

Corporate Social Responsibility Policy

2023/V.1



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**OUR DRIVE
FOR A
COOLER
PLANET**

About Inverter Drives Ltd

fair and better world.
inspired by the values of sustainable development



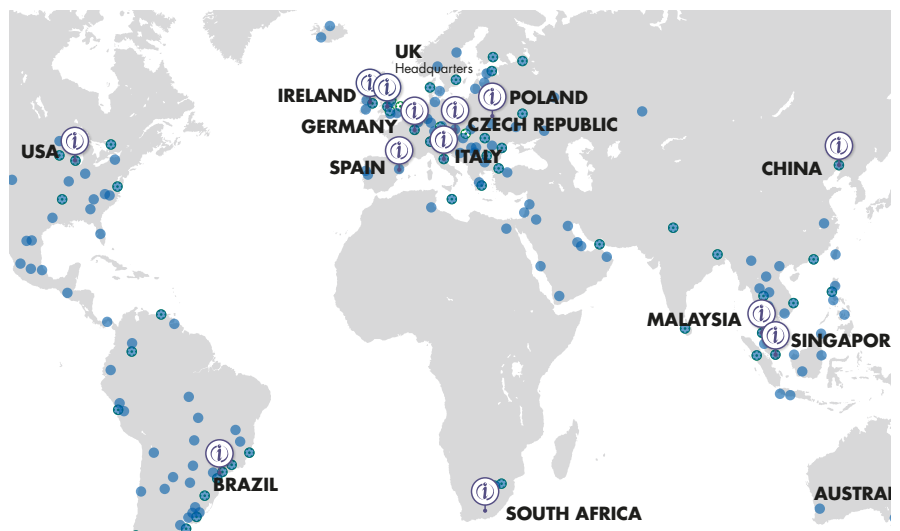
About Inverter Drives Limited

Inverter Drives Ltd (IDL) was formed in 1998 and is involved in the design, manufacture and marketing of AC electronic variable speed drives used to control the speed of electric motors.

Inverter Drives UK based operation in Welshpool, Powys, includes dedicated facilities for research and development, manufacturing, and marketing of AC electric variable frequency drives.

The Company's products are sold through a global network of specialist distribution companies which are carefully selected for their expertise in technical and commercial matters associated with the market for industrial control equipment.

Inverter Drives Limited is certified to ISO 9001 & ISO 14001, for the design, manufacture and marketing of electronic variable frequency drives to control the speed of electric motors.



Corporate Social Responsibility (CSR) Definition

❧ Social responsibility (*is the*) responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization. ❧

Generally, CSR is understood to be the way firms integrate social, environmental, and economic concerns into their values, culture, decision-making, strategy, and operations in a transparent and accountable manner, and thereby establish better practices within the firm, create wealth and improve society.



Foreword from the Sole Shareholder

“Global Excellent Manufacturing Company”

Invertek Drives Limited is part of Sumitomo Heavy Industries, Ltd (SHI).

Sumitomo aims to realise a “Global Excellent Manufacturing Company” which we define as a company that contributes to safety, comfort and the environment of human beings, society, and the Earth.

The CSR activities that Invertek Drives Limited are promoting are value creation-based, designed to meet the expectations of society while contributing to our sustainable growth and development. We are convinced that promoting such value-creating CSR will speed our emergence on the international stage as an aspiring “Global Excellent Manufacturing Company” by pursuing the following mission.

Sumitomo Spirit

Based on the Sumitomo Spirit, through technological innovation, Invertek Drives Limited strive to resolve the issues facing society, as embodied in the United Nations Sustainable Development Goals (SDG) and other initiatives such as Carbon Disclosures Project (CDP).

