

VOLVO

Key Elements Procedure 5 Environmental Requirements

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1. FORWARD

Environment is one of seven key elements⁽¹⁾ for a Volvo Group supplier

Our approach is holistic, which means that every aspect of environmental impact -globally and locally - comes under scrutiny. The total life cycle of the products, from design and production through the use phase to handling and recycling of end-of-life material, must be examined and the product adjusted to reduce its effect on the environment.

Suppliers play a vital part in the development and production of Volvo products. A truly holistic view means that every link in the supply chain is equally responsible for the best possible environmental care.

This document gives you information on the Volvo Group environmental policy and its consequences for the supplier co-operation. Requirements listed in section 3 apply to suppliers to the Volvo Group. Specific cases where full requirements cannot be implemented will be handled by each Volvo Business Area and Function's purchasing management teams.

For definition of environmental terms used in this document please refer to ISO 14001.

⁽¹⁾ See Volvo Group Supplier portal at www.volvo.com/suppliers

2. ENVIRONMENTAL POLICY OF THE VOLVO GROUP

The Volvo Group's vision is to become the world leader in sustainable transport solutions by:

- creating value for customers in selected segments
- pioneering products and services for the transport and infrastructure industries
- driving quality, safety and environmental care
- working with energy, passion and respect for the individual.

Environmental Care is a Volvo Group Core Value. The Volvo Group is to be ranked as a leader in terms of Environmental Care among the world's top producers of transport-related products, equipment and systems. The Environmental Care programmes shall be characterized by a holistic view, continual improvement, technical development and resource efficiency. By these means, the Volvo Group will gain competitive advantage and contribute to sustainable development.

Holistic View

In our efforts to reduce environmental impact of our products, operations and services we shall:

- take account of the complete life cycle;

- take a leading position regarding environmental care, wherever in the world we operate;
- comply with legal and other applicable requirements as a minimum standard;
- make pollution prevention a prerequisite for all operations;
- encourage suppliers, dealers and other business partners within our sphere of influence to adopt the principles in this policy.

Continual Improvement

Environmental Care shall be integrated in all operations and be improved continually by:

- formulating, communicating and monitoring clearly-defined goals;
- engaging our employees.

Technical Development

We shall strive to exceed demands and expectations from our customers and society by:

- active, pioneering research and development;
- developing transport solutions with a low environmental impact;
- promoting development of harmonized legal requirements;
- continually reducing our products' fuel consumption, exhaust emissions, noise and impact on climate change;
- reducing the use of environmentally harmful materials.

Resource Efficiency

By taking account of the complete life cycle of our products and our industrial operations, we shall:

- minimize the consumption of natural resources;
- minimize and responsibly manage waste and residual products.

The environmental programmes and their results shall be communicated in a transparent manner. Business entities are responsible for implementing action programmes based on this policy.

3. ENVIRONMENTAL REQUIREMENTS FOR VOLVO GROUP SUPPLIERS

- Suppliers are responsible for their respective sub-suppliers for deploying these requirements through their supply chain.
- Suppliers must comply with applicable environmental legal requirement.
- Suppliers must have knowledge of the Volvo Group Environmental Policy.
- Suppliers of production materials and services must be third party certified to ISO 14001 or EMAS⁽²⁾.
- Suppliers must be able to report on their environmental work, including organisation, fulfilment of legal demands, and environmental results.
- Suppliers shall maintain an open dialogue with Volvo Group concerning achievements, trends and possibilities for environmental improvements.
- Environmental related data from production, products and transport and must be available upon request for Volvo Group to enable environmental assessments (for example Life Cycle Assessment).
- Chemicals or materials involved in products or services delivered to Volvo Group must fulfil the requirements stated in the Volvo standards 100-0002⁽³⁾, 100-0003⁽³⁾ and 100-0005⁽³⁾ also known as the Volvo Black, Grey and GADSL (*Global Automotive Declarable Substance List*) lists.
- All Volvo Group suppliers delivering to EU shall comply with the EU legislation; Registration, Evaluation, Authorization and regulation of Chemicals (REACH) (EC) 1907/2006.
- Volvo Group shall not be regarded and will not act as an importer under REACH. Therefore suppliers outside of EU who deliver to Volvo Group companies within EU shall point out an Only Representative within EU.
- A supplier that is responsible for planning and choosing packing materials for products delivered to Volvo Group should do it in such a way that the total environmental impact is minimised.
- Suppliers should handle excess and rejected materials in a manner which minimizes impact on the environment.
- Suppliers shall consider recycled/recyclable materials when selecting materials and design solutions.
- When required by Volvo Group, suppliers shall report specified chemical and material content of component parts in the International Material Data System (IMDS - STD 100-0006) or that the supplier guarantee that the part is free from “GADSL” substances (STIC - *Supplier Tracking Commitment* - STD 100-0007) with direct reporting in to Volvo Supplier Portal.

Any deviations must be documented by the supplier and reported to Volvo Group for approval.

(2) According their specific Business criteria, each BA/BU can adapt where the full requirements will be implemented.

(3) See Volvo Corporate Standard at Volvo Group supplier portal.

4. GUIDELINES FOR SELF ASSESSMENTS

4.1 Purpose

In case your Volvo Group contact asks you to fill in a self-assessment, go to www.volvo.com/suppliers, enter to your “private” area. Updates are made in “my performance” area.

If you do not have access to the above site, please go to <http://www.volvogroup.com/suppliers/global/en-gb/supplierselection/environment/Pages/environment.aspx>, fill in the evaluation, and return it to the requestor.

The purpose of the self assessment is to give Volvo Group an overview of the environmental status of our suppliers focus on implementation of ISO14001 or EMAS, fulfilment of the Volvo Black, Grey and GADSL lists and the possibility of reporting on International Material Data System IMDS (when applicable), and if the supplier is Reach compliance.

4.2 Environment - Use of the checklist

This checklist is part of the Supplier Evaluation Model for Volvo (SEM), giving the score for the environmental assessment.

The supplier is required to decide whether the checklist should be filled out for each operation site (delivering to Volvo Group), or be combined for all sites. The Supplier shall document each Volvo Supplier Number that is covered by the answer to the checklist.

The returned checklist will be reviewed by Volvo Group and may be used as a follow-up in connection with other visits to the supplier. The supplier should be prepared to show documentation of the answers, if requested.

The checklist consists of four parts:

A. Questions related to the environmental situation of your company: third party certification, requirements to suppliers and improvement plans.

B. Questions related to the products or services delivered to Volvo Group.

The basic documents are Volvo Group environmental requirements for suppliers and the lists of chemicals,

the “black” list STD 100-0002: [STD100-0002](#) the ”grey” list STD 100-0003: [STD100-0003](#) and the GADSL list STD 100-0005: [STD100-0005](#)

C. Additional Questions. ⁽¹⁾

D. A space for you to use for additional information, comments, etc.

(1) Only valid for suppliers dealing with Volvo NAP

4.3 Reach – Use of the checklist

This checklist is part of the Sourcing process for Volvo, giving us the information if the supplier is in compliance with the Reach legislation.

The supplier is required to fill out the questionnaire for each operation site (delivering to Volvo Group).

The returned checklist will be reviewed by Volvo Group and may be used as a follow-up in connection with other visits to the supplier. The supplier should be prepared to show documentation of the answers, if requested.

The checklist consists of two parts:

A. Questions related to the Reach legislation.

B. Additional information and comments.