

SUBARU Supplier CSR Guidelines



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I. Introduction

Public concern about corporate social responsibility (CSR) is increasing year after year against the backdrop of social issues triggered by such environmental changes as global boiling, globalization and digitalization. International norms (soft law) such as the United Nations Sustainable Development Goals (SDGs) are evolving into human rights and environmental laws (hard law) that reflect the economic and foreign policies of each country. In this context, compliance with CSR is now an essential condition for the survival of a company.

We, Subaru, envision becoming a company “delivering happiness to all.” To achieve this vision, we have adopted the Six Priority Areas for CSR and will promote initiatives based on the SUBARU Global Sustainability Policy and to fulfill our corporate social responsibilities, thereby providing “Enjoyment and Peace of Mind” to our customers and other stakeholders. In this way, we aim to achieve sustainable growth and contribute to the realization of an enjoyable and sustainable society.

In the context of this, in 2012, we issued the first edition of the SUBARU Supplier CSR Guidelines, which brought together our CSR action item in the field of procurement, due to the need for efforts throughout the supply chain in the practice of CSR.

We are aware that these points are everyday practice in the context of our long-standing relationships of trust with our suppliers, rather than being something new. However, we hope to share our approach to CSR at a deeper level by documenting these points anew.

We would like to ask all our suppliers for their understanding and cooperation in utilizing the guidelines to be of assistance in your practice of CSR while, at the same time, expanding and promoting the guidelines among your own suppliers to facilitate our mutual growth through CSR.

Purchasing Committee
SUBARU CORPORATION

II. The SUBARU Group's CSR

1. SUBARU's Vision

- “Delivering Happiness to All” -

In the May 2021 mid-term management vision progress briefing for "STEP", SUBARU consolidated the multiple corporate principles into three key pillars.



Our corporate statement is “We aim to be a compelling company with a strong market presence built upon our customer-first principle.”

The value which SUBARU Group delivers to our customers is “Enjoyment and Peace of Mind.” We recognize that this is a value we must deliver to our customers in order to deepen the SUBARU Difference, not influenced by the changes in the times or external environment and further enhance our brand.

Our vision is “delivering happiness to all.” We established this vision when we changed our company name to SUBARU CORPORATION. This vision has come to us as watching what our customers do: we learned what SUBARU should do from our customers.

We will raise the medium- to long-term corporate value by continuously growing the Automobile Division and Aerospace Division as a global brand.

2. SUBARU Global Sustainability Policy:

We, SUBARU Group*, are committed to sustainable business practices designed to promote harmony between people, society and the environment in the following ways:












- (1) Through our business activities, we will contribute to the resolution of various social issues, including the protection of the global environment, and to the creation of a sustainable society.
- (2) Respecting the quality and originality of our products, we will continue to provide SUBARU's unique value using advanced technologies and enrich the lives of all those involved with the SUBARU Group.
- (3) As a good corporate citizen in the international community, we respect human rights, diverse values and individuality, and treat all stakeholders with sincerity in every interaction.
- (4) We strive to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction.
- (5) We respect international rules and the laws and regulations of each country and region, as well as local culture and customs, and pursue fair and transparent corporate governance.
- (6) We make use of dialogue with stakeholders to management decisions and disclose corporate information in a timely and proper manner.

*SUBARU Group includes SUBARU Corporation and its all subsidiaries.

3. Six Priority Areas for CSR

In order for the SUBARU Group to contribute to society through its business and meet the expectations and demands of its stakeholders, we believe it is necessary to promote and ingrain CSR initiatives on a group-wide and global basis. To this end, we have established the Six Priority Areas for CSR - "People-oriented Car Culture," "Resonance and Coexistence," "Peace of Mind," "Diversity," "Environment," and "Compliance" - in line with our mid-term management vision "STEP".

By adopting the concept of the Six Priority Areas for CSR while conducting business, we will fulfill our social responsibility as a corporation and will continue to deliver “Enjoyment and Peace of Mind” to all of our stakeholders, including our customers. The SUBARU Group will become a company trusted by society as a truly global company and will contribute to the creation of a more affluent and sustainable society.

