

Fujitsu Group's Green Procurement

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The Fujitsu Group places conservation of the global environment at the top of its business priorities, has formulated the Fujitsu Group Environmental Action Plan, and is pursuing strategic, sustainable environmental activities in all its business areas. As part of the initiatives for that, the procurement division has been practicing green purchasing since 2001. This involves ensuring product compliance with applicable laws and regulations, and providing support for clients with their environmental activities. Specifically, we request our suppliers to have an environmental management system (EMS), and ensure the products we deliver contain no regulated chemical substances. We also request them to have a chemical substance management system (CMS). In keeping with a global awareness of environmental issues, our environmental activities also encompass the reduction of CO₂ emissions, protection of biodiversity, and conservation of water resources. This paper describes the performance of the procurement division in the Fujitsu Group Environmental Action Plan (Stage VII) and our efforts to mitigate CO₂ emissions across the supply chain, which is one of the goals set forth in the Fujitsu Group Environmental Action Plan (Stage VIII) that started in FY2016.

1. Introduction

The procurement division of the Fujitsu Group has been implementing green procurement activities since 2001 as an eco-friendly measure. In addition to those related to compliance of our products such as procurement of products conforming to regulations of chemical substances contained in them and support for environmental activities of our business partners, we work on the mitigation of environmental impact in the supply chain. The green procurement requirements have been compiled into the Fujitsu Group Green Procurement Direction¹⁾, which we request our business partners to observe. We also set targets in the Fujitsu Group Environmental Action Plan, a set of medium-term action plans for every three years, to carry out activities.

This paper presents the actual activities carried out by the procurement division in the Environmental Action Plan Stage VII (FY2013–FY2015) and activities for the supply chain in the Environmental Action Plan Stage VIII (FY2016–FY2018).

2. “Expand activities of reducing CO₂ emissions to all types of suppliers” in Environmental Action Plan (Stage VII)

At present, the environmental issue that may impact us humans the most is global warming arising from emission of CO₂ and other greenhouse gases (GHG). This issue, which is sometimes referred to as climate change, also has a significant influence on other environmental issues such as biodiversity and conservation of water resources. In addition, in the wake of the Great East Japan Earthquake on March 11, 2011, power saving was requested nationwide so as to curb the increase in CO₂ emissions due to a shutdown of nuclear power plants and operation of thermal power plants, which is still fresh in our memory. Companies also need to seriously face global warming issues in their own business activities.

In consideration of such social conditions, the Fujitsu Group implemented measures to “Expand activities of reducing CO₂ emissions to all types of suppliers” in the Environmental Action Plan (Stage VII). We conducted a survey of business partners by distributing

our Group's original environmental survey sheet to them and requested any of them who had not implemented activities for reducing CO₂ emissions to embark on the activities. We also provided the partners with materials featuring easily actionable case studies as opportunities for them to start implementing activities. Specifically, we carried out the following.

1) Grasping of the status of environmental activities of business partners

We requested our business partners to complete the environmental survey sheet as described above. The survey sheet included questions related to the building of an environmental management system (EMS), reduction of CO₂ emissions, conservation of biodiversity, and conservation of water resources. This enabled us to gain an understanding of the detailed status of environmental activities of the partners.

2) Promotion of reduction of CO₂ emissions with partners

We checked the answers given by the partners and requested those that we decided were not adequately implementing activities to improve their efforts. Specifically, we used our original "Activity Evaluation Index" as shown below (**Figure 1**) to check the status of partners' activities for CO₂ emissions reduction and we requested any of them that had not carried out activities to do so in the stage corresponding to the current status.

i) Stage 1: Activity announcement

The company has declared its commitment to reducing CO₂ emissions (ideally, its own CO₂ emissions are known).

ii) Stage 2: Activity implementation

The company has implemented the activities (ideally, it should have its numerical targets and manage the progress of the activities).

iii) Stage 3: Activity expansion

The company has expanded the activities to the outside as well as inside. Specifically, it refers to implementation of either of the following activities.

