

# Green Procurement Guidelines

**Aerospace Company**



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# I. Introduction

SUBARU believes that amid concerns over environmental disruption due to global warming, it is the pressing responsibility of a corporation to address environmental issues for the improvement in the course of business activities toward building a sustainable society.

As a specific approach to these issues, SUBARU has established its Environmental Policy which sets striving for environmental preservation throughout our business activities as a group-wide goal.

As part of this, SUBARU Purchasing Division has established CSR Procurement as the Fundamental Procurement Policy, and promote the procurement of environmentally-friendly parts, materials, and services from environmentally-conscious suppliers as our mission, through the business considering the environmental protection in our corporate social responsibility.

In order to realize these initiatives, the entire supply chain shall work together, SUBARU has compiled the environmental items that we would like to specifically request to our business partners in this document "SUBARU Green Procurement Guidelines Aerospace Company Edition" which incorporates the latest revision of the "SUBARU Supplier CSR Guidelines".

SUBARU hopes for your understanding and cooperation in contributing together to the realization of a sustainable society and working for coexistence as “a compelling company with strong market presence.”

Materials Division  
Aerospace Company  
SUBARU CORPORATION

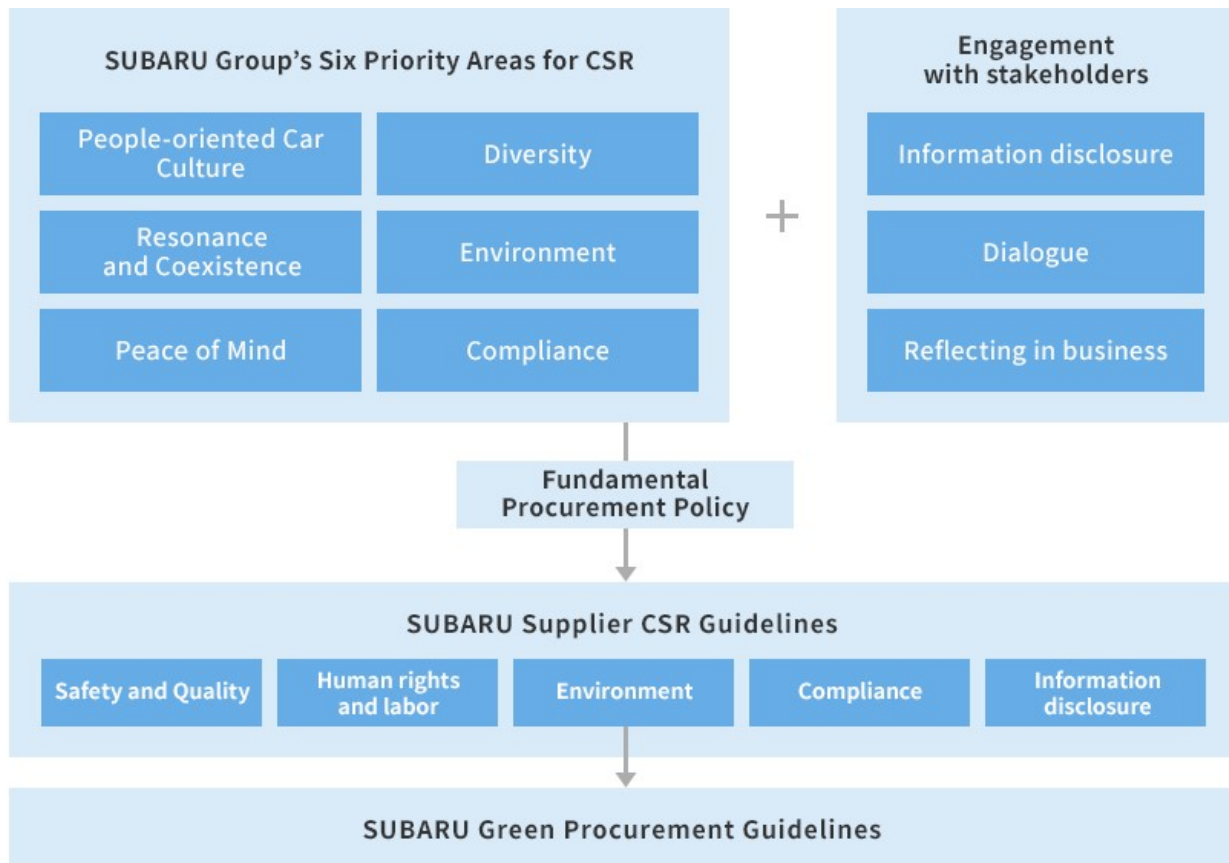
\*These guidelines apply to suppliers of direct / indirect materials and outsourced processed products to Aerospace Company of SUBARU CORPORATION.

