

## YANMAR GROUP

### Green Procurement Guideline

(5th Edition)

#### **Introduction**

Environmentally conscious corporations are calling the 21<sup>st</sup> century the “Century of the Environment” because civilization cannot grow without harmonizing with the natural world. Businesses are strongly urged to point their business activities in a direction that will lead to the formation of a “recycle-oriented socio-economic system”.

The Yanmar Group, in full recognition that it does handle products that can impose Environmental Load, undertakes to contribute to the growth of a sustainable society as a pioneer in energy technology. Environmental considerations are also shown in our business activities as our group action policy is to “We do Group-wide environment management”, “We establish voluntary environmental regulations in order to achieve superior levels of environmental conservation”, “We promote of environmental conservation by throughout the Yanmar Group ”, “We actively share the environmental conservation information with internally and externally ” We promote the environmental management effective measures systematically and on a continuous basis”.

Our products are made with parts and materials provided by many suppliers. In view of that, our efforts alone do not suffice towards reducing environmental load across all stages of production; it is absolutely essential that our suppliers from whom we purchase products, parts and materials cooperate in our environmental efforts as well.

Based on this belief and foundation, Yanmar is proactively promoting “green procurement” because it is “important and necessary for environment-friendly production to procure eco-friendly materials of low environmental load”. This Guideline summarizes our green procurement standards for our suppliers and our request for the suppliers’ cooperation to further enhance our environmental performance.

We have now released the fifth edition of our “Green Procurement Guideline”. We revised the list of Laws and Regulations that Prohibited-Use Substances and the list of substances with the proper low or regulation so on.

We ask for your continued support and cooperation on this important matter.

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## 1 . Yanmar Group's Philosophy and Activities concerning Environmental Protection

### 1.1 Yanmar's Global Environmental Charter

#### (1) Environmental Philosophy

The Yanmar Group aims to contribute to the sustainable development of society by constructing a harmonious relationship between the group development and the needs of the environment.

#### (2) Action Guidelines (Excerpt)

- ① We position environmental preservation as one of the most important management objectives of the Yanmar Group for the purpose of group-wide environment management.
- ② We strictly observe the laws of all countries and the ordinances and regulations of all districts where we conduct production activities, and when necessary establish voluntary environmental standards in order to achieve superior levels of environmental conservation.
- ③The Yanmar Group Global Environment Committee establishes the environmental promotion guidelines and disseminates them throughout the group for the overall promotion of environment preservation by the group.
- ④ We actively disseminate environmental preservation information internally and externally to promote the understanding of the need for cooperation in the promotion of efficient environmental preservation activities.
- ⑤ We promote effective measures systematically and on a continuous basis in the following four environmental areas:
  - ( i ) Establishing technologies that contribute to environmental preservation and products and services that reduce environmental load
  - ( ii ) Reducing environmental load in each stage of business operations
  - ( iii ) Joining forces and cooperating with external parties to contribute to local communities and disseminate environmental information
  - ( iv ) Raising environmental awareness among employees, internal

environmental education, lifestyle innovation, etc.

## 1.2 Environmental Vision (Excerpt)

At Yanmar, we devised the Yanmar Group Environment Vision 2030 in an effort to work toward achieving the 2030 goals of the Paris Agreement and the Sustainable Development Goals. We are employing a wide range of initiatives throughout the Group to achieve these goals.

### YANMAR GROUP ENVIRONMENT VISION 2030

The Yanmar Group recognizes that our products have an impact on the environment and as a pioneer in energy technology, we are committed to realizing a sustainable society.

#### ① Preventing Global Warming

- Reduce CO2 emissions throughout the entire product life cycle
- Reduce CO2 emissions intensity stemming from business activities by 30% compared to FY 2005 levels.

#### ② Contributing To A Sustainable Society

- Reduce waste stemming from business activities
- Promote the effective use of recycled resources
- Promote the 3Rs (Reduce, Reuse, Recycle)

#### ③ Reducing and Controlling Environmentally Hazardous Substances

- Reduce the use of hazardous substances
- Manage hazardous substances across the entire supply chain

#### ④ Biodiversity Initiatives

- Promote business activities in line with co-existence with nature
- Offer products and services that contribute to preserving the ecosystem

## 2. Green Procurement Guidelines

These guidelines outline the principles by which the Yanmar Group promotes global environmental protection under the spirit of our Yanmar's Global Environmental Charter.

### 2.1 Scope of Applicability

These guidelines apply to activities for procuring materials, parts and products.