- Support for the upstream supply chain to reduce CO₂ emissions
- Cooperative efforts relating to reduction of CO₂ emissions with external organizations (industrial associations, local governments, nonprofit organizations [NPOs], etc.)

We also offered support with business partners' activities including compilation of a leaflet supplied as a guide for activities, which explains how companies can engage in and proceed with regard to global warming issues and contains other reference information, and provided a tool capable of calculating CO₂ emissions from power usage. Furthermore, for partners who had reached Stage 2 by the end of FY2014, we checked the status of activities in FY2015 and encouraged them to continue with the activities.

As a result of promoting these activities with the united efforts of the entire Fujitsu Group, the target of a "100% implementation ratio with business partners undertaking initiatives to reduce CO₂ emissions" was achieved. We consider this to be a consequence of our approach to partners to have them understand the Fujitsu Group's intention and the significance of the efforts, which led to widely established CO₂ emissions reduction activities with numerical targets and policies.

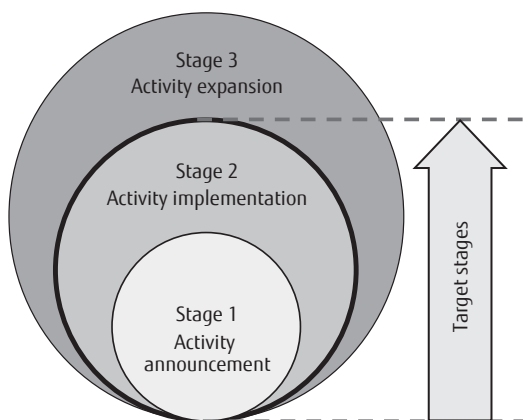


Figure 1
Activity evaluation index.

3. Activities of reducing CO₂ emissions in supply chain in Environmental Action Plan (Stage VIII)

3.1 Promotion of mitigation of environmental impact by approach to upstream supply chain

Before the start of the Environmental Action Plan (Stage VIII), which provides for the policies of the Fujitsu Group's environmental activities from FY2016 to FY2018, we benchmarked the status of environmental activities of Japanese and overseas major companies and international social trends relating to the environment in order to study the activities to be carried out

by the procurement division (**Table 1**). The result has given us a strong awareness that reducing CO₂ emissions is still a significant global environmental issue. Meanwhile, we have confirmed that social demands are increasing for mitigation of environmental impact across a supply chain and that there are companies aware of the importance of the supply chain (Item No. 9 of Table 1).

Accordingly, we have decided to use the activities conducted up to Stage VII as the basis to carry out new activities incorporating the perspective of "promotion of mitigation of environmental impact by approach to the upstream supply chain." Specifically, the activities include:

- 1) Grasping of the status of partners' approach to the upstream supply chains on CO₂ emissions reduction

The environmental survey sheet will be used to survey not only the status of regular environmental activities of partners but also the status of their approach to their partners (secondary suppliers as seen from the Fujitsu Group) for CO₂ emissions reduction.

- 2) Encouragement of partners' approach to upstream supply chain for CO₂ emissions reduction

The answers provided in the survey sheet will be checked and any supplier found not to have approached the upstream supply chain for CO₂ emissions reduction will be encouraged to have an understanding of its necessity and asked to approach the upstream

supply chain.

Activities for reducing CO₂ emissions with business partners were started in the Environmental Action Plan (Stage VI) from FY2010 to FY2012. Initially, the activities were carried out with partners handling materials/parts, or those regarded as causing a major environmental impact. However, as the importance of reducing CO₂ emissions was socially advocated, corporate attitudes toward activities for this significantly varied between companies. For this reason, the Fujitsu Group presented the ideal of the activities, formulated an evaluation index and asked the partners to apply them. In Stage VII, we expanded the scope to include partners other than those handling materials/parts, thereby attempting to enhance the effect of the activities.