SUBARU Group's Six Priority Areas for CSR	Vision for 2025	Contribution to SDGs	Main object categories of "Topics and Points in the Supplier CSR Guidelines" (P8 - 11)
People-oriented Car Culture	Become a company that enriches people's lives and minds as a partner	 	1. Safety and Quality
Resonance and Coexistence	Become a company that is widely trusted by, resonates and coexists with society.	 	1. Safety and Quality 5. Information Disclosure
Peace of Mind	Become a company that provides the utmost peace of mind to all stakeholders.		1. Safety and Quality
Diversity	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.	 	2. Human Rights and Labor Issues 4. Responsible Raw Material Procurement
Environment	Cherish and protect the global environment – the earth, the sky and nature – through Group-wide activities.	 	3. Environment 4. Responsible Raw Material Procurement
Compliance	Act in good faith and become a company that is trusted by and resonates with society.	 	4. Responsible Raw Material Procurement 5. Compliance

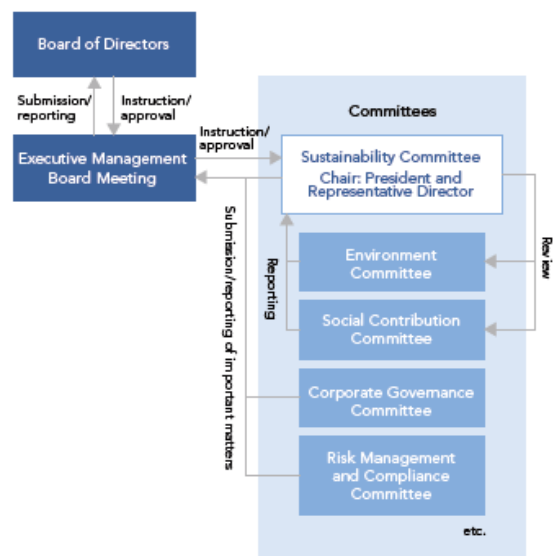


3. Good Health and Well-Being
5. Gender Equality
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
16. Peace, Justice and Strong Institutions
17. Partnerships

4. CSR Promotion System

The Sustainability Committee was established as a forum for discussing all sustainability initiatives of the SUBARU Group and holds twice a year. The Sustainability Committee, chaired by the President and Representative Director and attended by all executives, examines our business from a social perspective and works to strengthen our initiatives.

CSR Promotion System



5. Relationship to Stakeholders (Information Disclosure)

The SUBARU Group’s CSR initiatives emphasize the relationship with stakeholders, including suppliers, and SUBARU Group believes that disclosing information to stakeholders, engaging in dialogue with them, and reflecting their opinions and requests in our management are all essential.

In order to realize our vision of becoming A Compelling Company with a Strong Market Presence built upon its customer-first principle as stated in our management philosophy, SUBARU Group will continue to make efforts to gain trust from our stakeholders, and to make useful social contributions while at the same time increasing our corporate value.

Relationship with stakeholders



6. Fundamental Procurement Policy

In keeping with our Corporate Philosophy, SUBARU Group strives to procure parts, materials, and equipment that offer excellent quality, environmental performance, and cost performance. To realize this goal, it is necessary for us to establish relationships with our suppliers based on equality, trust, mutual benefit, and dedication to continuous improvement.

Fundamental Procurement Policy:

SUBARU Group has been promoting activities for sustainable procurement under the following basic policies.

(1) CSR Procurement

We engage in procurement activities in a way to harmonize people, society and the environment, and carry out our corporate social responsibility in such ways as conducting transactions paying due care to observe legal and societal rules and to protect human rights and 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 overseas, for fair and equitable business to procure goods and services most excellent from seven perspectives: quality, cost, delivery, technical development, management, environment and society (QCDDMES).

7. Human Rights Policy

The SUBARU Group, through its automotive and aerospace businesses, puts people first and engages in people-oriented manufacturing. Respect for the rights and characteristics of individuals is an important management issue for SUBARU. Based on this policy, the SUBARU Group clarifies its responsibilities to respect human rights based on the United Nations Guiding Principles on Business and Human Rights. This policy applies to the SUBARU Group worldwide—SUBARU CORPORATION and its all subsidiaries, expects and encourages our business partners and other stakeholders associated with our operations, including those in the supply chain to respect human rights in accordance with this policy.

For further details, please see: [Human Rights Policy](#)

8. Responsibility of Conflict Minerals Procurement Policy

- The SUBARU Group aims for non-use of raw materials that engender social problems, such as infringement of human rights and environmental destruction.
- We will clearly state this approach in the SUBARU Supplier CSR Guidelines and request that those in our supply chain comply with these.
- As one of our initiatives, we will conduct an annual conflict minerals survey targeting the direct material supply chain.
- In this survey, we referenced the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, using the Conflict Minerals Reporting Template (CMRT), a questionnaire provided by the Responsible Minerals Initiative (RMI), and other information. We used this to trace through the supply chain and identify smelters, working to avoid procuring raw materials from smelters that are linked to the infringement of human rights or sources of funding for armed groups in conflict and high-risk areas, such as countries around the Democratic Republic of the Congo.
- In addition, for minerals other than conflict minerals (tin, tantalum, tungsten, and gold) such as cobalt, for which child labor is a concern in some mining, we will use the Extended Minerals Reporting Template (EMRT) questionnaire provided by RMI, as well as other tools, to conduct due diligence. If any problems are found, we will take necessary corrective measures.
- In our initiatives, we will cooperate with our customers, business partners, industry bodies, and other stakeholders, and strive to disclose information.