(1) Applicability to Products

- ① Products designed and made by companies of the Yanmar Group. This includes the sale of end-products that incorporate products of other manufacture.
- ② Products designed and made by third parties on consignment from companies of the Yanmar Group, and sold under the Yanmar brand.
- ③ Products for sales promotion (i.e., gifts and other products given to general consumers, etc.)
- ④ Products for shipping, packaging material

(2) Applicability to Materials and Parts

- ① Parts, materials and other articles used in products designed and made by companies of the Yanmar Group
- ② Spare parts, materials and other articles for products designed, made and sold by companies of the Yanmar Group
- ③ Parts, materials and other articles used in products designed and made on consignment from third parties (Excluding parts and materials specified by third parties)
- ④ Accessories to products indicated in 2.1(1)
  - Ancillary materials (Tape, solder, adhesive, sealant, etc.)
  - Instruction manuals, warranty slip and other printed matter packaged with the products
  - Service parts
  - Packaging used for protection or shipping by suppliers (Excluding returnable packaging that does not adhere to or mix with parts even though coming in direct contact with parts)

(3) Exclusions

- ① Chemicals used in research and facilities (Excluding that which is commercialized)
- ② Parts and materials of production environments (Molds, jigs, machinery and other

equipment that comes in direct contact with products and may adhere or transfer to products)

## 2.2 Green Procurement Selection Criteria

The following selection criteria are set for green procurement.

- ① Criteria for Selecting Suppliers
- ② Criteria for Selecting Materials

### (1) Criteria for Selecting Suppliers

In addition to selecting suppliers based on quality, price and delivery dates, Yanmar shall include a preference for suppliers that establish an environmental management system and voluntarily introduce environmental protection activities. Any and all information concerning the selection of suppliers shall be used entirely within the Yanmar Group and shall not be disclosed.

- ① Submission of written assurances on the absence of banned chemical or environmentally hazardous substances in products. The supplier is requested to warrant the absence of banned chemical or hazardous substances in products after 2009.
- ② Submission of chemical data
- ③ Chemical management systems  
The supplier must establish and manage a chemical management system in compliance with ISO 9001 or ISO 14001, or a similar environmental management system.

### ④ Environmental Management Systems (EMS)

- The supplier must conduct environmental protection activities under an ISO 14001-accredited or similar EMS.
- The supplier must have a corporate philosophy and policy on environmental protection activities, which must be known by all departments and employees, and disclosed to the general public.
- The supplier must have an organization for promoting environmental protection activities and have environmental management plans.
- The supplier must establish and continually improve an evaluation and management system for assessing the environmental aspects of its products, and its compliance with pertinent laws and regulations.
- The supplier must impart environmental education and awareness activities to

its employees and contractors.

- The supplier must be involved with resource conservation, energy conservation and the streamlining of distribution.

## (2) Criteria for Selecting Materials

In addition to selecting materials based on the required quality, functionality, economic feasibility and logistics, Yanmar requires that materials provided by suppliers satisfy the below requirements for reducing environmental load.

- ① Materials must comply with all applicable laws and regulations concerning recyclable resources, energy, etc.
- ② Materials must not contain any substances prohibited under the “Restrictions of use for Environmentally Hazardous Substances” of the Yanmar Group.
- ③ The supplier must identify the quantity of substances under the “Restrictions of use for Environmentally Hazardous Substances” of the Yanmar Group, contained in Yanmar products.
- ④ Chemicals used in products must place low environmental load on the air, water and soil.
- ⑤ The use of recycled resources and parts and product miniaturization must be employed to reduce resource and energy consumption.
- ⑥ Materials must be designed for recycling.
- ⑦ Environmental information on materials must be disclosed.
- ⑧ Packaging materials must conserve resources, be recyclable, and reduce waste volume and chemical content.

## 2.3 Restrictions of Use for Environmentally Hazardous Substance

The Yanmar Group hereby requests all suppliers to ensure that the below prohibited use substances shall not be included or contained its products or materials equal to or more than threshold. The requirements specified in the laws, the ordinances, other regulations and/or the laws in each country shall be observed as a priority, in addition to the bellows.

- (1) Prohibited-use substances according to laws and regulations.



These substances are regulated by laws, or the convention and the environmental laws of each country.

(2) Yanmar Group voluntarily controls and prohibits substances for procured products in order make sure it complies with all environmental laws and regulations

(3) Substances to be Managed (obtain / transmit the information )

The information of the quantity and belonging shall be managed.

### 3. Record of Revisions

First Edition April 2003

Second Edition December 2006

Third Edition August 2010

Fourth Edition August 2011

Fifth Edition September 2012

- Attached material Revision5.11 September 2012
- Attached material Revision5.20 March 2013
- Attached material Revision5.21 October 2013
- Attached material Revision5.30 May 2014
- Attached material Revision5.31 March 2015
- Attached material Revision5.40 March 2016
- Attached material Revision5.50 September 2016
- Attached material Revision5.51 March 2017

### List of Attached materials

Table A1 The list of Laws and Regulations that Prohibited-Use Substances R5.50

Table A2 The list of substances that Prohibited by Yanmar voluntary regulation R5.50

Table A3 The list of the usage of the substances are specified as the application excluded from applicability in EU-RoHS Directive R5.40

Table A4 The list of the usage of the substances are specified as the application excluded from applicability in EU-ELV Directive R5.11

Table A5 The list of the substances that controlled by Yanmar **R5.51**

Table A6 The list of the substances (**The 2016 fiscal year**) that investigated for EU-REACH Directive **R5.51**

These lists are based on the information on **1 March 2017** and if laws and/or regulations are revised or amended, we shall be observed on a priority base. There are a lot of pages, and use attached Table A5 as it is without printing.