## II. SUBARU Environmental Policy

### 1. Positioning of SUBARU Green Procurement Guidelines

We have compiled SUBARU's Corporate Philosophy, Corporate Code of Conduct, CSR (Glossary 1) Policy, and the expectations we have of our suppliers concerning CSR in the separate publication SUBARU CSR Guidelines for Suppliers, so please refer to this.

The SUBARU Green Procurement Guidelines compile our specific requirements for our suppliers on the environmental matters in the SUBARU Supplier CSR Guidelines.



## 2. Environmental Policy

### SUBARU Sustainability Principles

“The earth, the sky and nature” are SUBARU’s fields of business.

With the automotive and aerospace businesses as the pillars of SUBARU’s operations, our fields of business are the earth, the sky and nature.

Preservation of the ecosystem of our planet, the earth, the sky and nature, is of utmost importance to ensure the future sustainability of both society and our organization. We align our business strategy to enhance these global goals in all of our operations.

- (1) We develop and deliver products to meet societal needs and contribute to the environment through advanced technologies.

By striving to create advanced technologies that put the environment and safety first, we will develop and deliver products that can contribute to protecting the earth’s environment.

- (2) We focus on efforts aimed at coexistence with nature.

Together with efforts to reduce carbon-dioxide emissions in all of our operations, we will promote active engagement with nature by stressing forest conservation.

- (3) We take on challenges as one through an all-SUBARU approach.

Utilizing our unique organizational character that allows us to oversee the entire supply chain, all of us together will take on the challenges of environmental protection of our planet through an all-SUBARU approach.

### Environmental Principles

We understand that the health and preservation of biodiversity and controlling climate change are critical to ensuring a sustainable future for our planet earth, nature, communities and businesses.

Products	: We develop our products and conduct R&D in light of the life cycle environmental impacts of our products.
Purchasing	: Our purchasing activities reflect consideration for biodiversity and other aspects of environmental protection.
Production	: We strive to minimize our environmental impact through improving energy efficiency and waste management.
Logistics	: We strive to minimize our environmental impact through enhancing energy efficiency and promoting pollution prevention.
Sales	: We endeavor to recycle resources efficiently and reduce waste.
Management	: We will strive to improve our sustainability program through contributions that meet societal needs and by publicizing our activities as Team SUBARU.

(Established in April 1998 and Revised in April 2017 SUBARU)

### 3. Fundamental Procurement Policy and Green Procurement

#### (1) Fundamental Procurement Policy

SUBARU Group promote the activity for sustainable procurement based on the following basic idea.

##### ① CSR Procurement

We engage in procurement activities in a way to harmonize humankind, society and the environment and conduct transactions paying due care to observe legal and societal rules and to protect the environment.

##### ② Establish Best Partnership

We establish “WIN-WIN” relationships with suppliers through transactions based on mutual trust under the doctrine of good faith.

##### ③ Fair and Open Way of Selecting Suppliers

In selecting suppliers, the door is wide-open to all firms, domestic and internationally, for fair and equitable business to procure goods and services with excellence from seven perspectives: quality, cost, delivery, technical development, management, environment and society (QCDDMES).

(Revised in April 2020 SUBARU)

#### (2) Definition of SUBARU Green Procurement

The Green Procurement is defined as procuring environmentally-friendly parts, materials, and services\*<sup>2</sup> from environmentally-conscious suppliers\*<sup>1</sup>.

\*1 “Environmentally-conscious suppliers”: suppliers that comply with environmental laws and regulations, make efforts to reduce environmental impacts and have Environmental Management Systems (EMS) in place

\*2 “Environmentally-friendly parts, materials and services”: parts, materials and services free from any specifically banned substances and those with low environmental impact

### III. SUBARU's Requirements to Suppliers

We established green procurement as our Fundamental Procurement Policy, and we have made it one of the criteria for the selection of suppliers. Suppliers are required to undertake the initiatives listed below.

