

# SUBARU

## Green Procurement Guidelines



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# 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 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 addition to this, we aim to reduce the environment load in all the stages of product life cycle from the procurement to design, development, production, transportation, sales, use, disposal, and recycle.

Under these circumstances, we have formulated our medium-term Environment Action Plan 2030 to achieve resource recycling and carbon neutrality.

As action across the entire supply chain is required to achieve these initiatives, 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. Especially, this revision includes each item in Environment Action Plan 2030.

It will be appreciated if all suppliers take advantage of the guidelines to extend and promote environmental action, including among your own suppliers. In this revision, the environmental BCP response of our business partners have been added.

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 Committee  
Subaru Corporation

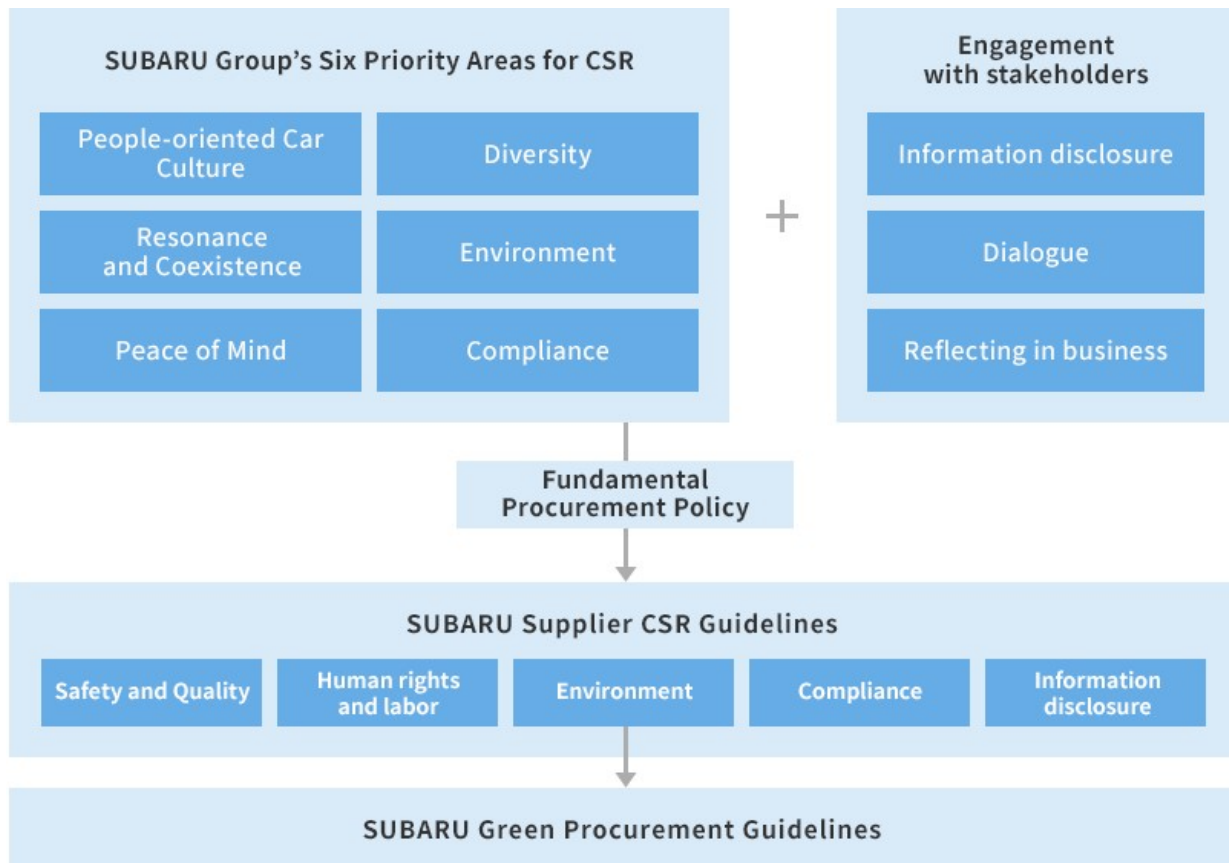
\*These guidelines apply to suppliers of the SUBARU Automotive Business Unit at SUBARU Corporation and SUBARU of INDIANA AUTOMOTIVE INC. (“SIA”) (collectively called “SUBARU”).

