



Our Basic Approach and Policy

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

Fundamental Procurement Policy

Subaru has been promoting procurement activities under the following basic policy.

1. Compliance & Green Procurement

We engage in procurement activities in a way to harmonize man, society and the environment and conduct transactions paying due care to observe legal and societal rules and to protect 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.

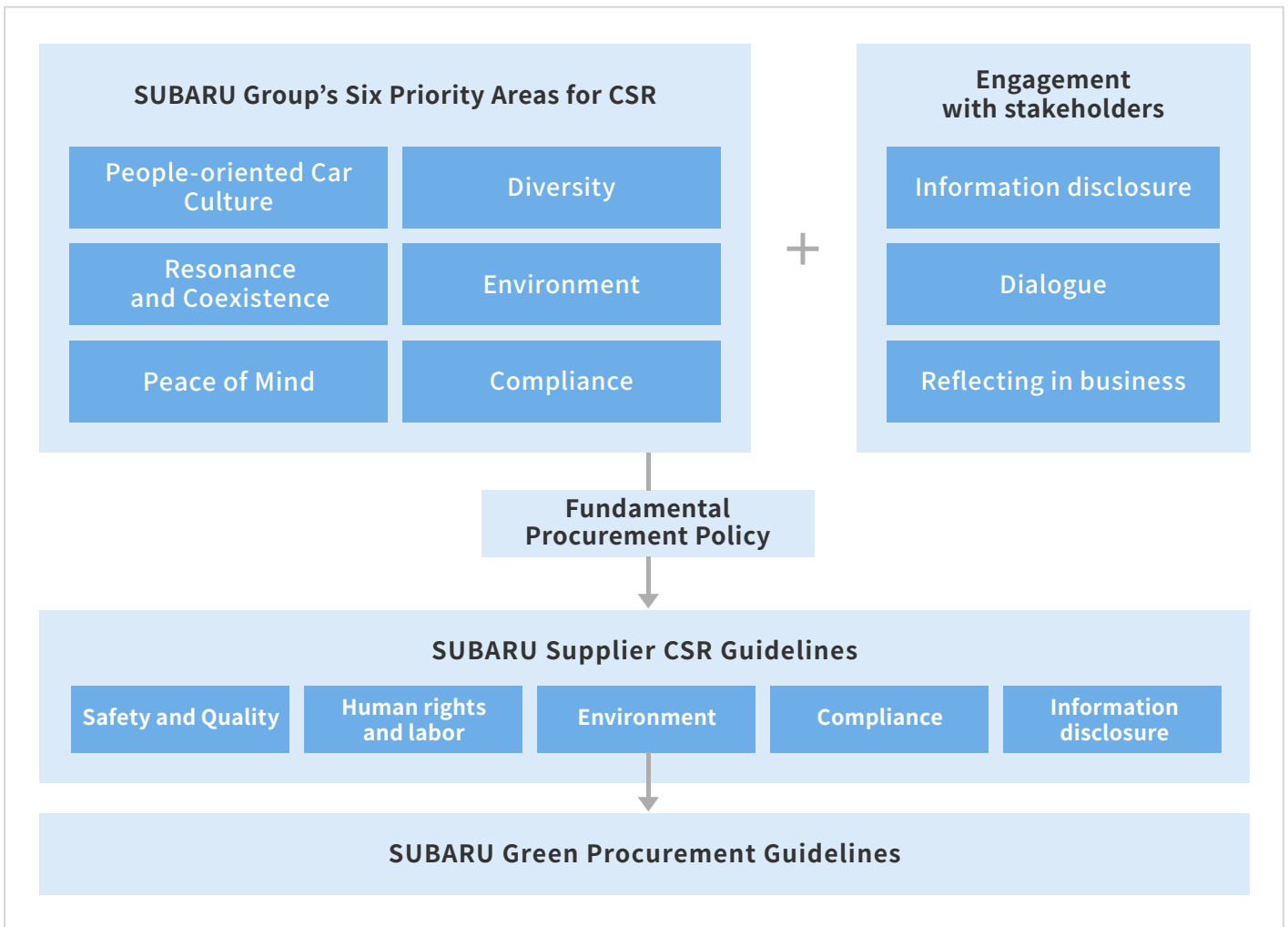
3. Fair and Open Way of Selecting Suppliers

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 six perspectives: quality, cost, delivery, technical development, management and environment (QCDDME).

Promotional System for Appropriate Business Practices and CSR Procurement

At Subaru in the past, the procurement departments of Automotive Business, Aerospace Company, and Industrial Products Division have participated in the Purchasing Environmental Committee, striving to solve environmental issues in the area of procurement. In FYE2012, the committee changed its name to the Purchasing Committee and expanded its mission to include Subaru’s CSR initiatives.

The policy of the Purchasing Committee is to facilitate fair procurement practices and encourage CSR at suppliers, thereby helping to ensure fair trade between Subaru and its business partners and cooperative CSR-based procurement throughout the supply chain.



Promoting Fair Trade

Subaru has observed the laws and regulations related to procurement, including the Antimonopoly Act and the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors. Subaru also carries out fair trade promotion initiatives in accordance with Automobile Industry Fair Trade Guidelines announced in June 2007 by the Ministry of Economy, Trade and Industry. As part of our efforts, Subaru has set up a consultation service targeting at suppliers in Subaru's supply chain.

Also for employees, we provide legal and regulatory training for those in charge of procurement and transmit alerts on our intranet to ensure that business is conducted properly.