Further, for Stage VIII, we have added the perspective of the approach to secondary and subsequent partners to aim at promoting CO₂ emissions reduction across the supply chain (**Figure 2**).

3.2 Current status

Starting in FY2016, we asked relevant business partners to complete the environmental survey sheet to "grasp the content of business partners' environmental activities" and "grasp the approach to the upstream supply chain on activities for reducing CO₂ emissions." The following are the results of analysis of the answers.

Table 1
Comparison of content of activities with other companies.

✓ : Activity carried out — : Activity not carried out

Item	Requirement	Fujitsu	Corp. A	Corp. B	Corp. C	Corp. D	Corp. E	Corp. F	Corp. G
1	Establishment of EMS	✓	✓	✓	✓	✓	✓	✓	—
2	Measures for chemical substances	✓	✓	✓	✓	✓	✓	✓	✓
3	Establishment of CMS	✓	—	✓	✓	✓	—	✓	✓
4	Reduction of CO ₂ emissions	✓	✓	—	✓	✓	✓	✓	✓
5	Biodiversity conservation	✓	—	—	—	✓	✓	✓	✓
6	Water resource conservation	✓	✓	—	✓	✓	—	—	✓
7	• Reduction of resource consumption and waste • Recycling of resources	✓	✓	—	—	✓	—	✓	✓
8	Reduction of energy use	✓	✓	—	—	—	✓	—	—
9	Approach to secondary and subsequent partners	—	—	—	✓	✓	—	—	—

CMS: Chemical substances management system

*Created based on website information and green procurement standards of other companies.

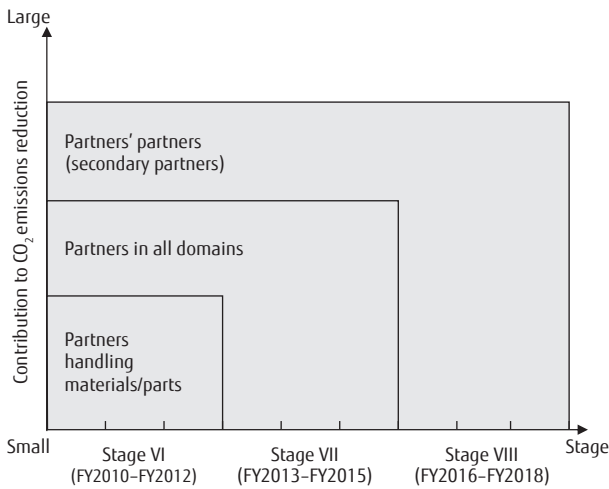


Figure 2
Expansion of scope of partners and contribution to CO₂ emissions reduction.

