



# Green Purchasing Guidelines

March 2023

FUTABA INDUSTRIAL CO., LTD.

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## I. Introduction

FUTABA INDUSTRIAL CO., LTD. (hereinafter called FUTABA) has been conducting its business activities with the themes of "Green and Clean", "Peace of mind", and "Quality of life" as the fundamental for value creation since its establishment. These themes serve as the core principles in providing value to our customers.

In terms of our environmental initiatives, we obtained external certification for our Environmental Management System (ISO 14001) in June 2000. We have defined our "Environmental Policy" as our guiding principle, and have been actively engaged in activities such as reduction of greenhouse gas emissions (hereinafter called GHG), waste, and other environmentally hazardous substances. In 2012, we first issued the "Green Purchasing Guidelines" and have revised them in response to environmental changes. Through these guidelines, we have been working together with our business partners to promote our environmental initiatives, while ensuring that they understand the essence of our efforts. In August 2021, we established a new "Environmental Policy", aiming to further enhance our environment-conscious business activities.

In recent years, the Earth's environment has been experiencing global warming due to the increasing levels of GHG. This continuous rise in global average temperatures has led to various consequences, such as the reduction of glaciers, rising sea levels, and climate change. These changes have the potential to cause severe negative impacts in various regions around the world. Furthermore, environmental issues have been escalating year by year, including the risks of resource depletion caused by mass consumption, waste disposal problems, and the destruction of nature and ecosystems illustrated by marine pollution, water pollution, air pollution and deforestation. Given this background, there is an increasing demand for businesses to engage in activities that are more environment-conscious than ever before.

In this revised version of the guidelines, we have added initiatives to promote the reduction of GHG emissions, efficient use of resources, water environmental impact, and the establishment of a society that coexists with nature. It is crucial for every individual involved in our business to understand and enhance their environmental conservation awareness in order to implement these initiatives effectively. We believe that promoting these efforts throughout the entire supply chain is essential.

We kindly request our business partners to continue to understand the purpose of

these guidelines and cooperate with us based on this, as you have done in the past. Your cooperation is greatly appreciated.

Tomohiro Takahashi  
Chief Officer, Purchasing Center  
FUTABA INDUSTRIAL CO., LTD.

## II. Environmental Management

### 【Environmental Policy】

Futaba Group recognizes global environmental protection as a key management issue and commits to reduce environmental burden to realize sustainable and decarbonized society.

- (1) We comply with environmental requirements.

Set and commit to complying with voluntary standards more strict than the various environmental protection ordinances and other requirements.

- (2) We commit to protecting the environment.

Specifically, commit to preventing pollution, making sustainable use of resources, mitigating and adapting to climate change, and protecting the ecosystem.

- (3) We set clear targets and commit to environmental protection.

Investigate and assess environmental impact of business activities, and to effectively cut down or reduce the main factors, set environmental objectives and targets to be achieved within the range technically and economically feasible.

To achieve the environmental objectives and targets, commit to carrying out Monozukuri and facility build with less environmental impact from product development to logistic process.

- (4) We continuously improve our environmental management system.

To achieve the environmental objectives and targets, we clarify roles and responsibilities, and continuously perform further improvement through plan formulation, action, and assessment in cycle.

## 【Our company's initiatives】

We work towards reducing environmental impact, in consideration of the effects on global warming and climate change, and strive to achieve a decarbonized society. Additionally, we promote production and business activities that contribute to the efficient utilization of finite resources, and minimize environmental burdens.

### (1) “Monozukuri” considering the impact on global warming and climate change.

To realize carbon neutrality, we set an FY2030 CO<sub>2</sub> emissions reduction target at 50% relative to FY2013 or more at plants on a non-consolidated basis, and that at a reduction of 3% every year in subsidiaries in Japan (Equivalent level to the single basis), and strive to reduce CO<sub>2</sub> emissions on a global basis. In Scope 1 and 2 emissions that we can manage and reduce directly, we save energy in any way possible on a daily basis, innovating production engineering, renewing utility facilities, and using renewable energy. We also make an effort to reduce Scope 3 emissions in view of LCA (Life-cycle assessment) collaborating with automobile manufacturers and suppliers. The company’s internal ISO organization, the Energy Conservation Subcommittee, is taking the lead in formulating action plans at all production sites including domestic and overseas subsidiaries, to promote CO<sub>2</sub> emission reduction activities.

### (2) Contribute to a circular economy by reducing waste, conserving resources, and promoting recycling

We are working to promote waste reduction, resource-saving, and recycling, considering the lifecycle of resources. Especially, in order to reduce the amount of steel used, we are making efforts to minimize material loss (scrap waste, etc.) and improve material yield ratio while implementing activities to reduce oil usage and industrial waste output. The company’s internal ISO organization, the Resource Protection Subcommittee, is working to reduce waste emissions, steel and oil usage.