(1) Establish Environmental Management Systems (EMS) basically endorsed by ISO 14001 certifications

- Suppliers are required to establish Environmental Management Systems (EMS) basically by acquiring external certification such as ISO 14001 and Eco Action 21※.

※An environmental management system formulated by the Ministry of the Environment that is easy for small and medium-sized businesses to work on

(2) Manage Environmentally hazardous substances (Banned or Reduced)

- Suppliers are required to manage the substances of concern in accordance with Standards for Use of Chemical Substances established by SUBARU Aerospace Company.

(3) Manage and Submit Data on Substances of Concern

- Suppliers are required to make SDS (Glossary 2) submissions for non-metal materials in accordance with individual requests.
- In relation to REACH (Glossary 3) regulations, suppliers are required to submit SVHV (Glossary 4) data in accordance with individual requests.
- Suppliers are required to make reports in accordance with individual requests with regard to confirmation that minerals produced in areas of conflict are not used in accordance with Article 1502 of the United States' Dodd Frank Wall Street Reform and Consumer Protection Act.

(4) Supply Chain

- First-tier suppliers are required to manage second-tier, third-tier and lower suppliers.

## 1. Compliance with Environmental Laws and Regulations

We comply with the environmental laws, regulations, and standards in each country and hopes to fulfill its corporate social responsibility with the aim of reducing environmental impact.

Suppliers of SUBARU Aerospace Company are also required to comply with environmental laws, regulations, and standards in their business.

## 2. Establishment of Environmental Management Systems

Suppliers are required to establish Environmental Management Systems (EMS) basically endorsed by ISO 14001 certification.

Where it is difficult to acquire the certification, either of the following alternatives will be regarded as having EMS in place, but suppliers are required to keep working to acquire ISO 14001 certification.

Note:

Suppliers who have scored "Yes" or "N/A" for at least 43 out of the 47 items on the EMS Internal Audit Report will be judged as passing the audit. However, all the 3 items of compliance with environmental law and regulation should be scored "Yes".

In some cases, the customers of SUBARU Aerospace Company require the acquisition of external certification, such as ISO 14001. In such cases, Suppliers of SUBARU Aerospace Company are also required to acquire the certification as well.

### **■ Requirements for Status Reports on EMS Establishment**

Suppliers are required to report the status of EMS establishment when commencing business with SUBARU, when acquiring and renewing certification and when individually requested by SUBARU to submit a report. Whichever of the documents (1) through (3) applicable should be registered or submitted.

- (1) Suppliers with ISO 14001 or other external certification are required to register the certification acquisition status on SNET. When the certification has been renewed, the latest status should be updated.
- (2) Suppliers planning to acquire ISO 14001 or other external certification are required to upload the plan on SNET. When the plan has been changed, it should be updated. When an external certification has been acquired, the status should be registered by (1) process.
- (3) Suppliers not covered by (1) or (2) above An EMS Internal Audit Report should be submitted. Continued efforts aimed at the acquisition of external certification as soon as possible are still required.

### **3. Registration of Environment Manager Forms**

We require suppliers to register a person in charge of environment-related matters (Environment Manager) as the point of contact who will work with SUBARU to promote related programs and activities.

### **4. Improved Environmental Performance**

Suppliers are required to make efforts to improve environmental performance in the following areas. SUBARU is addressing LCA (Glossary 2) and Scope 3 (Glossary 3) through the supply chain.

- ① Reductions in greenhouse gas emissions, such as CO<sub>2</sub>;
- ② Reductions in VOC (Glossary 5) emissions;
- ③ Reductions in emissions of substances subject to the PRTR system in Japan (Glossary 6);
- ④ Reductions in disposed waste volume;
- ⑤ Promotion of recycle-oriented design for higher recycling

### **5. Appropriate Use of Water Resources**

Water is an indispensable resource for the SUBARU Group's business activities. The risk of droughts, floods, and other disasters is increasing, however, due to climate change, while global population growth and economic development are increasing demand for water and raising the risk of water shortages and pollution.



To help alleviate these risks, the SUBARU Group is committed to the proper management of water consumption, as well as to minimizing the environmental impact of its discharged water. We are also actively engaging in activities to conserve forests that have a water storage function.

