

Title:	<b>Procurement Policy</b>
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## **1. Introduction**

In accordance with the "Ebara Group Corporate Ethics," we build partnerships with our business partners (suppliers of product materials, supplies, and services) and conduct fair transactions under the following procurement policy. Additionally, the Ebara Group have compiled the items for which we would like our business partners to cooperate as CSR Procurement Guidelines.

## **2. Policy Statement**

EBARA PUMPS AUSTRALIA commits to striving to achieve compliance with the EBARA Group Procurement Policy as outlined below and the Green Procurement Guidelines at Appendix 2.

## 2.1. Ebara Group Procurement Policy

### **Provide fair and equitable opportunities**

We provide fair and equitable opportunities to all suppliers.

### **Economic rationality in selecting suppliers**

When selecting suppliers, we comprehensively assess the quality of materials, reliability, delivery time, price, technological development capability, proposal capability, actions taken towards the environment, and financial soundness of the supplier.

### **Information Security**

We do not disclose to third parties any confidential information that we have acquired through our business dealings with suppliers without obtaining their approval.

### **Mutual trust**

We aim for mutual growth, and for building a relationship of trust and partnership with suppliers. All of the procurement section members are aware that they must maintain a good working relationship that fosters cooperation and creativity and promotes smooth and effective operational functionality with the internal and external sections concerned.

### **Social trust**

In our pursuit of a sustainable society, we promote responsible procurement, while paying close attention to compliance with Australian and overseas laws, human rights, safety of products and services, quality guarantees, occupational health and safety, the environment, and corporate ethics.

## 2.2. Ebara Group CSR Procurement Guidelines

The EBARA Group will pursue mutual prosperity with suppliers by building a long-term partnership through fair and equitable procurement activities. CSR (Corporate Social Responsibility) is one of the key focus areas of our corporate activities, with the aim of improving corporate value, achieving continuous growth and furthermore, creating value for society. To realize this, it is necessary for suppliers, as one of our stakeholders, to drive forward CSR activities in the same way as the EBARA Group. Therefore, we have compiled areas in which we need suppliers' cooperation in the form of the Ebara Group CSR Procurement Guidelines below. We ask for all suppliers' understanding and for suppliers to promote CSR activities within their own organizations. In addition, we request all suppliers to abide by

this guideline.

### 1. Compliance

We request strict compliance with the laws, regulations and social norms of the countries related to the transaction, in addition to the implementation of appropriate internal controls including whistle-blowing systems, in suppliers' organizations.

### 2. Consideration to human rights, health and safety

We request that suppliers respect fundamental human rights by prohibiting all types of unreasonable labor (child labor, forced labor, etc) or discrimination of any type, and providing a healthy and safe working environment.

Regarding handling of conflict minerals, which have a high risk of human rights violations, you may see "Conflict Minerals Policy" as attached (Appendix 2)

We also ask for suppliers' cooperation in establishing a business continuity management system (e.g., plans/countermeasures for emergency situations, etc.) and conducting of training to prepare for emergency situations (disasters, accidents, etc.).

### 3. Environmental conservation

We request suppliers to continuously promote activities that reduce the impact on the global environment. Please refer to the “Ebara Group Green Procurement Guidelines” for further details. (Appendix 2)

### 4. Ensuring proper quality, price, delivery and safety of products and services

In order to supply satisfactory products and services to our customers, we request suppliers to provide us products and services which are based on safe and superior quality, competitive price, reliable delivery and a stable supply system.

### 5. Improvement of technical capabilities

We request suppliers to continuously improve their technical capabilities.

### 6. Information disclosure

We request suppliers to provide and disclose information positively.

### 7. Information security

We request suppliers to establish a system to properly manage and protect personal and confidential information, and to prevent obtaining, using, disclosing and leaking such information illegally or unreasonably.

### 8. Protection of intellectual property

We request suppliers to respect intellectual property and not to infringe intellectual property of others.

### 9. Corruption prevention

We request suppliers to prohibit obtrusion and bribery.