#### a. Initiatives to reduce steel usage

Improving material yield is an important activity in pursuing minimization of material needed to make a piece of product. Each production site makes steady and repeated efforts to reduce the size of materials by millimeters. Countermeasure against root cause is also important in prevention of defective products. Therefore, we also focus on activities to reduce waste in production process to avoid defective products, and on minimization of loss and waste. We aim to reduce by 50% or more in FY2025 relative to FY2020 (10% down or more every year). Additionally speaking, by using non-destructive testing equipment, we reduce scraps from daily inspections, and promote overall resource-saving and waste reduction.

b. Initiatives to reduce oil usage

To reduce the amount of fuel used for gasoline-powered forklifts, which account for nearly 70% of all oil use, we are shifting to electric forklifts and small electric vehicles. Going forward, we will continue to reduce the number of forklifts by improving logistics. Also, to contribute to making effective use of resources through recycling, the process oil for product processing is filtered and reused as much as possible.

(3) Promotion of environmental management on a Group-wide and global basis

The Futaba Group continues to acquire ISO14001 at production bases, and commits in carrying out environmental management to realize sustainable and recycling-oriented society. The company's internal ISO organization, the Pollution Prevention Subcommittee, is taking the lead in preventing environmental abnormalities and complaints by setting voluntary standards that are stricter than the specified values by local governments for the water quality of factory wastewater and the noise level at the site boundary, and conducting regular trend management.

### III. About Green purchasing

(1) The purpose of green purchasing

The purpose of green purchasing is to establish criteria for determining priority procurement from our Suppliers who are actively engaged in environmental conservation activities with us and promoting the establishment of an environmental management system and activities to reduce environmental impact for the procurement items that constitute our manufactured and sold products. Green purchasing is achieved by procuring environmentally friendly products and services. In addition, we check the status of your action and implementation to our requests in regular basis and may ask you to take necessary actions to improve. Your cooperation is appreciated.

(2) The scope of green purchasing activities

The environmental initiatives that we request our suppliers to undertake are as shown in the table below.

| Environmental initiatives.                               | Applicable Suppliers  |                         |                       |                       |                             |
|--|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------------|
|  | Parts                 | Raw/Auxiliary materials | Packaging materials   | Logistics             | Equipment, Dies, Facilities |
| (1) Compliance with laws and regulations                 | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| (2) Chemical substance management                        | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| (3) Establishment of EMS                                 | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| (4) Reduction of environmental load substances           |                       |                         |                       |                       |                             |
| Reducing CO2 emissions in products and logistics         | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| Improved environmental performance/Setting Goals         | <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 by water resources | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| (7) Establishment of a Natural Coexistence Society       | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |
| (8) LCA Compliance                                       | <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>       |



## IV. Request to our supplier

Based on our environmental policy and compliance with laws, we have established an environmental management system, and are working throughout the company. To achieve green procurement, we would like to ask our suppliers for the following:

(1) Please comply with the laws and regulations related to the environment in each country and region where you conduct your business.

(2) Chemical substance management

a. Management of chemical substances related to health hazards and loads on the human

If you supply raw materials or auxiliary materials to us, please submit a safety data sheet (SDS). If there are subject substances due to legal revisions, please submit the latest version.

b. Management of chemical substances related to products

If you supply parts, raw materials, and auxiliary materials (including packaging and packaging materials) to us, please follow the "Environmental Load Substance (SOC) Regulation Compliance" in the Supplier Quality Assurance Manual (FRA603).

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

Please always check the latest version of the regulated substances specified in the Supplier Quality Assurance Manual, and if there is any inclusion of listed substances or concerns about them, please report them to us.

c. Please establish an internal system that prevent your products from containing regulated substances.

(3) Establishment of environmental management system (EMS)

We ask our business partners to promote proactive environmental conservation activities within their own companies. Therefore, we ask you to establish an "Environmental Management System" for continuous

improvement.

a. Acquisition of external certification

To systematically develop and improve environmental conservation activities, please obtain and continue to update external certifications such as “ISO14001”, “Eco Action21”, “Eco Stage”, or “KES” for environmental management systems. We will check the status of external certification acquisition as appropriate.

b. If you cannot immediately work on obtaining external certification, please establish an internal system for environmental conservation activities.

c. To realize environmental management throughout the entire supply chain, we would like to ask you to develop each company's green purchasing policy/guidelines for your business partners, confirm their environmental management systems, provide advice/guidance, expand them as necessary for your business partners, and carry out environmental awareness activities.

d. In case of pollution or accident, please report it promptly.