Enhancing Corporate Value

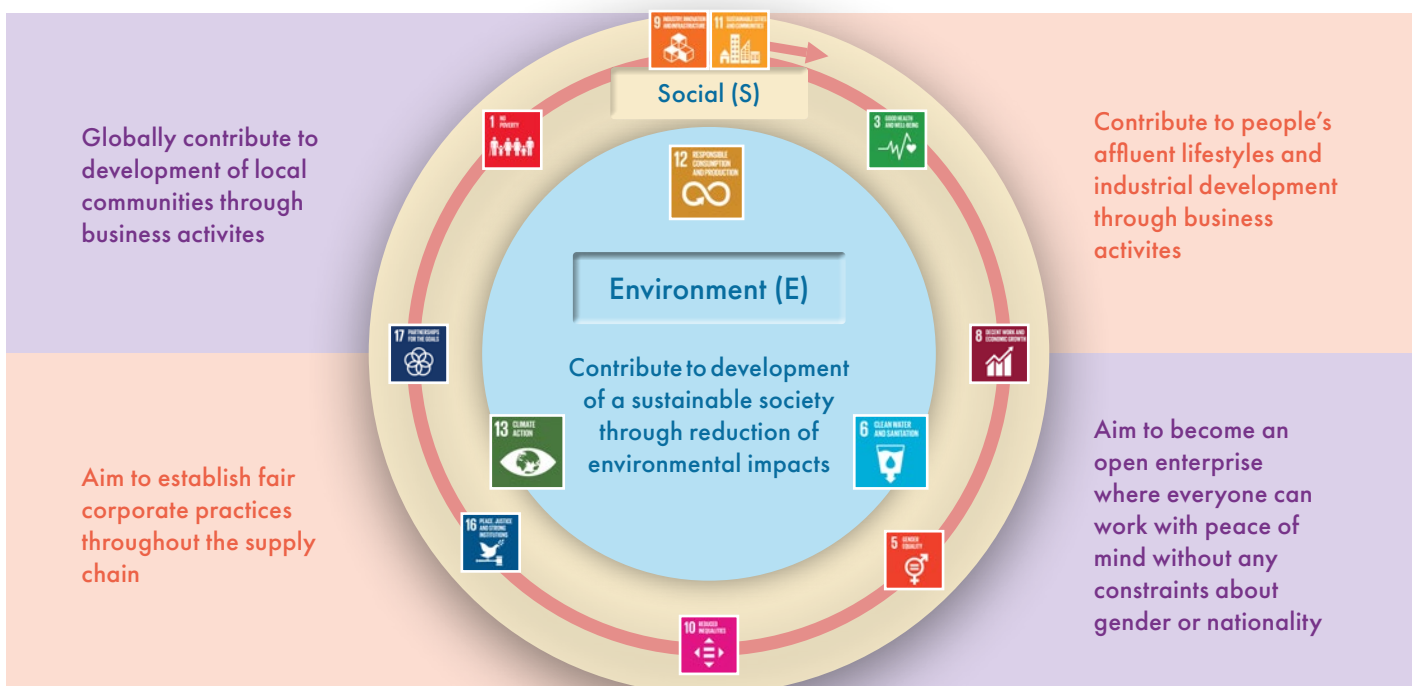
By enhancing corporate value (financial objectives) and public value (nonfinancial objectives) simultaneously, create social value and achieve sustainable growth together with society.

SUSTAINABLE DEVELOPMENT GOALS

Invertek/Sumitomo definition and scope of CSR as below



Aims to achieve SDGs through business activities



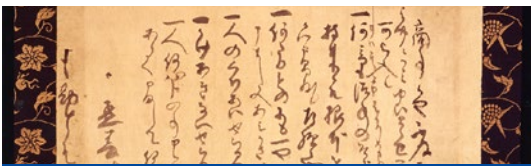
Introduction

In September 2015, "Sustainable Development Goals (SDG)" were adopted by the United Nations to realise the sustainable society "leave no one behind", and efforts to address social issues on a global scale have been expected, and the situation related to CSR has changed dramatically.

