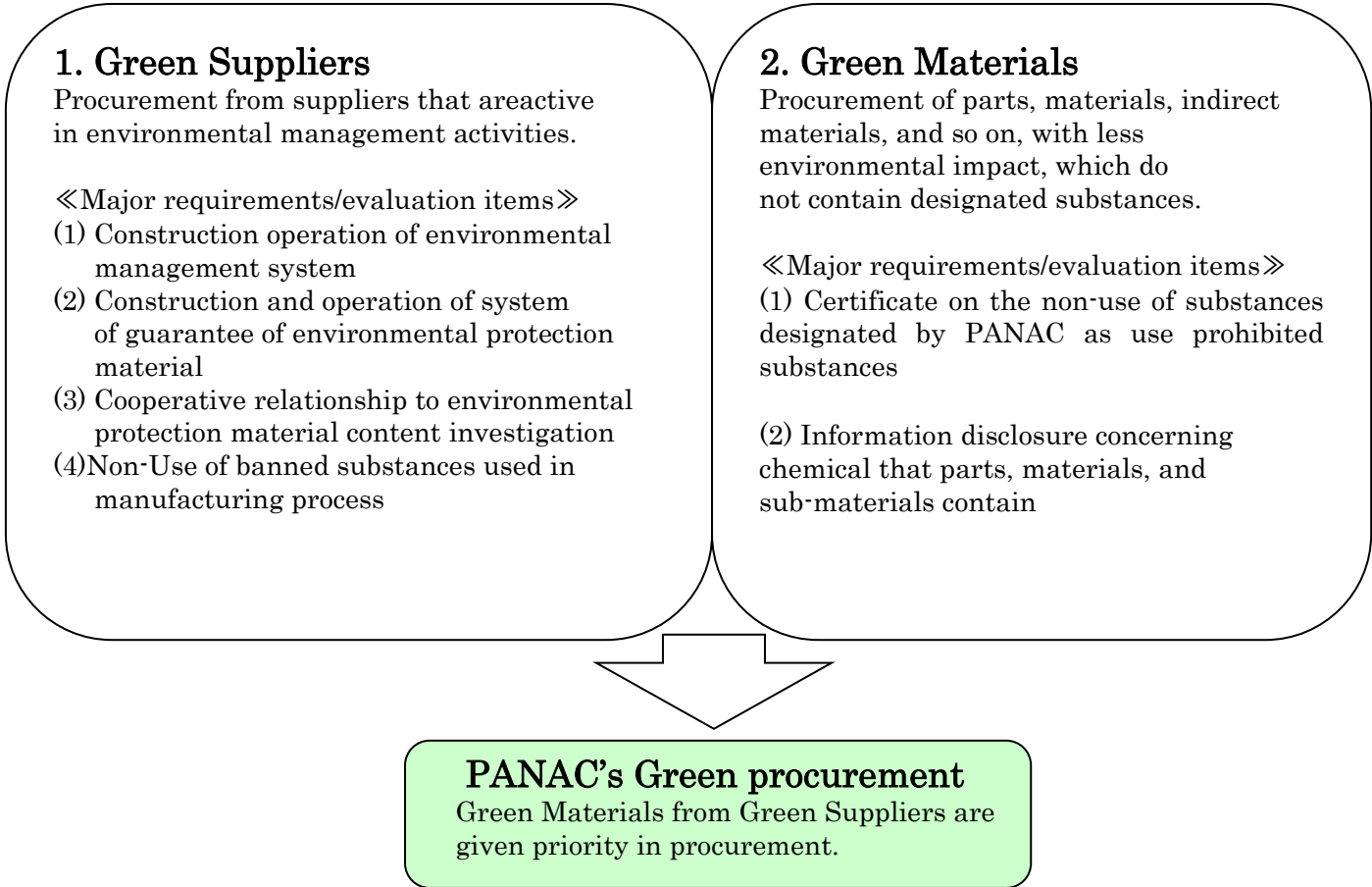
7) Management substances	(3) If a management substance is a known chemical substance, it must be reported to PANAC, regardless of its concentration.
8) Homogeneous materials	<p>Homogeneous materials is a material that cannot be decomposed mechanically into different materials. The following are examples of such materials:</p> <ul style="list-style-type: none"> a) Compound, polymer alloy, or metal alloy states; b) A single layer of coating, printing, or plating, and each single layer of multiple layers of coating, printing, or plating; c) Paint, adhesive, ink, or paste after it is dried and cured; d) Resin polymer after being molded; and e) Glass and ceramics after being molded.
9) Contained (Product contained)	(1) Without regard to it being intentional or unintentional, causing a substance to be contained in, added to, filled into, mixed with, or adhered to a component of a product (including a substance unintentionally being mixed with, remaining in, or adhering to a component of a product in its production process).
	(2) A substance intentionally added in a production process in order to maintain the process conditions or the functions or quality of a product or component, which is then contained in the product or component.
	(3) A chemical substance that is contained in natural materials or that remains after the industrial refining process (i.e., an impurity) is also considered to be a contained substance (however, it is not considered to be a contained substance if it is not regulated by Japanese laws/regulations, or if its inclusion would be impossible to predict or if there is no information on its content).
10) Contained concentration (Content Rate)	The ratio of the weight of an environmental impact substance contained in a portion made of a uniform material to the weight of the portion (in ppm, wt%, and so on).
11) Intentional use (Intentional addition)	Intentional use of a chemical substance in a product, or in a component in its production, in order to maintain or improve a specific function, appearance or quality, to maintain a process condition, or to develop some kind of ability.