(4) Reduction of environmental load substances

For Suppliers who supply parts, materials, etc., please establish an organizational structure within your company and work on the following initiatives.

a. Promotion of GHG emission reduction

- Promotion of energy-saving measures throughout the life cycle of products collaborating with your business partners and theirs.
- Reduction of CO2 emissions by reducing fossil fuel usage in electricity, logistics, sales activities and so on, promoting the use of renewable energy sources, etc.
- Promote environmental goal setting aimed at a decarbonized society, acquisition of initiatives such as SBT and RE100, disclosure of management strategies to stakeholders such as TCFD.
- Submit current status and initiatives as necessary and on a regular basis.

(Applicable business partners will be requested individually.)

- Continuous improvement of productivity/material usage (yield ratio).
- Proposals for die, equipment design/development that contribute to improving energy efficiency in production facilities purchased.
- If you are using fluorocarbons, please shift to non-fluorocarbons and low GWP.
- Please understand and reduce GHG usage that affects global warming.

b. Other initiatives include reducing environmental load substances such as VOCs that cause photochemical oxidants.

( 5 ) Effective use of resources

For waste generated by business activities, we aim for sustainable and effective use of limited resources toward realizing a circular economy-conscious business activity. We would like to ask you to work on the following initiatives:

- Quantitative grasp/control of waste
- Optimal process setting
- Promotion/proposal of recycling
- Minimization of material usage and scrap
- Reduction of defect ratio in-process and finished product
- Reduction in packaging/packaging materials etc.

Please submit current status and initiatives as necessary and on a regular basis.

(Applicable business partners will be requested individually.)

( 6 ) Reduction of environmental impact by water resources

We would like to ask you to minimize water resource shortages and/or pollution risks in drainage, and to work toward optimizing the efficiency of the water resource utilization and realizing a circular economy by taking the following initiatives:

- Quantitative grasp/control of water intake/drainage
- Recycling used water
- Effective use of rainwater

- Purification (cleaned drainage)

Please submit current status and initiatives as necessary on a regular basis.

(Applicable business partners will be requested individually.)

(7) Establishment of a Natural Coexistence Society

We kindly request business activities that prioritize the importance of coexistence of humans and nature, as well as biodiversity, such as environmentally friendly production and procurement efforts.

For example, participation in activities aimed at improving the environment to the extent possible by working with local communities or organizations dedicated to nature conservation, such as river beautification, afforestation, and greenery projects.

(8) LCA Compliance

As needed, we would like to ask for your cooperation in conducting Life Cycle Assessment (LCA) surveys and providing environmental data. For our business partners included in the scope of LCA, we will consult with you regarding the data to be submitted and other related matters.

## V. Appendix

- GHG : Green House Gas)  
Gases that have the property of absorbing heat in the atmosphere  
Carbon Dioxide (CO<sub>2</sub>), Methane(CH<sub>4</sub>),  
Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs),  
Sulfur hexafluoride (SF<sub>6</sub>), Nitrogen Trifluoride (NF<sub>3</sub>), etc.
- CN : Carbon Neutral  
Balancing the emissions and absorption of greenhouse gases
- Scope 1  
Direct emissions of greenhouse gases by the business operator  
(fuel combustion, industrial processes)
- Scope 2  
Indirect emissions associated with the use of electricity, heat and steam  
supplied by other companies.
- Scope 3  
Indirect emissions other than Scope 1 and Scope 2(emissions from other  
companies related to the business activities of the business operator)
- LCA : Life Cycle Assessment  
A method to evaluate the environmental impact from production to  
disposal
- SDS : Safety Data Sheet  
A document to provide information on the chemical substances and  
products to the counterpart when shipping them
- SOC : Substance of (Environmental) Concern  
Chemical substances that are harmful to human health and the global  
environment

- **IMDS : International Material Data System**  
A material database for the automotive industry, which is used to register and verify the information on the substances used
- **EMS : Environmental Management System**  
A system to set environmental policies and goals by oneself and establish a system and mechanism to achieve them, as the business operator voluntarily engages in environmental conservation activities in its operation and management
- **Life cycle**  
All stages of activities related to raw material procurement, production, distribution, use, disposal (waste and recycling) for products and services
- **SBT : Science Based Targets**  
A certification system that sets GHG emission reduction targets for 5 to 10 years ahead, in line with the level required by the Paris Agreement
- **RE100 (Renewable Energy 100%)**  
A certification system that aims to procure 100% renewable energy for the energy consumed by business activities in a company
- **TCFD :Task force on Climate-related Financial Disclosures**  
A framework to disclose the specific efforts of each company on climate change
- **Stakeholder**  
All parties who have an interest in the company, such as shareholders, customers, suppliers, managers, employees, financial institutions, administrative agencies, various organizations, etc.
- **GWP : Global Warming Potential**  
Global warming coefficient...a coefficient that indicates the strength of the impact on global warming
- **VOC : Volatile Organic Compounds**  
Substances used as solvents or fuels, such as toluene, benzene, fluorocarbons, dichloromethane, etc.

- Circular economy

An economy/society that aims to reduce consumption and effectively utilize resources and product