Invertek Drives Limited recognises that contributing to the sustainable development of society through corporate social responsibility initiatives is an essential

management issue for a company to achieve sustainable development. For the promotion of CSR management, a CSR committee has been formed. The committee approves the action policies, checks and follows up on progress and then annually reports to the Board of Directors.

This CSR Policy describes our focus areas and voluntary self-commitment to fulfil the necessary measures for CSR in line with ISO 26000.



The Sumitomo Spirit

The Sumitomo Spirit has been refined through the generations for 400 years based on the Founder's Precepts "Monjuin Shiigaki" which Masatomo Sumitomo, the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of the Sumitomo Spirit have been passed on in the form of the two articles of the Business Principles as management guidelines of Sumitomo companies.

Shinyo-kakujitsu - Article 1:

Sumitomo shall achieve prosperity based on a solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Fusu-furi - Article 2:

Sumitomo's business interests must always be in harmony with the public interest. Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

Timeline

1590

Riemon Soga, opens a copper refining and copper smithing business in Kyoto under the name of Izumiya.



Sumitomo's original copper refining method

1625

Founder's Precepts "Monjuin Shiigaki" is approximately written at this time for Riemon Soga and the for the descendants of the Sumitomo family



Masatomo Sumitomo (1585 – 1652)

1870

Saihei Hirose begins modernizing the Besshi Copper Mines further negotiating the transition to the new Japan

1946

Director-General Furuta, commenced the Dissolution of Sumitomo Honsha, Ltd.

Furuta urged that this business philosophy be shared, preserved, and handed on as corporate DNA even if capital relationships were to be dissolved.

Present Day



*Quoted from the Sumitomo Goshi Kaisha Administrative Regulations formulated in 1928

Inverter Drives Limited: Management Philosophy

Considering the Sumitomo Spirit, Inverter Drives Limited will:

1

Provide superior products and services to meet customer needs based on technological innovation.



2

Place top priority on safety and work to ensure the safety of people and society.



3

Strive to protect the global environment and to contribute to creating better communities.



4

Maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.



5

Foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.



Invertek Drives Limited: Corporate Action Charter

To contribute to realizing the sustainable development of society in harmony with people and the Earth, we will act in accordance with the following 10 principles.



Inverterk Drives Limited: CSR Management Policy

With the UN Sustainable Development Goals, the Global Compact, and other global initiatives in mind, Inverterk Drives Ltd (IDL) has categorised aspects of CSR management into the following three perspectives for the establishment of our CSR Management Policy.

1. Take action



1. Take action that does not harm society and the global environment (minimisation of negative impact)

- Appropriate responses to risk in areas such as human rights, labour, the environment, and anti-corruption

2. Solving global challenges



2. Contribute to solving social and global environmental challenges (maximisation of positive impact)

- Businesses and social contribution activities that provide solutions to social challenges
- Human diversity that contributes to the emergence of innovation

3. Stakeholder engagement



3. Improve engagement with stakeholders through communication and raise corporate value with a long-term view

- Information disclosure, dialogue, collaboration

Additional framework to the CSR Policy

Inverterk Drives Limited will comply with all legal obligations and the Corporate Action Charter and its ten principles. Internal rules and requirements, voluntary commitment, and self-agreement as well as customer requirements provide an additional framework to the CSR Policy.

Stakeholders	Our commitment
Shareholder and investors	Striving to realise sound and transparent management for sustainable growth
Customers	Providing value that meets the expectations of our customers and consumers
Suppliers and Other Trade Partners	Treasuring partnership and practicing socially responsible purchasing
Employees	Respecting employees diversity, human rights and providing workplaces in which they can take pride in places of their personal development
Local Communities	Contributing to solve society's challenges as a corporate citizen
Global Environment	Striving to minimise adverse impacts on the global environment.

Loved, trusted, and respected

Aiming to be a company that is loved, trusted, and respected by local communities around the world, in promoting CSR management, we have adopted ISO 2600 with 7 core principles to follow.

