

# Green Procurement Guidelines

**Industrial Products Division**



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# I. Introduction

Amid deepening environmental issues, diverse initiatives aimed at the realization of a sustainable society are required.

At the Industrial Products Division, we have established a concrete Environmental Policy and targets, and we are striving to reduce our environmental impact with the aim of achieving those targets. Our goal is to contribute to society, delivering products and services that are greener than ever before to customers from clean plants through green logistics.

The Industrial Products Division has revised its Green Procurement Guidelines.

We are strengthening our environmental management more than ever before and striving not only for legal compliance but also to further reduce substances of concern.

We ask all our suppliers to understand and cooperate with the spirit of these guidelines.

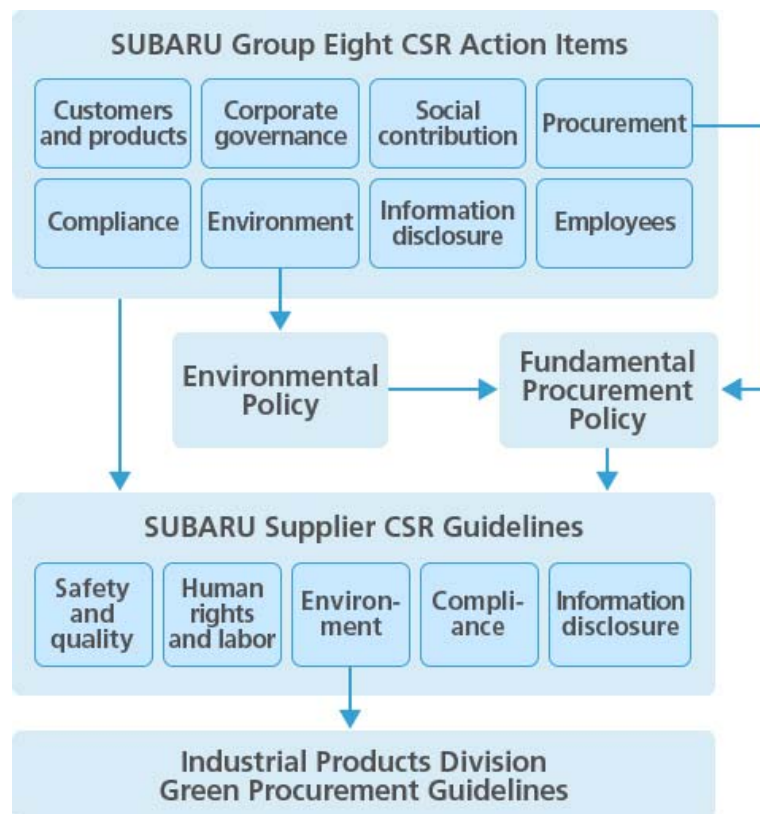
Purchasing Department  
Industrial Products Division  
Subaru Corporation

## II. Industrial Products Division Environmental Policy

### 1. Positioning of 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.

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



### 2. Environmental Policy

In recognition of the close relationship between the global environment and business activities, we will deliver "Green Products" from "Clean Plants and Offices" through "Green Logistics" and "Clean Dealers" to customers in order to ensure the sustainable development of society. Also, while strictly observing laws and regulations, local agreements and industrial codes, we will commit ourselves to contributing to society and local communities, implementing voluntary ongoing improvement, and preventing pollution.

- Green Products...Design and R&D of environmentally-friendly SUBARU brand products
- Clean Plants ...Reduction of environmental burden in the production process
- Clean Offices...Reduction of environmental burden through our business operations
- Green Logistics...Reduction of environmental burden in the distribution of products
- Clean Dealers...Support to dealerships in their environmental preservation activities
- Upgrading of Management...Contribution to society, information disclosure and stepped up environmental activities that are worthy of the SUBARU Group

### 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 Industrial Products Division Green Procurement

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. Requirements for Suppliers

The Industrial Products Division 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.

