

SUBARU

Green Procurement Guidelines



Contents

I. Introduction	p. 1
II. SUBARU Environmental Policy	p. 2 – 4
1. Positioning of SUBARU Green Procurement Guidelines	
2. Environmental Policy	
3. Fundamental Procurement Policy and Green Procurement	
III. Requirements for Suppliers	p. 5 – 9
◆ Requirements concerning Suppliers' Environmental Management	
1. Compliance with Environmental Laws and Regulations	
2. Establishment of Environmental Management System (EMS)	
3. Submission of Environment Manager Registration Forms	
4. Improved Environmental Performance	
◆ Requirements for Parts, Materials, and Services supplied to SUBARU	
5. Management of Substances of Concern	
6. Reduction of CO ₂ Emissions and Packaging and Wrapping Materials in Logistics	
Support for Promotion of Green Procurement Efforts at Group Companies and in the Supply Chain	
Glossary	p. 10

I. Introduction

At SUBARU, we believe 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, the SUBARU Purchasing Division has established Compliance & Green Procurement as the Fundamental Procurement Policy, promoting the procurement of environmentally-friendly parts, materials, and services from environmentally-conscious suppliers as our mission.

Action across the entire supply chain is required to achieve these initiatives. Accordingly, SUBARU has compiled specific requirements for suppliers on environmental matters in this document as the SUBARU Green Procurement Guidelines to be extended across the supply chain.

It will be appreciated if all suppliers take advantage of the guidelines to extend and promote environmental action, including among your own suppliers.

We hope 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.”

Purchasing Division
Subaru Corporation

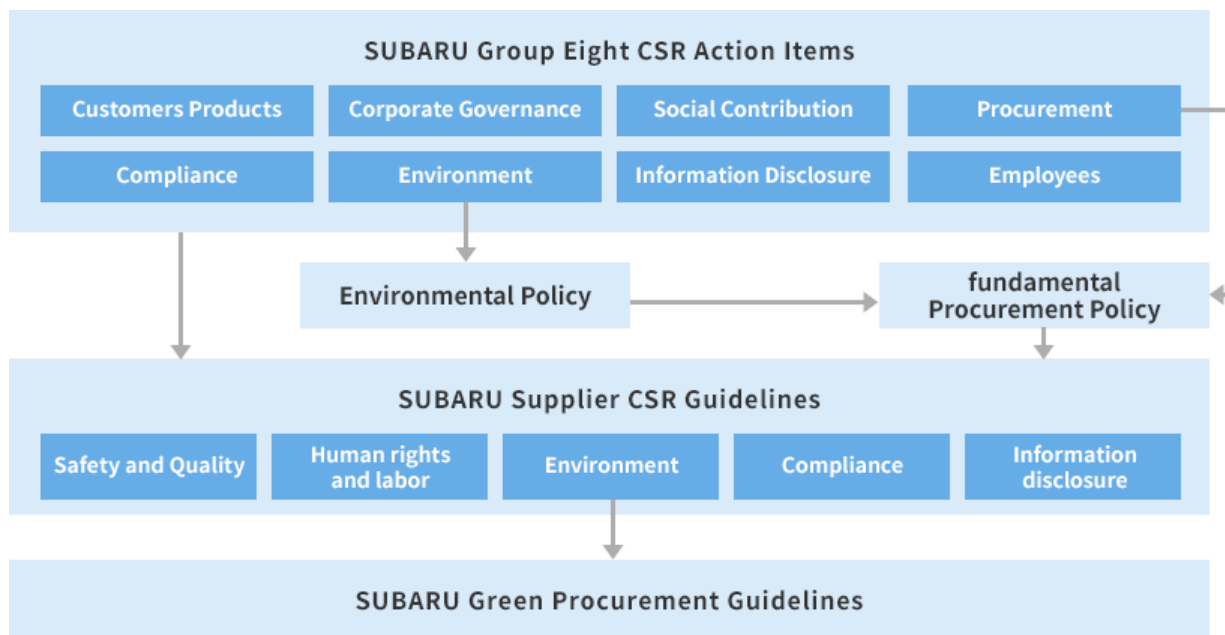
*These guidelines apply to suppliers of the SUBARU Automotive Business Unit at Subaru Corporation and SUBURU of INDIANA AUTOMOTIVE INC. (“SIA”) (collectively called “SUBARU”).