This Policy must be considered in the day-to-day business of all employees and in all business relationships with stakeholders. This document cannot answer all questions related to CSR programs and strategy. Therefore, it refers to important further documents in the description of each CSR focus area.

7 Core Principles

- Organisational Governance
- Human Rights
- Labour Practices
- The Environment
- Fair Operating Practices
- Consumer Issues
- Community Engagement & Development

Environmental Sustainability & Occupational Health and Safety

Invertek Drives Limited intends to do business always with natural environment preservation in mind sticking to social expectation and rules, and carry out all the activities from product development, design, procurement, sales to waste disposal under the principles of “MOTTAINAI” and “OMOIYARI”.



Environment action guidelines:

- 1** Make the environmental preservation deep-rooted activities in corporate culture and encourage all employees to participate.
- 2** Encourage the entire organisation to be involved in the preservation activities.
- 3** Develop an improvement plan besides complying with environment related regulations imposed by national and municipal governments to lower environmental load.
- 4** Establish targets and goals for environmental protection and carry them out systematically and continuously.
- 5** Make efforts to develop products and a production system with low environmental loads and push forward with more active environmental protection activities.
- 6** Disclose environment related information and promote opinion exchange in local community and society.

Ecological net benefit

We continuously work to further increase ecological net benefit with our products and solutions on one hand and with our efficient processes and productions on the other hand.

Climate change countermeasures

Regarding global environmental issues, for climate change countermeasures, we will actively work to reduce waste emissions and other environmental impacts, with a particular focus on CO2 reduction, and to reduce other environmental risks.

Reduction of CO2 emissions

Working to reduce CO2

Invertek Drives Limited is working to reduce CO2 emissions and energy consumption through the introduction of high-efficiency, production facilities, maintenance to prevent steam leakage, consolidation of production lines, and wider use of photovoltaic power generation as well as undergoing energy saving diagnostics, reducing deliveries, onshoring its manual printing activities and making proposals for reduction of energy consumption each year.

In addition, Invertek Drives Limited has been an early adopter of electric vehicle cars and vans and the installation of electric vehicle charging points at its facility in Welshpool, Powys, UK.

Invertek Drives Limited manufactures variable frequency drive products that are designed to reduce electricity consumption and increase efficiencies during its lifetime of operation. The product can be recycled post end of use.

Carbon Disclosure Project (CDP)

Invertek Drives Limited has joined the Carbon Disclosure Project (CDP) and provides resource consumption & carbon emission data. CDP is considered the Gold Standard for corporate environmental reporting and is fully aligned with the Task Force on Climate related Financial Disclosures (TCFD) recommendations.



Streamlined Energy & Carbon Report

Invertek Drives Limited is based in the UK and reports publicly its carbon emissions through its annual Streamlined Energy and Carbon Report (SECR), as part of its Directors' Report.



Management of Chemical Substances in Procured Items

Inverter Drives Limited uses a small number of chemicals during its manufacturing process and for cleaning the building. We manage these materials appropriately to minimise their hazardous properties and thereby prevent contamination of the local area, ensure workplace and product safety, and comply with products requirements from customers.

Establishment of controlled chemical substances & its operation

Inverter Drives Limited ensures that all products used are free of chemical substances subject to control, and strictly adhere to all the legislation obligations and safety rules concerning the safe use and storage of chemicals e.g.

1. ELV Directive: Directive of the European Parliament and of the Council on End-of-Life Vehicles
2. RoHS Directive: EU restrictions on the use of certain hazardous substances in electrical and electronic equipment
3. REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals, an EU regulation on chemicals and their safe use
4. IEC62474: Material Declaration for Products of and for the Electro-technical Industry

Compliance with Overseas Regulations of Chemical Substances

Inverter Drives Limited imports and exports materials, parts, and finished products from United Kingdom. With the cooperation of suppliers and importers, we endeavour to ensure full compliance with applicable regulations such as the EU REACH Regulations (2008), China's Measures on Environmental Administration of New Chemical Substances (2010)⁶ and Measures for the Administration of Registration of Hazardous Chemicals (revised in 2011)⁷, and the US TSCA (revised in 2016)⁸.