	Related Materials	■ Documents for submission	Time of submission
◆ Requirements concerning suppliers' environmental management			
1. Compliance with environment laws and regulations	Laws and regulations	—	—
2. Establishment of EMS	ISO14001, etc.	EMS Report	•When individually requested •When contents are updated
3. Submission of environment manager registration forms	—	Environment Manager Registration Form	
4. Improved environmental performance	—	—	—
◆ Requirements for supplied parts, materials, and services			
5. Management of substances of concern			
(1) Compliance with Industrial Products Company TS11-41-41 standard	TS11-41-41	Drawings Notation Methodology and Substances of Concern Usage Report	When individually requested
(2) Management of GADSL substances for prohibition and reduction	GADSL	JAMA/JAPIA Standard Material Datasheet	
6. Reduction of CO <sub>2</sub> emissions and packaging and wrapping materials in logistics	—	—	—

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

## **◆ Requirements concerning Suppliers' Environmental Management**

### **1. Compliance with Environmental Laws and Regulations**

The Industrial Products Division 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.

The Industrial Products Division requires its suppliers to comply with environmental laws, regulations, and standards in their business activities as well as observing SUBARU's environmental standards (TS11-41-41, etc.) 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" and other certifications acquired (applicable to domestic suppliers only)
- 2) Industrial Products Division-specified internal audit passed\*

\* Suppliers who have scored "Yes" or "N/A" for at least 37 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 at the time of 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

The Industrial Products Division requires suppliers to register a person in charge of environment-related matters (Environment Manager) as the point of contact who will work with the Division to promote related programs and activities.

- Environment managers are required to submit the Environment Manager Registration Form.  
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 CO<sub>2</sub>;
- (2) Reductions in VOC (Glossary 4) emissions;
- (3) Reductions in emissions of substances subject to PRTR in Japan (Glossary 5) and TRI in the U.S.A. (Glossary 6);
- (4) Reductions in disposed waste volume;
- (5) Promotion of recycle-oriented design for higher recycling rates.



## **◆ Requirements for Parts, Materials, and Services supplied to the Industrial Products Division**

### **5. Management of Substances of Concern**

The Industrial Products Division complies with laws and regulations concerning substances of concern in each country, including the REACH (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 Industrial Products Division standard TS11-41-41**

The Industrial Products Division has formulated TS11-41-41 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 the Industrial Products Division, suppliers are also required to comply with these stipulations.

■ Suppliers may be required to submit a Substances of Concern Usage Report whenever it is necessary.

#### **(2) Management of GADSL substances for prohibition and reduction**

The Industrial Products Division 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.

#### **■ Submission of JAMA/JAPIA Standard Material Datasheet (Glossary 9) (2)**

Suppliers are required to submit a JAMA/JAPIA standard data sheet for parts and materials for which the Industrial Products Division makes an individual request. See the Japan Auto Parts Industries Association website (<http://www.japia.or.jp/datasheet/>) to obtain the JAMA/JAPIA Standard Material Data sheet and the method of entry. Submission of the JAMA/JAPIA Standard Material Datasheet is a must for compliance with substance of concern management and REACH, so suppliers are required to submit the datasheet in accordance with the Industrial Products Division's individual requests.

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

The Industrial Products Division is proactively involved in reducing CO<sub>2</sub> emissions in logistics with the aim of further CO<sub>2</sub> reductions. The Industrial Products Division 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 the Industrial Products Division, but also those who handle logistics under contract from the Industrial Products Division 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: Pollutant Release and Transfer Register
6. TRI: Toxic Release Inventory
7. REACH: 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. JAMA/JAPIA Standard Material Datasheet  
A standardized component study datasheet based on agreement between the Japan Automobile Manufacturers Association (JAMA) and the Japan Auto Parts Industries Association (JAPIA).



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Purchasing Section  
Purchasing Department  
Production Planning Section (ISO 14001 Secretariat)  
Manufacturing Department  
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