III. Topics and Points in the Supplier CSR Guidelines

The SUBARU Supplier CSR Guidelines are based on the CSR Guidelines for Suppliers issued by the Japan Automobile Manufacturers Association, Inc. (JAMA) and incorporate SUBARU Global Sustainability Policy.

As stated in Fundamental Procurement Policy (page 6), the SUBARU Group selects suppliers of goods and services not only based on QCDD, but also from a multifaceted perspective that includes corporate governance (M, compliance, etc.), the environment (E), and society (S, human rights, etc.).

We expect complying these guidelines will help our partners to expand and promote CSR activities jointly with their own business partners.

【27 items in 6 areas to be complied with by all suppliers】

1. Safety and Quality

○Providing products and services that meet consumer and customer needs

We identify consumer and customer needs to develop and provide products with social utility.*

* Products with social utility: for example, products that are easy for anyone to use irrespective of age, gender, and disability. Alternatively, earth-friendly products, such as those that contribute to energy and resource conservation and environmental protection

○Providing appropriate information concerning products and services

We provide consumers and customers with appropriate information concerning products and services.

○Ensuring safety of products and services

We produce and provide products and services that meet the safety laws and regulations stipulated in each country and region.

○Ensuring quality of products and services

We create and operate companywide structures to ensure quality.

2. Human Rights and Labor Issues

○Striving to avoid discrimination

We do not discriminate on the grounds of race, ethnicity, country of origin, religion, gender or any other pretext in any employment situation.*

*Any employment situation = recruitment, hiring, promotion, wages, dismissal, retirement, allocation of duties, discipline, etc.

○Respecting human rights

We do not tolerate any form of harassment on the grounds of race, ethnicity or country of origin, religion, gender or any other pretext in our workplaces.

○Prohibiting child labor

We do not permit the employment of children who have not reached the legal age of employment in each country and region.

○Prohibiting forced labor

We do not engage in forced labor, making certain to ensure that all labor is voluntary and that employees are free to leave their jobs.

○Compliance with the law on remuneration

We comply with the laws in each country and region related to minimum wages, overtime work, payroll deductions, piecework wages, and other benefits.

○Compliance with the law on working hours

We comply with the laws in each country and region related to the determination of the working hours of employees (including overtime work) as well as the provision of holidays and annual paid leave.

○Practicing dialogue and consultation with employees

We engage in consultation and dialogue in good faith with the representatives of employees or employees.

We recognize employees' rights of free association in accordance with the laws in each country and region.

○Ensuring a safe and healthy working environment

We strive to prevent accidents and disasters with ensuring the safety and health of employees at work as our priority.

○Providing human resource training

We train human resources that can take action to detect and resolve problems independently.

3. Environment

○Implementing environmental management

In order to promote wide-ranging environmental activities, we comply with the laws of each country and region while building companywide management structures which we continuously operate and improve.

○Reducing greenhouse gas emissions

In order to contribute to reducing greenhouse gas emissions, we manage greenhouse gas emissions in our business activities and promote activities to reduce them. In addition, we strive to utilize energy effectively.

○Preventing air, water, and soil pollution

We comply with the laws of each country and region regarding air, water, and soil pollution in addition to continuously monitoring and reducing contaminants to prevent environmental pollution.

○Saving resources and reducing waste

We comply with the laws of each country and region regarding the appropriate disposal and recycling of waste in addition to working to reduce the final disposal volume of waste by utilizing resources effectively.

○Managing chemical substances

We manage chemical substances with the potential to pollute the environment safely.

Our products do not contain chemical substances prohibited by the laws of each country and region in the relevant country and region. We do not use prohibited chemical substances in the manufacturing process, and, with regard to chemical substances provided for under the laws of each country and region, we identify emissions and report them to the government in accordance with the law.

○Conservation of biodiversity

In general business activities including procurement of parts and materials, we strive to pay due care to conservation of biodiversity.

* With regard to the environmental points above, SUBARU's specific requests to suppliers are compiled separately in the SUBARU Green Procurement Guidelines, so please also refer to these.

4. Responsible Raw Material Procurement

○ Avoidance of raw materials that cause social problems

Aiming not to use raw materials that cause social problems such as human rights abuses and environmental destruction, we survey the social impacts of raw material procurement process by tracing back through the supply chain*. If it is confirmed or anticipated that there are negative impacts, we take measures to avoid their use.