## 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. Fundamental Procurement Policy and Green Procurement

### (1) Fundamental Procurement Policy

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

#### (a) 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.

#### (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 seven perspectives: quality, cost, delivery, technical development, management, environment and society (QCDDMES).

Revised in April 2020 SUBARU

### (2) Definition of SUBARU 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. SUBARU Environmental Policies

## 1. 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.

## 2. 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 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 SUBARU  
Revised in April 2017 SUBARU

### 3. Environment Action Plan 2030

SUBARU initiated its new medium-term environmental plan in FYE March 2022. This plan is formulated around two timelines that are aligned with environmental issues.

- Environment Action Plan 2030

This is a Groupwide plan with a medium-to-long-term perspective and initiatives that spiral upward to address future expectations.

- Other key environmental initiatives

These granular initiatives are from a short-to-medium-term perspective and are designed to meet current expectations.

Environment Action Plan 2030 and other key environmental initiatives contain 4 sections; Climate Change, Resource Recycling, Pollution Prevention and Reduction of Hazardous Chemical Use, Collaborate with Customers and Promote Environmental Management. Items related to procurement. Regarding the procurement, SUBARU designates "Request suppliers in Japan and overseas to build, maintain, and strengthen an environmental management system (EMS)," "Reduce environmentally hazardous substances," "Apply the supplier CSR guidelines and green procurement guidelines" as other key environmental initiatives of "Collaborate with Customers and Promote Environmental Management."

Other key environmental initiatives of "Collaborate with Customers and Promote Environmental Management" from "Environment Action Plan 2030 and other key environmental initiatives."

Field	Item	Components of Primary Initiatives
Procurement	Request suppliers in Japan and overseas to build, maintain, and strengthen an environmental management system (EMS).	Continue to establish and fully maintain the EMS including with new suppliers.
		Request that the entire supply chain improve environmental management throughout the product life cycle.
	Reduce environmentally hazardous substances.	Expand the range of target parts and raw materials with business partners regarding the management and reduction of contained environmentally hazardous substances.
	Apply the supplier CSR guidelines and green procurement guidelines.	Revise the guidelines according to changes in the social environment and corporate policy, and request suppliers to deploy, disseminate, and comply with the guidelines.
Sales (automobiles)	Provide support to SUBARU dealers' environmental activities.	Support all dealerships maintain Eco Action 21* certification. Confirm the legality of dealers' zero emission activities.
Management	Operate and upgrade environmental management systems.	Maintain ISO14001 integrated certification for SUBARU Group. Make continuous improvements to the Environmental Management System.

\*An environmental management system designed by the Ministry of the Environment that is easy for small and medium-sized enterprises to employ.

Through initiatives based on the new environmental plan, SUBARU will sincerely address the expectations of current and future generations and further contribute to the realization of a sustainable society.

## IV. 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.

### Requirements for Suppliers

SUBARU's Requirements for Suppliers	Suppliers covered		Standards or Related Materials	■Registration Items for SNET or Documents for submission	Time of registration or 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			
◆ Requirement for the 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
3. Submission of environment manager registration forms	●	○	—	Environmental Manager Registration Form	· When individually requested · When contents are updated
4. Improved environmental performance	●	○	—	—	—
◆ Requirement for the Activity Considering Entire Life Cycle					
5. Reduction of CO2 emissions	●	○	Environment Action Plan 2030	—	—
6. Utilization of recycled resource materials	●	○		—	—
7. Appropriate Use of Water Resources	●	○		—	—
8. Activity for Biodiversity	●	○		—	—
◆ Requirement for the Activity Considering Entire Life Cycle					
9. Management of substances of concern					
(1) Compliance with SUBARU TS103-00-042 standard	●	—	TS103-00-042	Compliance confirmation document	When individually requested
(2) Management of GADSL substances for prohibition and reduction	●	—	GAD SL		
(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	· When directly delivered · When contents are updated · When individually requested
(5) Improve management of chemical substances contained in products	●	○	—	—	—
10. Reduction of CO <sub>2</sub> emissions and packaging and wrapping materials in logistics	●	●	—	—	—

● In scope (priority management) ○ In scope

■ Items to be registered on SNET 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.

In addition, in the environmental emergency such as a violation of environmental laws or environmental accidents, in accordance with the Procurement Division's action guideline, "Bad News 1st," we ask that you provide us with the first report as well as respond to the following BCP items.

