

ACADEMY

AIRBUS CORPORATE ANSWER TO DISSEMINATE ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental requirements for suppliers and management of the supply chain

ECO-EFFICIENCY AND SUSTAINABILITY - G7 - ISSUE 1



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I. Introduction

A Company wishing to implement an ISO14001 compliant Environmental Management System (EMS) shall control and minimise risks not only internally within its sites and products, but also externally with its suppliers.

This is particularly crucial as the Supply Chain plays a major role in the design, development, manufacture and support of products, especially aeronautical ones, and this has a key impact on the Company's overall environmental performance.

The following pages aim to provide some guidelines and examples as to how a company should implement actions towards environmental management of the Supply Chain in accordance with the requirements of the ISO14001 standard:

- Communicate procedures and requirements applicable to suppliers and subcontractors that may have an environmental impact on their activities (ISO Chapter 4.4.6: Operational Control)
- Promote the awareness of its suppliers and subcontractors and ensure that "any person that may perform tasks for it or on its behalf and who has the potential to cause a significant environmental impact(s) identified by the organization is (are) competent" (ISO Chapter 4.4.2 Competence, training and awareness)

"Through the full integration of the environment in the procurement process and the progressive involvement of our Supply Chain, we continuously improve Airbus environmental performance".

Ana PORTO
Head of Eco-Efficiency
Procurement

II. Operational Control

To ensure the achievement of the Company's environmental objectives, improve the overall environmental performance and appropriate management of the Supply Chain, the purchasing department should:

- Include environmental aspects in the purchasing process
- Implement environmental requirements with suppliers

2.1 Environmental aspects in the purchasing process

Here are some examples of actions that can be taken in order to include environmental aspects in the purchasing process:

Step 1 Call for Tender and Supplier Selection

- Define Environmental criteria for the selection of the supplier
- Include those criteria in the selection report

Step 2 Supplier Contracting

- The Company can implement a series of contractual requirements in line with the Company's environmental policy and objectives. They need to be defined (see 2.2 thereafter)
- Introduce environmental requirements in the purchasing contracts (in the form of an annex to the contract for example)

Step 3 Supplier Monitoring

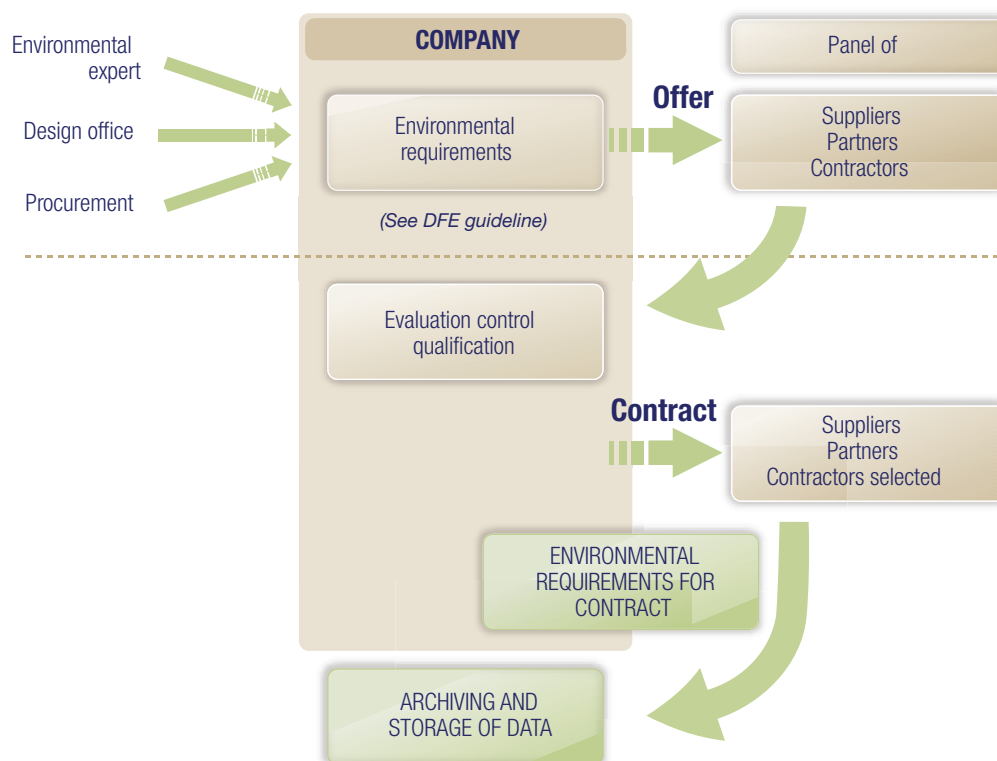
- Assess the supplier's ability to control potential environmental impacts
- Assess the supplier according to the environmental requirements defined
- Establish a continuous improvement indicator to measure the supplier's environmental performance