### 10. Dissociation from antisocial forces

We request that suppliers refuse any relationship with antisocial forces

### 3. Appendix 1

#### **Conflict Minerals Policy**

The environmental destruction and inhumane acts against local residents by anti-government armed groups in the Democratic Republic of the Congo and its neighboring countries have become serious international issues.

Minerals such as tin, tantalum, tungsten and gold being mined in these countries have become a source of financing for the armed groups: these minerals are called “Conflict Minerals.” In responding to the call of the international community for cutting off funding sources from such armed groups, companies are now required to conduct appropriate material procurement avoiding the use of these Conflict Minerals in their products. As a member of global society, we take the issue of Conflict Minerals very seriously and address it as one of the most important CSR issues. We will implement concrete measures, with the support of our suppliers, for material procurement that will not give any advantage to the armed groups engaging in human right abuses.

## 4. Appendix 2

### **EBARA Group**

### **Green Procurement Guidelines**

EBARA Corporation

Environmental Control Committee

March 15, 2021 4<sup>th</sup> edition

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#### [1] Introduction

Ebara has defined its corporate philosophy as: "We broadly contribute to society through high quality technologies and services relating to water, air and the environment." It is Ebara's mission to contribute to the creation of a safe, secure and affluent society, as well as the development of every nation on earth through the course of our business. As part of our provision of high-quality technologies and services, Ebara promotes environmental management activities to minimize the environmental load of production activities and products, including a commitment to green procurement. This document describes Ebara's green procurement policy and framework, requirements for suppliers (product materials, indirect materials, and labors), and other related matters.

#### [2] EBARA Group Environmental Policy

EBARA Group's purpose is to make social and industrial infrastructure more efficient and robust through the innovation of products and services in the areas of water, air, and the environment and to realize a sustainable society in which the people of the world can live comfortably and prosperously. We promote the following activities in recognition that environmental management is vitally important and contributes to the preservation of ecosystems, the foundation of all economic activities.

1. Development of products and services that contribute to the sustainable use of natural resources and the resolution of social issues, achieved through miniaturization, improved efficiency, reuse, and other considerations made during development and production.
2. Conservation of resources, beginning with energy and water conservation. We will reduce waste and recycle, and engage in manufacturing with the utmost consideration for reducing environmental impact.
3. Continuous reduction of greenhouse gas emissions. We recognize that climate change is an important global issue, and as such, we will work to continuously reduce greenhouse gas emissions throughout value chains from the perspective of product/service life cycles. Further, we will maximize the use of renewable energy within a realistic scope. In pursuit of the above, we will establish and maintain an environmental management system and implement the following through its operation:
  4. We will set environmental targets, regularly review performance against these targets, and work to improve environmental performance. We will additionally continuously implement improvements to the system itself.
  5. We will comply with domestic and international legal requirements and internal standards. Further, we will respond sincerely to the demands of stakeholders.
  6. We will actively disclose information to and communicate with stakeholders and work to foster society's trust in us.

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Ebara is working on green procurement as part of its activities to promote the environmental policy.

[3] Green Procurement Policy

Ebara promotes green procurement in all business areas based on the following policies.

(1) We will confirm from the following viewpoints that our suppliers are implementing environment-friendly business activities.

- a) An environmental management system (persons in charge of environmental management) is set up.
- b) Procedures required for environmental preservation are established.
- c) Compliance with environmental laws and regulations.

Suppliers that have acquired certificates for their environmental management systems shall be regarded as having achieved a) to c) above.

(2) Indirect materials required for our production activities will be ordered in accordance with the policy for reducing our environmental load or environmental risks across the entire lifecycle of Ebara products.

(3) For stationery, business machines, and OA/IT equipment, environment-friendly products will be procured.

(4) We will strive to obtain environmental information required to reduce the environmental load and environmental risks across the entire lifecycle of our products and services.

(5) We will include overseas suppliers in the scope of our green procurement policy, strive to understand environmental management conditions, and obtain environmental information for procurement items.

