

# Green Purchasing Guidelines

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Futaba Industrial Co., Ltd.

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## **I. Introduction**

Futaba Industrial Co., Ltd. and our group companies are engaged in business activities with the three areas of “The Environment,” “Safety,” and “Quality of Life” as the values we offer to our customers.

In response to environmental issues, we obtained external certification (ISO 14001) for our environmental management system in June 2000, defined our “Environmental Policy” as our philosophy, and have been working to reduce greenhouse gases (hereinafter referred to as GHG), waste, and environmentally hazardous substances. In 2012, we issued our first “Green Purchasing Guidelines” and have revised it in response to changes in the environment, promoting our business activities together with our suppliers while ensuring that they understand the purpose of our environmental initiatives. Also, in March 2024, we established the Futaba Group Environmental Charter as a unified policy for the entire Futaba Group to achieve harmony with nature. These guidelines are linked to the separately established “Supplier Sustainability Guidelines,” and designed to provide specific requests for initiatives in the environmental field.

In recent years, global warming has accelerated due to the rapid increase in anthropogenic GHGs. This climate change is causing melting of polar ice sheets and glaciers, rising sea levels, and severer natural disasters, with serious adverse effects on the natural environment and human society. In addition, the depletion of resources due to mass consumption and mass disposal, waste disposal problems, and the destruction of nature and ecosystems due to marine pollution, water pollution, air pollution, and deforestation are becoming more serious year by year, as are related complex environmental problems.

In response to this situation, it is important to further improve the understanding and environmental conservation awareness of each and every person involved in all of our businesses. We believe that it is essential to review the conventional environmental conservation awareness once again and ensure promotion throughout the supply chain in order to actively promote transition to a decarbonized society and circular economy, and biodiversity conservation.

We would like to ask our suppliers to understand the purpose of these guidelines and the importance of our environmental initiatives, and to cooperate with us in accordance with these guidelines.

Chief of Purchasing Center,  
Futaba Industrial Co., Ltd.



## **II. Futaba Group's Environmental Initiatives**

### [Futaba Group's Environmental Charter and Policy]

Futaba Group states in "Purpose" that we aim to coexist in harmony with nature by "Producing environmentally friendly products, we will help create a comfortable society for all people." We established the Futaba Group Environmental Charter as a unified policy for the entire group to work on coexistence with nature. In addition, we have defined the "Environmental Policy" of the Futaba Group in Japan as a subordinate Policy.

Refer to the link below for details of the "Futaba Group Environmental Charter"

[Links] [Futaba Group Environmental Charter](#)

### [Environmental initiatives]

Manufacturing by considering global environment is essential for the continuation of our business activities. In light of the impact of global warming and climate change, which have become increasingly serious in recent years, we believe that activities for carbon neutrality, effective use of resources, and reduction of environmental impact will lead to the establishment of a society in harmony with nature and contribute to biodiversity. The Futaba Group will continue to work together to promote activities to protect the global environment. Then, through those initiatives, we will contribute to the realization of a circular economy.

#### (1) Toward a society in harmony with nature

##### a. Relationship with biodiversity

We believe that identifying "water intake" as a resource on which our business activities depend and "CO<sub>2</sub>," "wastes," "sewage," etc. as emissions that affect the outside world, globally setting the goal and promoting activities to reduce them will lead to the conservation of biodiversity. We have also concluded a "Cooperation Agreement on Coexistence with Nature in Torigawa Firefly Village" with the City of Okazaki, where our headquarters is located, and the Torigawa Firefly Conservation Society. We have been cooperating in environmental conservation in Torigawa Firefly Village and have been carrying out volunteer activities such as maintaining mountain trails and removing sediment from rivers since 2019. Through such activities, we will continue to enhance our nature symbiosis activities in cooperation with external organizations.