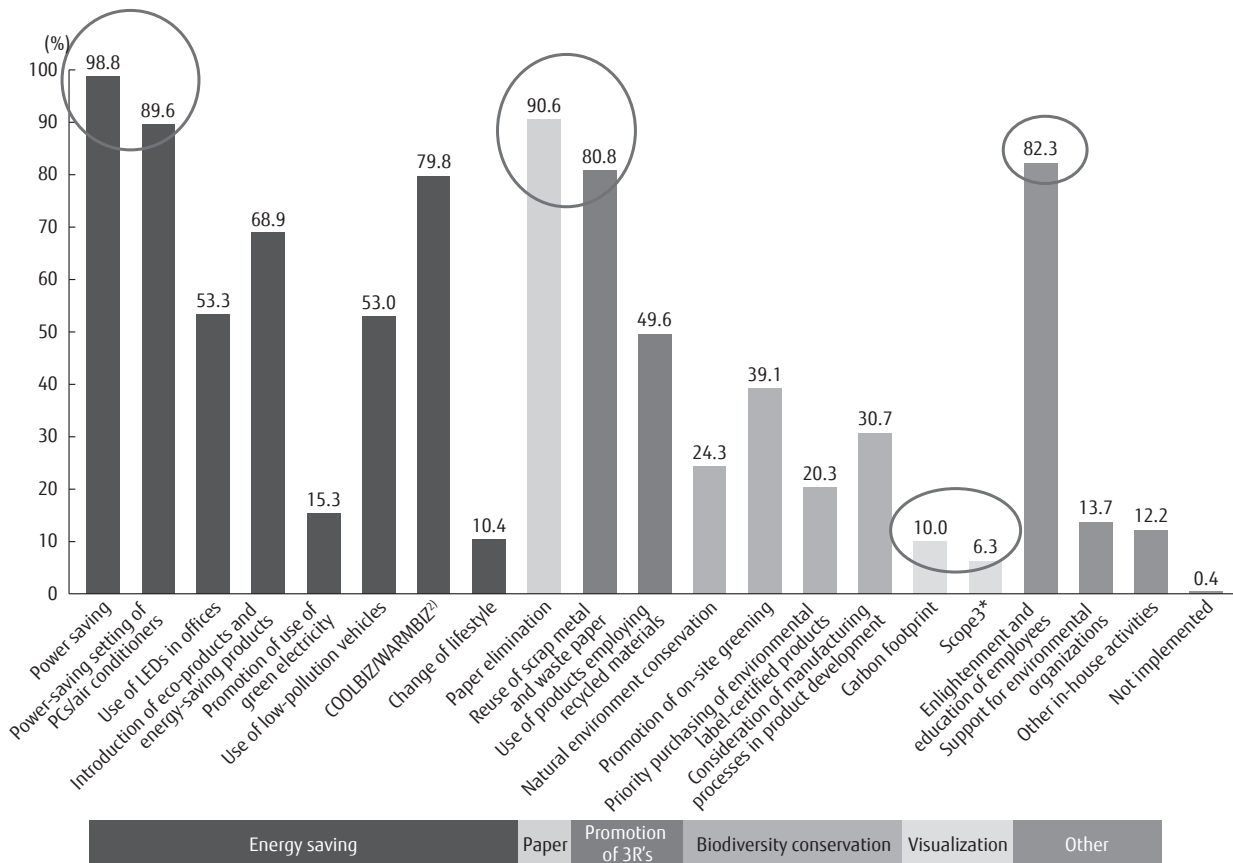


Figure 3
Content of partners' activities for reducing CO₂ emissions.

1) Grasping of the content of business partners' environmental activities

As shown in the circled figures in **Figure 3**, it has been found that there are high implementation rates for power saving, paper elimination, 3R's (reduce, reuse, and recycle) and other activities, which are basic ones. The implementation rate of employee education is also high, indicating that many partners understand the importance of raising their members' awareness of environmental conservation. Meanwhile, for activities with low implementation rates, one reason is apparently the existence of issues to be resolved by the respective companies such as human resources, expertise and budget.

2) Grasping of the approach to the upstream supply chain on activities for reduction of CO₂ emissions

The percentage of primary business partners who implement approaches to their partners for CO₂

* Indirect CO₂ emissions excluding CO₂ emitted by companies and organizations themselves (Scope1) and CO₂ emissions derived from purchasing electricity (Scope2).

emissions reduction has been confirmed to be approximately 25% (Figure 4). An analysis of the answers by category of business shows that approaches by the primary partners handling materials/parts to secondary partners is about three times as much as those by partners in other categories of business [Figure

5 (a)]. This result suggests that the awareness of the importance of environmental impact mitigation across the supply chain is higher among partners handling materials/parts, that have manufacturing processes for physical products. Furthermore, a comparison between Japan and overseas has shown