#### [4] Framework of Green Procurement

(1) We will promote Design for Environment, and in consequence, implement green procurement in accordance with the purchase specifications. Ebara promotes Design for Environment mainly from the following viewpoints.

- Use of toxic chemicals is avoided or minimized according to the environmental risk of each substance.

- The entire lifecycle of our products – from manufacturing to distribution, use, and disposal – is taken into consideration.
- Environmental influences are evaluated from diverse perspectives, including resource saving, generation of waste, global warming, eutrophication, and acidification.

(2) In addition to individual purchase specifications based on Design for Environment, we will define common requirements for all suppliers and request their cooperation.

(3) For stationery, business machines and OA/IT equipment, the following products will be preferentially purchased.

- Products with an environmental label, such as the Eco Mark.
- Products with consideration for issues of social concern (e.g., having obtained the FSC certificate\* mark for products made of appropriately managed forestry resources). (FSC certificate: a system for certifying forests for which management and deforestation are performed in consideration of the environment and regional communities.)

(4) When selecting suppliers, we will consider environmental management conditions for each supplier in addition to the price, quality, and lead time.

#### [5] Common Requirements for Suppliers

Our suppliers are requested to cooperate with Ebara's green procurement policy:

1. Confirmation of environmental management conditions for suppliers We will confirm the environmental management conditions of the suppliers from the following viewpoints. Based on the results of this survey, we will make procurement by adding the environmental viewpoint to the criteria, including the price, quality, and lead-time. The confirmation items are as follows:

- (1) Company profile

- (2) Acquisition of environmental management system certificates If an environmental management system certificate is obtained, confirmation of items (3) to (5) will be omitted.
- (3) Availability of an environmental management system (persons in charge of environmental management)
- (4) Preparation conditions for equipment and procedures required for environmental preservation
- (5) State of compliance with environmental laws and regulations If any administrative or criminal penalty is imposed based on environmental laws or regulations, notify Ebara of the applicable information each time such a case arises.
- (6) Approach adopted by your esteemed company to purchasing and procurement.

For the environmental management conditions of the suppliers, we may conduct additional surveys or direct visit surveys.

2. Compliance or Cooperation Issues concerning Supplies For products and services to be supplied, we would like to ask for your compliance and cooperation with the following.

2-1 Matters to be observed when supplying products

- (1) Chemicals contained in supplies shall satisfy the control values shown in Appendix 1. Appendix 1 describes chemicals whose use is prohibited by applicable laws or regulations.
- (2) For supplies subject to SDS\* issuance, attach an SDS each time products are supplied. However, for SDS attachment when continuously supplying products of the same model No. and characteristics, such as machine oil, follow the instructions from the Procurement Division of Ebara. (SDS stands for Safety Data Sheet. SDS is a document that provides information about the physicochemical properties, risks, toxicity, and handling required for chemicals by the transferrer or recipient.)

- (3) If any supplies contain chemicals whose inclusion should be notified to Ebara under applicable laws or regulations, notify Ebara of the substance names concerned by the means specified in the law or regulation (excluding instances of unintended inclusion).
- (4) For chemical substances whose upper concentration limit or leaching standard is specified in the procurement specifications, strictly observe the procurement specifications. Also, submit a document which verifies that the concentration or the leaching standard is observed (for the purpose of responding to the Water Supply Act, RoHS Directive\* and Ebara customers). (RoHS Directive: European directive on the restriction of use of certain hazardous substances in electrical and electronic equipment.)
- (5) Notify Ebara of written information about precautions for the environment and industrial safety and health during storage and use of supplies, if any.
- (6) Provide Ebara with written information about reasonable recycling or waste disposal methods and precautions for recycling or waste disposal, if any.
- (7) It is prohibited for paints to contain lead, chromium, or tar.