2.2 Environmental requirements for suppliers

Clear differentiation shall be made between Environmental specifications for purchased products or items and environmental requirements for contracts. The specifications shall serve to define for the following parties: subcontractors, partners or suppliers, how the products shall be developed at the earliest possible stage. The environmental requirements for contracts shall:

- Set the environmental characteristics as specified
- Specify by contractual agreement the various additional liabilities manual in case of environmental damage

The diagram below specifies the two main steps



Compliance

As a basic principle, companies shall ensure their compliance with all applicable laws and regulations and shall anticipate the expected regulations and constraints for all their manufacturing sites and/or products. In the mean time, suppliers shall seek to improve the environmental risk management as well as the Environment, Health and Safety performance.

The Company should therefore remind suppliers their responsibility to comply with environmental laws and regulations applicable to their activities.

The Company can also require the compliance of suppliers with the Company's environmental policy, as well as with any internal rules applicable on sites, when entering or working on a site.

Hazardous Substances

It is essential to control and minimise the use of hazardous substances. It is also essential to comply with any restrictions relating to those hazardous substances. The Company must be able to provide its various stakeholders with appropriate information on all hazardous materials used in the frame of its activities. This implies getting the same information from its suppliers. One of the requirements is therefore to request information on the substances used to manufacture the products delivered to the Company.

It is also important to remind the supplier that it shall not perform any service nor deliver to the Company any product which contains or which may form during its life cycle, under normal or reasonably foreseeable conditions of use, a substance subject to any ban or restriction for manufacture, marketing and/or use under any applicable law or regulation.

Transparency and Accuracy of Information

The supplier should fully cooperate with the Company, in particular for environmental audit. The supplier shall immediately inform the Company of any event, which may have a potential impact on environment.

If needed by the Company, the supplier should also provide complete and accurate information on its products. This is the type of information that could be requested:

- Identification of any service/product substances requiring authorisation and/or registration
- Any expected change of the chemical composition of the delivered products
- Update of the information requested



On Site Suppliers

Where located on the Company's sites, the supplier should keep the Company informed on any constraint/restriction related to its activities. The supplier should also immediately inform the Company of any event which has occurred or which could have a potential impact on environment and the supplier shall put in place appropriate and corrective actions in agreement with the Company.

Environment and Product Life Cycle

Where the supplier is responsible for design, the supplier should design its product/service, such as to facilitate dismantling, discarding and elimination at the end of its life cycle, in particular by reducing of the use of any hazardous substances and by minimising waste (including packaging), energy, emissions and resources consumption.

EMS Implementation

The supplier can be asked to implement an Environmental Management System (EMS) based on EMAS, ISO 14001 or any other similar standard or through any appropriate measure to manage the environmental issues related to its activities.

Sub-tiers and Employees

The Supplier should ensure that all its employees and all its suppliers also comply with all environmental laws and regulations and any of the Company's environmental requirements, in so far as they are applicable.



III. Communication, Training and Awareness

3.1 Internal Communication

Here are some examples of means of communication which can be used by the Company in order to make those of its employees in contact with suppliers aware of environmental issues.

To comply with the ISO requirements, all employees must be given environmental awareness training. This training can be provided through the Company's intranet or directly to employees in a classroom (with a Power Point presentation as support, for example). In addition to the Company's overall policy, specific information related to environmental requirements for the supply chain or environmental policy of the purchasing department can be provided during the training. Proof of the training performed shall be recorded.

Additional optional means of dissemination of such information can be implemented through:

- Internal mail: important information can be sent personally to each employee
- e-mail: news, relevant documents, notification can be sent electronically
- The Company's intranet: a permanent space dedicated to the environment can be created on the intranet, to be available to employees

3.2 External Communication

Temporary employees, internal subcontractors or anyone completing specific work on behalf of the Company shall also be made aware of the environmental policy of the Company and its objectives, targets, requirements and responsibilities. Temporary employees, internal subcontractors or anyone completing specific work on behalf of the Company involved in activities that could present a significant environmental impact should have the necessary competence and/or skill to carry out such an activity or task ensuring that any environmental impact is minimised and that risks are controlled. Proof of the training required to achieve these competencies and skills must be recorded.

In addition to the training of such subcontractors or temporary employees, optional communication actions can be sent to all suppliers through:

- Mail or e-mail: important information can be sent directly to the suppliers
- The Company's internet site: a space dedicated to suppliers and the environment can be created to make all relevant information and documents easily available to suppliers
- Events: supplier conferences can be organised by the Company and the Company can participate in events related to the Supply Chain and the Environment

"Awareness and communication actions within the supply chain contribute to a better management of environmental risks and are key to a successful implementation of the EMS of the company"

Nathalie O'NIONS
Head of ISO14001
Procurement



This document aims to provide guidance to help implementing Environmental Management System.

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