(2) Monozukuri by considering the impact on global warming and climate change

a. Efforts to reduce CO<sub>2</sub> emissions

We are also working to reduce CO<sub>2</sub> emissions by 4.6% per year in order to reduce CO<sub>2</sub> emissions by at least 50% (compared to FY2019) by FY2030. Our group companies both in Japan and overseas are also promoting reduction of CO<sub>2</sub> emissions based on the same target of each company itself. In addition to continuous improvement activities and technological innovation, we will systematically implement capital investment in energy-saving equipment and introduction of renewable energy.

b. Introduction of renewable energy

As part of our efforts to reduce CO<sub>2</sub> emissions, we are promoting the introduction of renewable energy, mainly through the installation of solar panels at each of our global sites. On a stand-alone basis, the goal is to raise the ratio of renewable energy to 60% by 2030.

(3) Contributing to a recycling society by reducing wastes, conserving resources, and promoting recycling

We are promoting "waste reduction", "resource conservation", and "recycling", taking the lifecycle of resources into consideration. To reduce the total consumption of steel materials, we are working to minimize material losses (disposal of scrap, etc.) and improve material yields. In addition, we are working to reduce oil consumption and industrial waste, and are striving to promote recycling by improving the sorting of unnecessary objects. In the fuel system components business, we are focusing on the development of products using recycled resin. In the future as well with "circular economy" activities in mind, we will continue to promote business activities for conserving resources, eliminating waste, and strengthening recycling.

a. Efforts to reduce steel consumption

It is an important action to improve the material yield in pursuit of minimizing the amount of material required to make one product. Steady improvements are being made at each production site through repeated trials to reduce material dimensions in the unit of millimeters. In addition, since it is important to take measures at the source to prevent outflow of defective products, we are also focusing on minimizing loss due to disposal and reducing in-process scrap by preventing defective products from being made during the production process.

In addition, we are also trying to save resources and reduce waste as a whole by promoting the use of nondestructive testing equipment to reduce waste during daily inspections.

b. Efforts to reduce oil consumption

In order to reduce the fuel consumption of gasoline forklifts, which account for nearly 70% of our oil consumption, we are switching to electric forklifts and platform truck, and the electrification rate of forklifts reached 88.6% in fiscal year 2024. We will continue to promote the reduction of the overall number of forklifts through logistics improvements. In addition, we will reuse processing oil used in product processing by filtering as much as possible to contribute to effective use of resources.

c. Initiatives for water resources

In order to continue our business activities, we regard drought as a water resource risk, and we are promoting activities to reduce water intake globally by FY2050. Since fiscal year 2023, there were concerns about increased water intake due to the recovery trend in production volume, but thanks to reduction activities, water usage has been declining globally. We strive to ensure safer water quality by globally controlling and achieving effluent standards that are at least 10% stricter than the effluent standards in the area of each site.

(4) Promoting environmental management on a group and global basis

FIG (India) acquired ISO 14001 certification in FY2024, completing acquisition at all global sites. Each of our global sites is becoming more aware of environmental conservation and promoting region-specific environmental risk countermeasures. In the future as well the Futaba Group will continue to work together as one body to reduce environmental impact and steadily take on the challenge of earth-friendly manufacturing.

### III. Green Purchasing

(1) Purpose of green purchasing

The purpose of green purchasing is to serve as criteria for prioritizing purchasing from suppliers who work on environmental conservation activities with the Futaba Group for outsourced parts manufactured and sold by the Futaba Group and who actively promote the establishment of an Environmental Management System and activities to reduce environmental impact. Green purchasing is achieved by procuring environmentally friendly products, services, etc.

With regard to requests to our suppliers, we will check the status of their efforts as appropriate and, taking the results into consideration, we will ask them to take necessary improvement measures, etc. We thank you for your understanding and cooperation.

(2) Scope of green purchasing activities

The table below shows the environmental initiatives we request of our suppliers.