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

Subaru's fields of business are the earth, the sky and nature.

Subaru understands 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 lifecycle 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.

3. Fundamental Procurement Policy and Green Procurement

(1) Fundamental Procurement Policy

(a) Compliance & Green 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.

(b) Establish Best Partnership

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

(c) 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 six perspectives: quality, cost, delivery, technical development, management and environment (QCDDME).

(2) Definition of SUBARU Green Procurement

Green procurement is defined as procuring environmentally-friendly parts, materials, and services^{*2} from environmentally-conscious suppliers^{*1}.

*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. Requirements for Suppliers

SUBARU has 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 environmental protection initiatives listed in the table below.

	Suppliers covered		Related Materials	■ Documents for submission	Time of submission
	Materials that make up vehicles	Materials and services used at SUBARU			
	<Specific examples> Parts, materials indirect materials (oil, CFCs, adhesives, welding rods, paint markets, etc.)	<Specific examples> Indirect materials, plant consumables, equipment, construction work, cleaning, landscaping, logistics, stationed on site			
◆ Requirements concerning suppliers' environmental management					
1. Compliance with environment laws and regulations	●	●	Laws and regulations	—	—
2. Establishment of EMS	●	○	ISO14001, etc.	EMS Report	•When supplies are started •When individually requested
3. Submission of environment manager registration forms	●	○	—	Environmental Manager Registration Form	•When contents are updated
4. Improved environmental performance	●	○	—	—	—
◆ Requirements for supplied parts, materials, and services					
5. Management of substances of concern					
(1) Compliance with SUBARU TS103-00-042 standard	●	—	TS103-00-042	Compliance confirmation document	•When directly delivered •When contents are updated •When individually requested
(2) Management of GADSL substances for prohibition and reduction	●	—	GADSL		
(3) Managing recycling rates	●	—	IMDS Entry Guide TS104-09-13	IMDS entry	
(4) Management of substances of concern in raw materials and indirect materials used in plants	○	●	—	SDS	
6. Reduction of CO ₂ emissions and packaging and wrapping materials in logistics	●	●	—	—	—

● In scope (priority management)
○ In scope

■ Items to be submitted are marked ■ on the next and subsequent pages.

◆ Requirements concerning Suppliers' Environmental Management

1. Compliance with Environmental Laws and Regulations

SUBARU complies 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.

SUBARU requires its suppliers to comply with environmental laws, regulations, and standards in their business activities as well as observing SUBARU's environmental standard (TS103-00-042) explained in this document.

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.

- 1) Japanese "Eco Action 21" certification acquired (applicable to domestic suppliers only)
- 2) SUBARU-specified internal audit passed*

* Suppliers who have scored "Yes" or "N/A" for at least 38 out of the 42 items, including all of the priority items, on the EMS Internal Audit Report will be judged as passing the audit. Suppliers who have passed the internal audit may be contacted for inquiries and audited by SUBARU. Suppliers are still required to continue efforts aimed at acquiring external certification.

■ 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) is applicable should be submitted.

- (1) Suppliers with ISO 14001 or other external certification
EMS Report
- (2) Suppliers planning to acquire ISO 14001 or other external certification
EMS Report with an acquisition schedule filled in should be submitted together with an EMS Internal Audit Report.
When an external certification has been acquired, the EMS Report should be resubmitted to report acquisition of external certification.
- (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. Submission of Environment Manager Registration Forms

SUBARU requires 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.

■ Environment managers are required to submit the Environment Manager Registration Form.

The form should be submitted when commencing business with SUBARU. From then on, the form should be submitted whenever environment managers are replaced.

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 CO₂;
- (2) Reductions in VOC (Glossary 4) emissions;
- (3) Reductions in emissions of substances subject to the PRTR system in Japan (Glossary 5);
- (4) Reductions in disposed waste volume;
- (5) Promotion of recycle-oriented design for higher recycling

◆ Requirements for Parts, Materials, and Services supplied to SUBARU

5. Management of Substances of Concern

SUBARU complies with laws and regulations concerning substances of concern in each country, including the ELV Directive (Glossary 6) and the REACH regulation (Glossary 7).