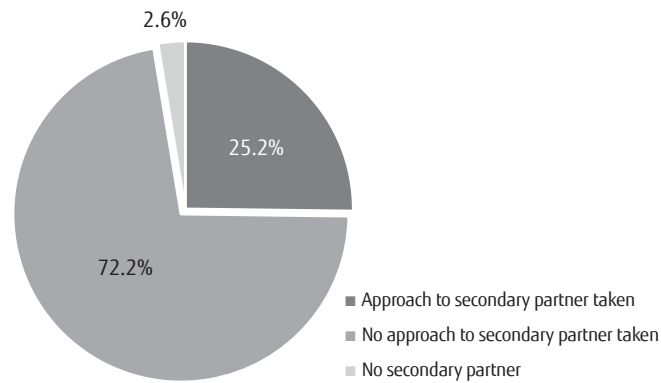
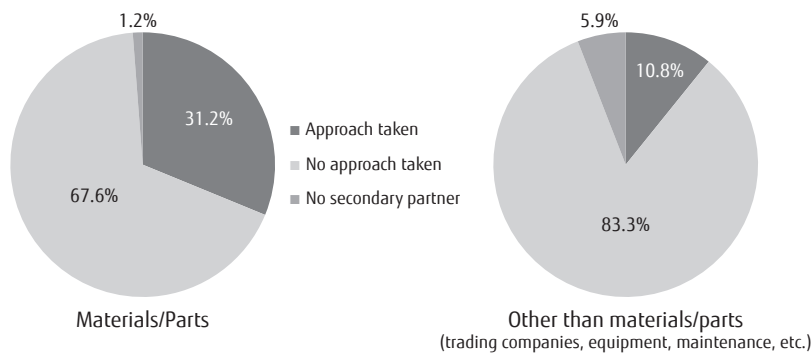
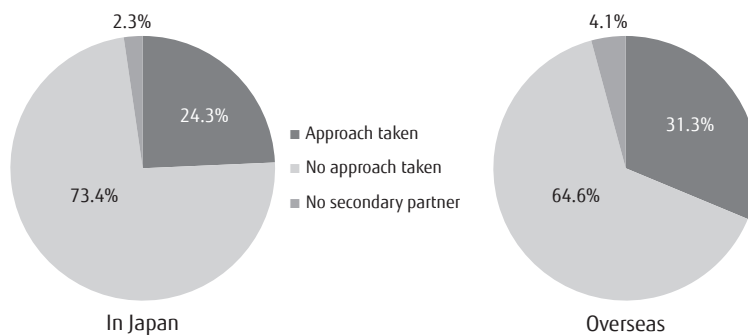


Figure 4 Overview of status of approaches to secondary partners.



(a) By category of business



(b) Domestic or overseas

Figure 5 Status of approaches to secondary partners (by category of business and domestic/overseas).

that the percentage of the implementation of approaches to secondary partners is higher among overseas partners than in Japan [Figure 5 (b)]. This is apparently because of the influence of the increasing demand outside Japan by consumer groups, investors, NPOs and non-governmental organizations (NGOs), etc. for supply chain management.

3.3 Study of measures for expansion of activities to secondary partners

The results of analysis as mentioned above have revealed that, in the Fujitsu Group's Stage VIII activities, there is a need to increase the percentage (currently approximately 25%) of primary business partners approaching the secondary partners on the issue. This is because the request was for "partners to implement activities within the company" up to Stage VII, but, in Stage VIII, the request for activities digs deeper into the supply chain to ask primary partners to "encourage partners upstream."

We need to consider how appropriate explanations can be made and what is necessary to make the activities meaningful so that the Fujitsu Group's request for asking secondary partners, who have no direct business relations with the Fujitsu Group, "to carry out activities to mitigate environmental impact" can be understood and approved. For the actual methods of approaching them, we intend to analyze the answers in the environmental survey sheets currently being collected and, at the same time, have discussions with the relevant divisions while taking social trends into account.

4. Conclusion

This paper presented our efforts to mitigate CO₂ emissions across the supply chain, which is one of the goals set forth in the Fujitsu Group Environmental Action Plan (Stage VIII).

In global environmental conservation, activities for mitigating environmental impact throughout a supply chain are considered to further grow in importance in the future. The Fujitsu Group's procurement division intends to continue functioning as a contact with partners to request their cooperation regarding green procurement requirements¹⁾ and working on the mitigation of environmental impact across the supply chain.

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