Environmental initiatives	Target suppliers				
	Parts	Raw materials and sub-materials	Packing and packaging materials	Logistics	Production equipment, molds and facilities
(1) Compliance with laws and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) Management of chemical substances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(3) Establishment of environmental management system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(4) Reduction of environmentally hazardous substances					
Reduction of CO <sub>2</sub> emissions from production/logistics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improvement in environmental performance/Target setting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(5) Effective use of resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(6) Reduction of environmental impact from water resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(7) Establishment of a society in harmony with nature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(8) Response to LCA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## **IV. Request to Suppliers**

The Futaba Group has established an environmental management system based on the Futaba Group Environmental Charter, Environmental Policy, and compliance with laws related to environment, and is working on a company-wide basis. In order to achieve green purchasing we would like to ask our suppliers to do the following.

(1) Suppliers are requested to comply with and thoroughly enforce environment-related laws and regulations in each country and region where they conduct business activities.

(2) Management of chemical substances

a. Management of chemical substances related to human health hazards and impact

Suppliers supplying raw materials and sub-materials to the Futaba Group in Japan are requested to submit Safety Data Sheets (SDSs). If there are any substances subject to the revised law, please submit the latest version.

b. Management of chemical substances related to products

Suppliers supplying parts, raw materials and sub-materials (including packing and packaging materials) to the Futaba Group in Japan are requested to comply with the “Compliance with Substances of Concern (SOC) Regulations” and chemical substance management methods in products in the Supplier Quality Assurance Manual.

- Prohibition/restriction of the use of regulated substances
- Registration of IMDS data

Constantly check the latest version of the regulated substances specified in the Supplier Quality Assurance Manual, and report promptly if any of the listed substances are contained or if there is any concern that such substances may be contained.

c. Establish a system to prevent the inclusion of regulated substances in your products, etc.

(3) Establishment of environmental management system (EMS)

We request our suppliers to actively promote environmental conservation activities. Therefore, please establish the environment management system to ensure continuous improvement.

a. Acquisition of external certifications

We request our suppliers to acquire, renew, and upgrade the environmental management system of external certifications such as

“ISO14001 certification”, in order to systematically develop and improve environmental conservation activities. We will check the status of acquisition of external certification as appropriate.

- b. Suppliers that are not able to acquire external certification immediately are requested to establish an internal system to engage in environmental conservation activities.
- c. In order to achieve environmental management throughout the entire supply chain, we ask that suppliers also deploy their own environmental policies and guidelines to their suppliers, confirming their environmental management systems, providing advice and guidance, deploying them as necessary, and conducting environmental awareness activities.
- d. In the unlikely event of an environmental accident, please report it immediately.
- e. If necessary, we may conduct audits of our suppliers' activities, including the submission of materials and on-site inspections.

(4) Reduction of environmentally hazardous substances

- a. Suppliers are requested to promote the reduction of GHG emissions.
  - Promote emission reductions throughout the entire life cycle (raw material purchasing, manufacturing, etc.), including suppliers and their suppliers (Scope 3).
  - Reduce CO<sub>2</sub> emissions by reducing the use of fossil fuels in electricity, logistics, sales activities, etc. and by promoting the use of renewable energy.
  - Promote environmental target setting to achieve a decarbonized society, acquisition of international initiatives certification (SBT, RE100, etc.), third-party assurance and disclosure of management strategies to stakeholders (TCFD, etc.).
  - Submit the current status and initiatives regularly and as needed. (We will contact the target suppliers separately.)
  - Continuously improve productivity, logistics efficiency, and yield.
  - Design/develop molds and equipment and propose facilities that contribute to improvement of energy efficiency of the production equipment/facilities to be delivered.
  - Action for the shift to non-CFC and lower GWP products when CFC is used.
  - Recognize and reduce GHG emissions that have an impact on global warming.
- b. Suppliers are also requested to reduce environmentally hazardous substances due to VOCs, etc. that cause photochemical oxidants.

(5) Effective use of resources

For waste generated in our business activities, suppliers should promote sustainable and effective use of limited resources and conduct the following initiatives in order to realize a circular economy (business activities with an awareness of the circular economy).

- Quantitative recognition/control of waste
- Optimal process design and setting
- Promotion/proposal of recycling
- Optimization of production volume
- Minimization of material input
- Reduction of production defect rate
- Reduction of packing/package materials

Submit the current status and initiatives regularly and as needed.  
(We will contact the target suppliers separately.)