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

It should be noted that if any banned substances are found in supplied parts and materials, business with the offending supplier may be reviewed.

(1) Compliance with SUBARU standard TS103-00-042

SUBARU has formulated TS103-00-042 Prohibition on Substances of Concern and Drawings Notation Methodology, an internal standard, and has specifically distributed it to suppliers.

Suppliers are required to observe the standard and ensure that banned substances are not used. As stated in TS, where international laws and legislation and regulations in individual countries exist, suppliers are also required to comply with their stipulations. If there are any separate directions on drawings and standards from SUBARU, suppliers are also required to comply with these stipulations.

(2) Management of GADSL substances for prohibition and reduction

SUBARU is proceeding with eliminating or reducing the substances of concern listed in GADSL (Glossary 8). Suppliers are required to comprehensively manage substances of concern and to make continuous efforts to reduce use in accordance with GADSL.

■ Suppliers may be required to submit a compliance confirmation document whenever it is necessary.

(3) Increasing recycling rates, etc.

Suppliers are required to make efforts to preserve the environment and use resources effectively, including promoting recycling-oriented design for higher recycling rates, promoting reductions in vehicle cabin VOCs, and reductions in environmental impact, including CO₂.

■ IMDS (Glossary 9) Entries (5. (2), 5. (3))

Suppliers are required to enter parts and materials on individual request from SUBARU into IMDS in a timely manner. Refer to the IMDS Entry Guide for the entry procedure.

(<http://www.mdsystem.com/>)

→ “Log in” → “Online user manuals” and refer to “TS104-09-013 IMDS Entry Procedure”.

Note that as IMDS entry is a must for recycling rate management, management of substances of concern, and compliance with the REACH regulation, entry to IMDS is required in accordance with SUBARU’s individual requests.

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

In addition to ensuring legal compliance, SUBARU has been eliminating or reducing substances of concern used in plants including production lines at its own initiative.

■ Suppliers of raw materials, indirect materials or equipment used in SUBARU plants as well as those who offer construction, cleaning or landscaping services under contract with SUBARU, are all required to submit an SDS (Glossary 10) for materials supplied or brought to SUBARU sites at the time of delivery, changing the content of deliveries, and when individually requested by SUBARU to submit an SDS. Suppliers and companies providing services to domestic are required to comply with Japan’s Industrial Safety and Health Act and PRTR Law (Glossary 11). Suppliers and companies providing services to SIA are required to comply with requests from SIA.

6. Reduction of CO₂ Emissions and Packaging and Wrapping Materials in Logistics

While cooperating with other companies to improve transport efficiency, SUBARU is proactively involved in reducing CO₂ emissions in logistics with the aim of further CO₂ reductions. SUBARU promotes reductions in CO₂ 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 are required to make efforts.

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.

Glossary

1. CSR: Corporate Social Responsibility
2. LCA: Life Cycle Assessment
A way of assessing the environmental impact of goods and services throughout the life cycle including design, production, distribution, consumption, and disposal
3. Scope 3: GHG Protocol Scope 3 accounting and reporting standards
Accounting and reporting standards for greenhouse gas emissions in the corporate supply chain
4. VOC: Volatile Organic Compounds
5. PRTR system: Pollutant Release and Transfer Register】
6. ELV directive: End-of-Life Vehicles Directive
The European directive which regulates the usage of lead, hexavalent chromium, mercury and cadmium.
7. REACH regulation: The Registration, Evaluation, and Restriction of Chemicals
Regulation on the registration, evaluation, approval, and restriction of chemicals
8. GADSL: Global Automotive Declarable Substance List
<http://www.gadsl.org>
List which shows regulated substances used in the automobile and chemical industries in Japan, Europe, and the U.S. (substances prohibited and regulated under laws and regulations worldwide)
9. IMDS: International Material Data System
System for collecting information on substances using the Internet operated by the automobile industry in Japan, the U.S., and Europe in order to comply with EU directives
10. SDS: Safety Data Sheet
Records information required for the safe handling of raw materials that contain chemicals, etc.
11. 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)



First issued: April 2000
Revised: August 2017

Purchasing Division
Purchasing Planning Department.
Corporate Administration Division.
CSR & Environment Department.
Subaru Corporation

SUBARU of INDIANA AUTOMOTIVE INC. (SIA)