5. Measures on Environmental Administration of New Chemical Substances: China's regulations on registration of chemical substances
6. Measures for the Administration of Registration of Hazardous Chemicals: China's regulations on management of hazardous substances
7. Toxic Substances Control Act (TSCA): U.S. regulations on record-keeping relating to chemical substances and management of hazardous substances



Environmental Protection strategies

Our Environmental Protection strategies, processes, objectives, and our globally internal requirements are included in our Program for the environment issues including energy, waste, chemical substances, water, etc. which is, certified according to the **ISO 14001 standards**.

Safety is our top priority for wellbeing of all employees and prosperity of the company. We confirm the safety before starting operations of the day as well as mitigate our impact to environment.

We will further strengthen global safety activities to eliminate occupational accidents. Elimination of occupational accidents cannot be achieved without development of safety conscious human resources and facilities. We are promoting establishment of a safety culture such that individual employees are always aware of safety and autonomously take action to ensure safety.

Safety principles

- 1** Safety is our top priority.
- 2** Have conviction that all kinds of injuries and industrial diseases are preventable.
- 3** It is the responsibility of the company and individuals to establish, sustain, and improve the safe condition.
- 4** The management has the direct responsibility to prevent injuries and industrial diseases.
- 5** It is the basic responsibility of individuals in the society to follow the rules.
- 6** Sufficient education and training must be provided to all employees to ensure safe operations.
- 7** Safety and health audit in which all employees take part must be conducted to establish PDCA of the safety and health control system.
- 8** Report and investigate all accidents as well as unsafe actions and conditions leading to accidents.
- 9** All defects on safety and health must be remediated immediately.
- 10** Cooperation and participation of all employees are inevitable to attain our zero-accident goal.

Human Resources Management and Human Rights

As part of the business community, Invertek Drives Limited has a responsibility to respect human rights, labour standards and fair business practices, providing a better environment for business.

We shall realise work practices that will improve the capability of employees and respect the diversity, character, and personality of employees.

Respecting human rights

- Forced, bonded, or indentured labour or involuntary prison labour is not tolerated. All work is voluntary, and workers shall be free to leave upon reasonable notice.
- Child labour is not tolerated.
Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits.
- There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers, nor is there to be the threat of any such treatment.
- We respect the rights of workers to associate freely in accordance with local laws.
- We shall conduct business that respects the human rights of all persons.
- We value and appreciate our employees' diversity. We are convinced that mixed teams and diverse workforce are crucial to securing long-term success. Diversity shall be actively supported.

Invertek Drives Vision

Invertek Drives Limited has a vision that revolves around three themes and strives to promote diversity in the Group worldwide through engagement in this vision.

1 Empowerment of diverse people for success in work: Mindset reform toward independent success.

2 Work style reform: Establish comfortable workplace environments for all employees of all kinds.

3 Mindset reform and cultivation of corporate culture: Deepen understanding in workplaces, invigorate individuals.

CSR Supply Chain Management

We address our commitment to communicate our policies and expectations to suppliers as an integral part of our CSR understanding.

We have updated our "Supplier Guidelines" to reflect the latest "Invertek Drives Limited Corporate Action Charter". Invertek Drives Limited will continue to conduct CSR conscious procurement activities with our business partners, so we ask for your continued cooperation. Invertek Drives Limited will undertake procurement activities based on CSR awareness. Therefore, Invertek Drives Limited expects its suppliers for co-operation on the following:

Establishment of controlled chemical substances & its operation

Invertek Drives Limited ensures that all products used are free of chemical substances subject to control, and strictly adhere to all the legislation obligations and safety rules concerning the safe use and storage of chemicals e.g.

- Respect that CSR aspects are part of our supply chain management.
- Adherence to our Principles of Purchasing, which are aligned with our Suppliers CSR Guidelines.
- Compliance with all applicable laws and regulations.
- Consider having an environmental management system and occupational health and safety management system in accordance with ISO 14001 and ISO 45001.