Related information

> [Consultation service for promoting fair-trade \(Japanese version only\)](#)  PDF/164kB

Employee Training on Fair Trade in FYE2018

Automotive Business

- Training for new recruits (5 employees)
- Training for transferees (33 employees)
- Training session on Fair Trade Guidelines (165 employees)

Aerospace Company

- Training for new recruits (5 employees)
- Material Department EMS* training (121 employees)
- Business Law training on “Subcontract Act” (81 employees)
- Briefings on progress status of purchasing reforms (177 employees)

* EMS: an acronym for Environmental Management System

Supplier CSR Guidelines

Based on the CSR Guidelines for Suppliers issued by Japan Automobile Manufacturers Association, Inc. (JAMA), Subaru has created the SUBARU Supplier CSR Guidelines by incorporating our CSR policy. Subaru expects these guidelines promote Subaru CSR procurement and help our suppliers conduct CSR activities.

In FYE2014, these guidelines were made company-wide including all suppliers of the Automotive Business, the Industrial Products Division and the Aerospace Company, and in FYE2016, Subaru revised the content to incorporate the non-use of raw materials that engender social problems, such as conflict minerals*. In the same year in FYE2016, Subaru revised the guidelines in the form of a joint edition with Subaru of Indiana Automotive, Inc. (SIA), our local production plant in the U.S., confirming the integration of procurement policy.

One of the criterion of our supplier selection is the compliance to these Guidelines. Subaru asks not only our suppliers but also their suppliers as well to develop and promote CSR. Going forward, Subaru will continue to promote CSR procurement efforts.

* Conflict minerals: Minerals produced as a source of funding for the activities of armed insurgents in the Democratic Republic of the Congo and surrounding countries.



SUBARU Supplier CSR Guidelines

Five Topics in the SUBARU Supplier CSR Guidelines

Subaru promotes our procurement activities based on the following basic approach.

(1) Safety and Quality

- Providing products and services that meet consumer and customer needs
- Providing appropriate information concerning products and services
- Ensuring safety of products and services
- Ensuring quality of products and services

(2) Human Rights and Labor Issues

- Striving to avoid discrimination
- Respecting human rights
- Prohibiting child labor
- Prohibiting forced labor
- Non-use of raw materials that engender social problems
- Compliance with the law on working hours
- Practicing dialogue and consultation with employees
- Ensuring a safe and healthy working environment
- Providing human resource training

(3) Environment

- Implementing environmental management
- Reducing greenhouse gas emissions
- Preventing air, water, and soil pollution
- Saving resources and reducing waste
- Managing chemical substances
- Conservation of the eco system

(4) Compliance

- Compliance with laws
- Compliance with competition laws
- Preventing corruption
- Managing and protecting confidential information
- Managing export trading
- Protecting intellectual property

(5) Information Disclosure

- Disclosing information to stakeholders

Supplier survey results: In FYE2016 and FYE2018, Subaru carried out CSR survey visit to our main suppliers, and confirmed that there are no occurrence of human rights violation towards foreign laborers and technical interns. At the same time, Subaru collected the results of voluntary CSR check and confirmed that in FYE2018 every supplier showed improvements from their FYE2016 results.

Related information

› [Subaru Supplier CSR Guidelines](#)  PDF/957KB

› [Subaru Green Procurement Guidelines*](#)  PDF/917KB

› [Green Procurement Guidelines Aerospace Company Version*](#)  PDF/562KB

* Both the Subaru Green Procurement Guidelines and Green Procurement Guidelines Aerospace Company Version elaborate on Topic (3) Environment in the Subaru Supplier CSR Guidelines to make it more specific.

Basic Policy on Conflict Minerals

Some of the minerals (tin, tantalum, tungsten, and gold) produced in the Democratic Republic of the Congo and surrounding countries are said to provide a source of funding for armed insurgents engaged in the infringement of human rights and environmental destruction in the region. As there are concerns that they assist conflict, they are termed conflict minerals.

The Subaru Group has no intention of colluding in the infringement of human rights and environmental destruction by procuring and using conflict minerals. Going forward, Subaru will make efforts and aim for “No use of materials engendering social problems” including conflict minerals in partnership with our customers and suppliers as our social responsibility in procurement activities.

In FYE2018, upon request from our product supplier, Subaru conducted a conflict mineral survey targeting at about 200 companies that the supplier order parts and materials to for the supplied products.

Communication with Business Partners

In an effort to share with suppliers our mid- to long-term management strategies and our quality, procurement, production and sales policies, Subaru has been hosting “Policy Briefings” every spring, and have had 700 people from 400 companies participating in the Briefings. Subaru also periodically exchanges information by participating in “Cooperation Meetings” comprised of our suppliers. Once a year, Subaru awards those that have particularly contributed to R&D, production, and quality improvement.



“General Cooperation Meeting” for the Automotive Business suppliers



Presentation of quality improvement initiatives at Aerospace Company suppliers’ “Cooperation Meeting”

Our Response to Suppliers regarding the Final Vehicle Inspection Issue

In regard to cases of improper conducts beginning with final vehicle inspections (please refer to [“Cases of Improper Conduct of Final Vehicle Inspections and Measurement of Fuel Economy and Emissions”](#) for details), since it was revealed in October 2017 that there had been improper conducts of final vehicle inspections, Purchasing Division has held meetings and briefings for suppliers to explain the background to the cases occurred and has offered sincerest apologies for causing so much concern and trouble.