(6) Reduction of environmental impact from water resources

We ask our suppliers to make efforts to minimize shortage of water resources and the risk of pollution when draining water, optimize the efficiency of water resource use and realize a circular economy.

- Quantitative recognition/control of water intake and drainage
- Recycling of used water
- Reinforcement of water risk control
- Effective use of rainwater
- Purification of wastewater (cleaning before draining)

Submit the current status and initiatives regularly and as needed.  
(We will contact the target suppliers separately.)

(7) Establishment of a society in harmony with nature

We ask that production, purchasing and other business activities be conducted in consideration of the importance of symbiosis between people and nature and biodiversity. Suppliers are asked to actively participate in activities to improve the environment (river beautification activities, greening activities such as tree planting and thinning, protection of rare plants and animals, extermination of invasive alien species, etc.) with communities and organizations that work to conserve nature.

(8) Response to LCA

If necessary, we would appreciate your cooperation in conducting LCA studies and providing environmental data. We will consult with suppliers subject to LCA regarding the data, etc. to be submitted.

## **V. Terms and Definitions**

- **GHG: Green House Gas**  
Gases with heat-absorbing properties in the atmosphere  
Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), dinitrogen monoxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), sulfur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NF<sub>3</sub>), etc.
- **CN: Carbon Neutral**  
Balance emission and absorption of greenhouse gas
- **Scope 1**  
Direct emissions of greenhouse gas by businesses themselves (fuel combustion, industrial processes)
- **Scope 2**  
Indirect emissions from the use of electricity, heat and steam supplied by other companies
- **Scope 3**  
Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)
- **LCA (Life Cycle Assessment)**  
Methodology for assessing environmental impact from production to disposal
- **SDS (Safety Data Sheet)**  
Safety Data Sheet  
An item to provide information about chemical substances to the other party when shipping chemical substances or product
- **SOC (Substance of (Environmental) Concern)**  
Chemical substances that are harmful to human bodies and/or global environment
- **IMDS (International Material Data System)**  
Material database for the automotive industry; a system for registering and verifying information on substances used
- **EMS (Environmental Management System)**  
Environmental management system  
A system or mechanism for businesses to set their own environmental policies and targets and achieve them when voluntarily promoting environmental conservation efforts in their operations and management
- **Life cycle**  
All stages involved in activities for products and services, from purchasing of raw materials, manufacturing, distribution, use, and disposal

(disposal/recycling)

- SBT (Science Based Targets)  
A certification system for GHG emission reductions set by companies with a target year 5 to 10 years ahead, consistent with the levels required by the Paris Accords
- RE100 (Renewable Energy 100%)  
A certification system that aims to procure energy consumed during business activities by companies only from renewable energy
- TCFD (Task force on Climate-related Financial Disclosures)  
Task force on Climate-related Financial Disclosures  
Framework for specific disclosure of each company's climate change initiatives
- Stakeholder  
All "interested person" including shareholders, customers, suppliers, management, employees, as well as financial institutions, government agencies, and various organizations
- GWP (Global Warming Potential)  
Global warming coefficient: A coefficient that indicates the strength of the effect of global warming
- VOC (Volatile Organic Compounds)  
Volatile organic compound  
Substances used as solvents and fuels, such as toluene, benzene, CFCs, and dichloromethane
- Circular economy  
A recycling-oriented economy/society that aims to reduce consumption and effectively use resources and products
- Futaba Group (FUTABA)  
Futaba Industrial Co., Ltd. and its subsidiaries in Japan and overseas

For inquiries regarding this matter, please contact the following.

- Purchasing Planning Department, Purchasing Division Tel: 0564-31-2215
- Facility Environment Management Department, Production Division Tel: 0564-31-2721
- Quality Assurance Department, Quality Assurance Division Tel: 0564-31-2218

<Supplement>

- Reports and other information provided by suppliers will not be disclosed to outside parties.
- These guidelines are subject to change due to revisions of laws, regulations, internal rules, etc.