Please note that Invertek Drives Limited will:

- Analyse its supply chain, when mapping risks, opportunities and impacts.
- Monitor suppliers' CSR performance within our sphere of influence.



Business Ethics (guiding all principles)

Inverterk Drives Limited operates a compliance structure based on the Sumitomo Spirit with the aim of practicing management that meets the expectations of all stakeholders by creating social values with enhancement of our corporate value and public value. We are placing particular importance on responding to the risk of

violating laws and regulations accompanying the globalization of business and development in new fields and creating an open and transparent corporate culture that forms the foundation of compliance.

Business Code of Conduct

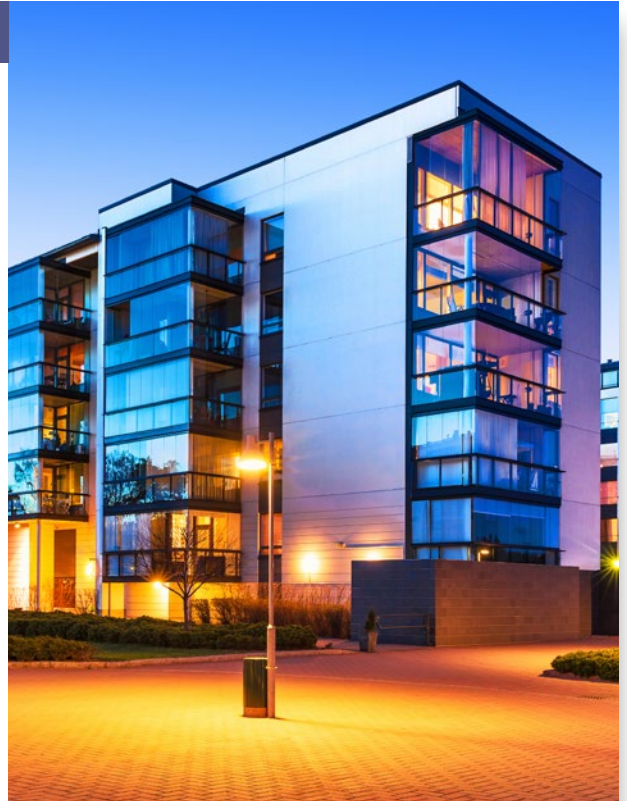
Inverterk Drives Limited has a Business Code of Conduct binding for all employees and form an integral part of each individual employment agreement.

The Business Conduct Guidelines contain the basic rules and principles for the conduct within the company and in relation to the external partners and stakeholders. The Business Conduct Guidelines intend to help employees deal with ethical and legal challenges in their daily work.

They define how to perceive the ethical and legal responsibility as a company and contain specific requirements for instance:

- Fair trade (compliance with antitrust laws)
- Prohibition of money laundering
- Elimination of antisocial forces
- Prevention of bribery
- Respect of human rights and diversity
- Prohibition of conflict of interest
- Quality and safety, information security
- Co-existence and co-prosperity with communities and society
- Information on hotlines, etc.

We provide systematic compliance education to all employees when they join the organisation and according to positions, from non-managerial personnel to senior management and directors. Each year we conduct training on compliance with the principal laws and regulations, such as antitrust laws and anti-bribery and anti-corruption laws, for executive-level employees of Group companies worldwide.



Corporate Citizenship

Inverterk Drives Limited, recognises its voluntary responsibility to be a good citizen for the societies, which it directly interacts with. Inverterk Drives Limited aims to create social value through vigorous corporate citizenship activities,

addressing solutions to social issues that will contribute to the SDGs, leading to the enhancement of corporate value. In response to social needs, we have accorded priority to the following fields:





Member of **Sumitomo Drive Technologies**

OUR DRIVE FOR A COOLER PLANET

Dedicating our Energies to Reducing Carbon Emissions



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