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12) Impurity	(1) A chemical substance, contained in natural materials, which cannot be completely removed in the refining process for industrial materials by means of existing technologies (a natural impurity)
	(2) A chemical substance that is not intentionally added but that is produced as a side product in a chemical synthetic reaction, or is a catalytic residue, and so on, and that cannot completely be removed by means of existing technologies
	(3) A substance that is said to be an impurity for the purpose of distinguishing it from the principal materials. If a substance in (1) or (2) above is used intentionally to change the properties of a material, it is not considered to be an impurity, but is considered to be a contained substance.
	(4) If a permissible concentration is set for an impurity, the concentration of that impurity should not exceed the permissible value.
13) Threshold (Content allowance value)	(1)A threshold is a permissible content value for a use within the scope of the Standard. (2) Any content of use prohibited substances exceeding the threshold (applicable scope) in products delivered to PANAC is prohibited. (3)If the Prohibited Substance content of a product or a component exceeds the permissible maximum content threshold, the substance is considered to be a contained substance, and if it is below the threshold, the substance is not considered to be a contained substance.
14) Conflict Minerals Cobalt Mica	Given concerns that resources of the minerals “tantalum, tin, tungsten, and gold” (3TG) that are illegally mined in the Democratic Republic of the Congo (DRC) and nine neighboring nations in Africa supply money to armed groups that cause human rights violations, environmental destruction, and other problems, these minerals are defined as “conflict minerals” in the Dodd–Frank Wall Street Reform and Consumer Protection Act (commonly referred to as the “Dodd-Frank Act”) of the United States. Listed companies of the United States are being asked to procure “conflict-free minerals” due to humanitarian concerns. Also, due to concerns about human rights issues such as child labor, responsible procurement of cobalt and mica is being promoted.

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4. How to advance green procurement



If there are second suppliers and suppliers beyond that, obtain the investigation request from the first supplier, and also obtain the reply. Please conduct your environmental investigation so as allow the parts procured by PANAC to be traced back to their raw materials.

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5. Request to Suppliers

When we take on a new supplier or a new part/material/indirect material, or change suppliers or parts/materials/indirect materials, we will conduct an evaluation (authorization) in advance. We will then request that you provide the materials noted below. We will appreciate your cooperation.

5.1. Submitting Documents and making and submitting points

Please submit the following documents to the division in charge at the PANAC or PANAC overseas bases.

Submitting Documents	Points
1. Certificate of non-use of prohibited substances and Controlled substances report	Document to be provided when a part/material/indirect material that we may ask you to supply satisfies the following requirements: it contains no substances that are included among the Prohibited Substances, or such substances are only present below their permissible content values. If a part/material/indirect material contains substances specified in “Controlled substances”, document it regardless of concentration.
2.SDS	Sheet on which are recorded the name, physical/chemical properties, hazards, cautions for handling, and so on, of the chemical substances, and other information.
3.Analysis data	Analysis data on the RoHS 10 substances (Pb,Cd, Hg, Cr6+, PBB, PBDE, DEHP, DBP, BBP, DIBP) The RoHS analysis data that are submitted should be not older than one year from the date of document issuance. (Analyses have to be made in the third party organization(s) which has obtained ISO/IEC 17025.) Analysis data on halogens and other substances may be requested as necessary.
4.chemSHERPA CI or AI	Data entry support tool for information transmission of chemical substances contained in products in the supply chain released by the Ministry of Economy, Trade and Industry. When substances registered in the list by chemSHERPA are contained, the content rate of each homogeneous material shall be stated.

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5.2. If we ask you for correspondence with different standards from this Green Procurement Standards

Depending on domestic and overseas regulatory compliance and individual requirements of customers, if necessary, we need to ask you to submit documents other than those mentioned above or respond differently from this procurement standard. We appreciate your cooperation at that time. (Ex:JAPIA Sheet, TSCA, Conflict Minerals Reporting Template)

5.3. Handling of information provided

Note that documents provided by you may be provided to our customers. We thank you for your understanding.