We require our suppliers their effective use of water resources and appropriate control of drain.

## 6. Activity for Biodiversity

We promote biodiversity preservation through our business activities, aiming to achieve coexistence with nature. We also ensure ongoing, biodiversity-friendly business activities by establishing the Guidelines on Biodiversity,

### **SUBARU Guidelines on Biodiversity**

Our society is supported by biodiversity, which is the source of various blessings from nature.

On the other hand, “biodiversity” is rapidly being lost on a global scale.

We promote biodiversity preservation through our business activities and contribute to the environmental protection of our planet while aiming to coexist with “the earth, the sky and nature.”

1. We grasp the impact of business activities on biodiversity and reduce their impact. We also promote initiatives leading to further recovery.
2. We strive to raise awareness of biodiversity.
3. We respect international rules concerning biodiversity.
4. We cooperate with stakeholders and strive for preservation of biodiversity.
5. We proactively disclose information on activities regarding biodiversity.

(Established in April 2019 SUBARU)

We require our suppliers to understand our Guidelines on Biodiversity and to work on their biodiversity-friendly business activities, in and out of their office.

## 7. Management of Substances of Concern

SUBARU Aerospace Company complies with laws and regulations concerning substances of concern in each country, not only but also REACH (Glossary 3).

Suppliers are required to comply with the relevant laws and regulations in addition to cooperating with industry standards and voluntary restraints.

It is an essential prerequisite for business between SUBARU Aerospace Company between suppliers that all parts and materials shall not contain any of the Banned Substances (as marked with ●) specified in Standards for Use of Chemical Substances established by SUBARU Aerospace Company.

It should be noted that if any of banned substances are found in delivered parts or materials, business relationship between the parties may be reviewed.

### (1) Banned Substances and Substances to be Reduced in Products

SUBARU Aerospace Company designates and manages the minimum substances contained in direct / indirect materials and outsourced processed products which are

considered to have a significant environmental impact as specified in the Standards for Use of Chemical Substances.

In the event that such materials and products supplied to SUBARU Aerospace Company contain substances indicated in the Standards for Use of Chemical Substances, suppliers are required to report the content of the substances.

(2) Compliance with REACH (raw materials and products for Europe)

For products shipped to Europe, in accordance with REACH, when the SVHC content of molded goods exceed 0.1 wt%, there is an obligation to provide information to allow the molded item to be used safely.

Suppliers are required to submit an SVHC Content Study Results Report when requested to do so by the Aerospace Company.

(3) Improvement in recycling rate, etc.

Suppliers are required to make efforts to preserve the environment and use resources effectively, including promoting recycling-oriented design for higher recycling rates, and reductions in environmental impact, including CO<sub>2</sub>.

(4) Managing Substances of Concern in Raw Materials and Indirect Materials Used in Plants

8. Reduction of CO<sub>2</sub> Emissions and Packaging and Wrapping Materials in Logistics

While cooperating with other companies to improve transport efficiency, SUBARU is proactively involved in reducing CO<sub>2</sub> emissions in logistics with the aim of further CO<sub>2</sub> reductions. SUBARU promotes reductions in CO<sub>2</sub> emissions in conjunction with reductions in packaging and wrapping materials. Not only suppliers who directly deliver their parts and materials to SUBARU, but also those who handle logistics under contract from SUBARU is required to make efforts.

9. Support and Promotion of Green Procurement Efforts at Group Companies and in the Supply Chain

In the event that suppliers have global operations, companies with established systems are required to promote and support green procurement efforts among group companies.

Suppliers are also required to extend these guidelines to their own suppliers and make efforts to preserve the environment across the supply chain.

## IV. Glossary

1. **CSR:** Corporate Social Responsibility
2. **SDS:** Safety Data Sheet Records information required for the safe handling of raw materials that contain chemicals, etc.
3. **REACH:** The Registration, Evaluation, and Restriction of Chemicals Regulation on the registration, evaluation, approval, and restriction of chemicals
4. **SVHC:** Substances of Very High Concern
5. **VOC:** Volatile Organic Compounds
6. **PRTR:** Pollutant Release and Transfer Register
7. **TRI:** Toxic Release Inventory
8. **PRTR Law:** Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register)



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SUBARU CORPORATION  
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