#### 2-2 Matters subject to your cooperation when supplying products

- (1) Upon request from Ebara regardless of 2-1 (1) to (4), please do your best to provide Ebara with information about product contents regarding chemicals affected by the RoHS Directive, REACH regulations\* and/or conflict mineral regulations by, for example, asking your upstream suppliers in the supply chain to investigate the inclusion of such chemicals. Regarding the information provision method (including file format and forms), follow the instructions of the Procurement Division of Ebara. (REACH regulations: REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. These regulations concern general registration, evaluation, authorization, and restrictions on chemicals.)

(2) Proactively provide Ebara with known environmental load information concerning supplies and environmental considerations (including your strong points) (e.g., by presenting quantitative information).

(3) Make efforts to use simple packaging. Avoid packaging in wooden boxes, but strive to use carton boxes for packaging. Put cushioning materials into small bags.

(4) Proactively review reduction, taking back, and repetitive use of vessel packaging and supplies of cushioning materials.

(5) When supplies are directly delivered to construction sites, avoid carrying the supplies on pallets into the sites (if pallets are used, you may be requested to take them back).

#### [6] Information Management

Information specific to suppliers obtained based on the "Green Procurement Guidelines" and "Supplier Environment Management Survey Report" will only be used to promote green procurement by Ebara Corporation and will never be disclosed to any other companies.

#### [7] Partnership with Suppliers

To minimize the environmental load through the product lifecycle and services that Ebara provides to society, Ebara will engage in two-way communication with suppliers and proceed with the Design for Environment to reflect the design in procurement specifications.

#### [8] Contact for Inquiries

<https://www.ebara.co.jp/en/contact/form/sustainability>

**Appendix 1 \*1**

No.	Chemical (group) name	Control value	Reference
1	Cadmium and its compounds *2 *3	100 ppm or less  100 ppm or less (packaging material)	RoHS Directive (EU)  Packaging and Packaging Waste Directive (EU)
2	Hexavalent chromium compounds *2 *3	1000 ppm or less  100 ppm or less (packaging material)	RoHS Directive (EU)  Packaging and Packaging Waste Directive (EU)
3	Lead and its compounds *2 *3	1000 ppm or less  100 ppm or less (packaging material)	RoHS Directive (EU)  Packaging and Packaging Waste Directive (EU)
4	Mercury and it compounds *2 *3	1000 ppm or less  100 ppm or less (packaging material)	RoHS Directive (EU)  Packaging and Packaging Waste Directive (EU)
5	Polybrominated biphenyls (PBBs)	1000 ppm or less	RoHS Directive (EU)
6	Polybrominated diphenyl ethers (PBDEs)	1000 ppm or less	RoHS Directive (EU)
7	Bis(2-ethylhexyl) phthalate (DEHP)	1000 ppm or less  Applicable from Jan. 2019	RoHS Directive (EU)
8	Butyl benzyl phthalate (BBP)	1000 ppm or less  Applicable from Jan. 2019	RoHS Directive (EU)
9	Dibutyl phthalate (DBP)	1000 ppm or less  Applicable from Jan. 2019	RoHS Directive (EU)

10	Diisobutyl phthalate (DIBP)	1000 ppm or less  Applicable from Jan. 2019	RoHS Directive (EU)
11	Asbestos  1) Amosite  2) Crocidolite  3) Chrysotile  4) Anthophyllite  5) Tremolite  6) Actinolite	Intended use prohibited and 1000 ppm or less	Substances restricted by REACH regulations
12	Ozone depleting substances (Class I)* <sub>4</sub>  (CFCs, HBFCs, carbon tetrachloride, etc.)	Intended use prohibited	Montreal Protocol

\*<sub>1</sub> Conforms to Exemptions shown in Annex 3 and Annex 4 of EU RoHS Directive II. For example, a copper alloy with a lead content of 4wt% or less shall be excluded from Appendix 1 (it is prohibited for copper alloys to contain 4% or more of lead).

\*<sub>2</sub> Metal includes its alloys.

\*<sub>3</sub> For packaging materials, the total content for 4 substances shall be 100 ppm or less.

\*<sub>4</sub> Montreal Protocol Class I substances (excluding HCFCs in Class II)