5.4 . Indication on your specifications

When you submit your specifications to PANAC, please confirm whether any use prohibited substances defined in the Green Procurement Standard of PANAC are used or not, and include the following phrase: “None of the Prohibited Substances defined in PANAC’s Green Procurement Standard is used.”

6. Request for Global Environment Preservation Efforts

PANAC may ask you to investigate the actual situation regarding the following activities or the like.

- 1) Reduction of greenhouse substances
- 2) Reduction of waste emissions
- 3) Management of chemical substances
- 4) Environmental assessment (air pollution prevention, water pollution prevention, soil pollution prevention, noise prevention, vibration prevention)
- 5) Assessment of biodiversity preservation

7. Policy on Mineral Procurement

In order to avoid contributing to conflicts or serious human rights abuses through our sourcing practices, Panac identifies certain minerals which are sourced in conflict affected and high-risk areas and which are high-risk for Panac from corporate social responsibility viewpoints as the “High-Risk Minerals”, and sets the policy to refrain from purchasing any products, components or materials that contain High-Risk Minerals, knowing that such High-Risk Minerals are contributing to conflicts or serious human rights abuses in the chain of custody.

To ensure compliance with this policy, Panac requires our suppliers to source High-Risk Minerals from smelters determined to be compliant with the Responsible Minerals Assurance Process (RMAP) protocols established by the Responsible Minerals Initiative (RMI).

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Panac exercises due diligence on the source and chain of custody of High-Risk Minerals in our supply chain to determine supplier compliance with our policy. We follow the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict affected and high-risk areas (OECD Guidance).

High risk minerals = tantalum, tin, gold, tungsten, cobalt, mica

8. Revision of Green Procurement Standard

This Procurement Standard is subject to change without prior notice.

9. Contact us

Please direct inquiries regarding the Green Procurement Standard to the PANAC site you are working with.

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Quality Assurance department
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10. Revision record

Revised version	Revision day	Revision reason	Approval	Confirmation	Making
Ver.1.0	December 1,2006	Enactment	Akiyama	Takahashi	Tanaka
Ver.2.0	May 1, 2009	The overall revision	Akiyama	Takahashi	Kubota
Ver.3.0	November 1,2010	The investigation target product is expanded. Addition of a part of submitting Material. Addition of number of materials according to revision Law Concerning the Examination and Regulation of Manufacture, etc of Chemical Substances enforcement. Addition of number of materials according to new and Europe instruction enforcement.	Sugaya	Takahashi	Kubota
Ver.3.1	July 1, 2011	Addition of number of materials according to new and Europe instruction enforcement.	Kobayashi	Takahashi	Doi
Ver4.0	July 1, 2012	The overall revision	Kobayashi	Kubota	Doi
Ver5.0	July 1, 2013	The overall revision	Itou	Kubota	Doi
Ver6.0	July 1, 2014	Addition of a part of Prohibited Material.	Itou	Kubota	Doi
Ver7.0	July 1, 2015	Addition of a part of Prohibited Material. Addition of a part of Term and Definition	Itou	Kubota	Doi
Ver8.0	July 1, 2016	Corrected the sentence. Update due to revision of the Chemical Substances Control Law. Add red phosphorus to Management substances. Setting the changes of substance list in red letters.	Itou	Nomura	Kobayashi
Ver9.0	July 1, 2017	Corrected the sentences. Reviewing of submitting documents. Changed chlorine number of prohibited substances “PCN”	Itou	Nomura	Kobayashi
Ver10.0	July 1, 2018	Reviewing of submitting documents. Update List as a result of the revision of CSCL	Itou	Nomura	Kobayashi
Ver11.0	July 1, 2019	Changing the expression of the standard book Adding forbidden substances List updating accompanying to Japan Industrial Safety and Health Law revision Adding Cas No of red phosphorus	Itou	Kubota	Date

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Ver12.0	July 1, 2020	Added cobalt procurement policy BNST deletion of management substances Correction of typographical errors etc	Itou	Kubota	Date
Ver13.0	July 1, 2021	Partial change of the standard contents Addition of banned substances and controlled substances	Itou	Kubota	Date
Ver14.0	July 1, 2022	Added mica procurement polic Addition of banned substances and controlled substances	Itou	Kubota	Date
Ver15.0	July 1, 2023	Added Policy on Mineral Procurement Added inquiry contact (Malaysia) Addition and change of prohibited substances and controlled substances, and error correction	Itou	Kubota	Date