#### ① Definition of environmental accidents

Complaints about the environment, outflow of liquid, muddy, powdery, solid matter (outside and inside the premises), and the exceeding voluntary standards at factory boundaries.

#### ② Definition of environmental emergencies

"Outflow, leakage, or underground seepage of liquid substances from storage facilities due to accidents or failures", "Outflow/leakage during transportation/loading, outflow to/from the premises", "Excessive release of air pollutants" and "Usage of prohibited substances contained in our products" and "Violation of environmental laws and regulations".

#### ③ Assumed risk

##### 1) Suppliers

Suspensions of production, failures to ship, the loss of profit, criticisms from the market, administrative guidance, and bankruptcy.

##### 2) SUBARU

Suspensions of production, failures to ship, the loss of profit and the SUBARU brand, and bankruptcy.

#### ④ Corrective action

Cause identification, mitigation/removal/corrective action, recurrence prevention/preventive action for similar incidents, effectiveness confirmation, the education and thorough dissemination, and records keeping.

In addition, depending on the situations, it would need you to submit a report.

### 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

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”. 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) 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.

Suppliers who don't have an account of SNET, needed to register by E-mail.

### **3. Registration of Environment Manager 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 register on SNET, when you start the business with SUBARU. From then on, the data should be updated whenever environment managers are replaced. Update operation on SNET can be done by each supplier.

### **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) Reduce environmentally hazardous substances;

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

## ◆Requirement for the Activity Considering Entire Life Cycle

### 5. Reduction of CO<sub>2</sub> emissions

SUBARU recognizes that climate change is one of the most pressing global issues, and respects the goal of the Paris Agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels. SUBARU will contribute to this goal by reducing CO<sub>2</sub> emissions from its products, factories and offices to help decarbonize society. SUBARU has set long-term and medium-term goals as milestones for its target of carbon neutrality in 2050. To achieve these goals, SUBARU engages in reducing CO<sub>2</sub> emissions. In addition, we initiate for measurement and reduction of CO<sub>2</sub> emissions in the entire life cycle (from production to use, disposal, and transportation), complying with Japan Automobile Manufacturers Association's policy.

Plants and offices (Scopes 1 and 2)

- By FYE2051, achieve carbon neutrality
- By FYE2031, reduce CO<sub>2</sub> emissions by 30% compared

Products (Scope 3)

- By 2050: Reduce average well-to-wheel CO<sub>2</sub> emissions from new vehicles (in operation) sold worldwide by 90% or more compared to 2010 levels.
- By the first half of the 2030s: Apply electrification technologies to all SUBARU vehicles sold worldwide
- By 2030: Make at least 40% of SUBARU global sales electric vehicles (EVs) or hybrid electric vehicles (HEVs).

We require our suppliers to understand our long-term and mid-term goals and aim to measure and reduce their energy use and CO<sub>2</sub> emissions through their business activities.

### 6. Utilization of recycled resource materials

To contribute to realizing a resource recycling society and a decarbonize society, Subaru will promote the research and development to ensure that more than 25% of the plastic in new models (excluding models supplied by OEMs) is derived from recycled materials (material and chemical recycling plastic, etc.) by 2030.. In addition, we will proactively adopt plastic materials that have less environmental impact. We require our suppliers to cooperate with us to use recycled resource materials.

### 7. 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.

### 8. Activity for Biodiversity

SUBARU promotes 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.

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

### 9. 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 (published in SNET), 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

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 latest 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 CO<sub>2</sub> emissions.

#### ■ 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.mdssystem.com/>)

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

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.

(5) Improve management of chemical substances contained in products

To comply with laws and regulations of each country which are being expanded and complicated, it is important to manage chemical substances contained in products and to share information appropriately. To achieve this, we require our suppliers to establish the policy and improve management of chemical substances contained to products.

## 10. 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.

## 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.

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)



## **Outline of this revision of the guidelines**

Incorporation of environmental BCP management at suppliers (Addition)

The response methods in the environmental emergencies such as the violations of the environmental laws or the environmental accident at suppliers is added.



First issued: April 2000

Last revised issue: September 2021

Revised: July 2022

Purchasing Committee Subaru Corporation

SUBARU of INDIANA AUTOMOTIVE INC. (SIA)