*Examples of surveys: Conflict minerals survey, cobalt survey, etc.

5. Compliance

○Compliance with laws

We comply with the laws in each country and region.

We establish and operate structures that include policies, systems, conduct guidelines, whistleblowing systems, and education in order to fully enforce compliance.

○Compliance with competition laws

In compliance with competition laws in each country and region, we do not engage in such practices as private monopolies, unreasonable trade restrictions (cartels, bid rigging, etc.), unfair trade practices, and abuse of a superior bargaining position.

○Preventing corruption

We make political donations and contributions in accordance with the laws in each country and region and strive to build transparent and fair political and administrative relationships.

We do not exchange entertainment, gifts or money with our business partners for the purpose of securing and maintaining unfair privileges and preferential treatment.

○Managing and protecting confidential information

We obtain the personal information of customers, third parties and our employees and the confidential information of customers and third parties by lawful means.

We also strictly manage and protect such information and utilize it within the proper scope.

○Managing export trading

We implement the proper export procedures and management related to the export of technologies and goods provided for under the laws of each country and region.

○Protecting intellectual property

We protect intellectual property rights that belong to or are attributable to SUBARU, and we do not unlawfully obtain and use or infringe the intellectual property rights of third parties.

6. Information Disclosure

○Disclosing information to stakeholders

We disclose information that includes our financial position and performance and the content of business activities to stakeholders in a timely and appropriate manner. We also strive to maintain and develop mutual understanding and trusting relationships with stakeholders through open and fair communication.

IV. Request to Our Suppliers

For the coexistence and co-prosperity of the SUBARU Group and SUBARU suppliers (hereinafter referred to as “Suppliers”), we would like to ask Suppliers to cooperate with us as follows.

1. Compliance with “SUBARU Supplier CSR Guidelines” (hereinafter referred to as “Guidelines”)

- (1) Suppliers are required to comply with Guidelines.
- (2) Suppliers are required to distribute Guidelines or similar guidelines that Suppliers have prepared to their own suppliers and request them to comply with Guidelines or similar guidelines.

2. Daily self-inspection of your company's CSR activities

For each of the items in III (pages 8-11), suppliers are expected to conduct a daily self-inspection from the following five perspectives:

- (1) Legal regulations・・・Keeping abreast of and ensure compliance with laws, rules, and regulations, etc.
- (2) System・・・Clarifying the department or person responsible for CSR in company rules, etc.
- (3) Prevention・・・Clarifying thorough setting policies, systems, rules and procedures for thorough implementation of CSR, etc.
- (4) Education・・・Conducting educational activities for employees and suppliers regularly, etc.
- (5) Actual circumstances・・・Understanding the actual circumstances on a constant basis, through regular surveys and complaint management system, etc.

3. Responses to various CSR survey requests from SUBARU

- (1) Suppliers are required to respond to our requests for various CSR surveys by the due date.
- (2) Interviews and on-site (plant) surveys may be conducted as necessary.
- (3) Third-party audit or inspection of your suppliers with your consent may be conducted as necessary.

4. Dealing with pressing issues when they occur

If Suppliers become aware of a possibility of any violation of the Guidelines, please report it to us immediately and take appropriate measure to prevent and improve the issue. Additionally, if we request Suppliers to share information regarding the issue with us and to perform corrective action therefor, please cooperate for it.

5. Corrective actions in case of non-compliance with the CSR Guidelines

We, SUBARU Group, select suppliers of goods and services by considering not only QCDD (quality, cost, delivery and technical development) but also in the perspective of MES (management, environment and society), as we stated in the “Fundamental Procurement Policy” (page 6).

Suppliers are requested to take corrective actions in case that we identify their CSR activities are not sufficient. If Suppliers are not cooperative and do not take the corrective actions despite of our requests, we might exclude them from our list of candidate suppliers thereafter.

In case legal or other compliance violations occur, we might take appropriate actions, such as suspension of transactions until appropriate corrective measures are completed.

6. Engagement with your own supply chain

(1) Suppliers are requested to make the same kind of requests as above to their own suppliers.

(2) Suppliers are requested to ask their own suppliers to make the same kind of requests to suppliers of their suppliers.

7. Submission of Letter of Pledge

As we believe that you would kindly agree and accept the above, please confirm your agreement and undertaking to the above by signing by your authorized representative and completing your contact information, and then returning one copy of the “Letter of Pledge” attached separately. For the avoidance of doubt, even if the Guideline is updated in the future, this “Letter of Pledge” is deemed to be applied for the updated one. If you have any questions about the revision, please contact us.



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SUBARU CORPORATION
Purchasing Committee

SUBARU of INDIANA AUTOMOTIVE INC. (SIA)