

# Community



Complying with laws, regulations, and social norms, we build strong relationships of trust with our business partners and local communities to achieve mutual development of co-existence and co-prosperity. We will listen to the voices of our stakeholders and work together to solve social issues through the “YOKOHAMA Magokoro Fund” and other initiatives.

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## Fair Operating Practices

Management	Supplier Environmental Assessment	Supplier Social Assessment
<ul style="list-style-type: none"> <li>&gt; Stance</li> <li>&gt; Policy</li> <li>&gt; CSR Procurement Guidelines</li> <li>&gt; Procurement Policy for the Sustainable Natural Rubber</li> <li>&gt; Message from a manager</li> <li>&gt; Vision for FY 2023</li> <li>&gt; Grievance Mechanisms for Impacts on Society</li> <li>&gt; Main action items to be addressed first</li> <li>&gt; Data summary</li> </ul>	<ul style="list-style-type: none"> <li>&gt; KPI</li> <li>&gt; Responsible Departments</li> <li>&gt; Stance and Target</li> <li>&gt; Review of FY 2021 Activities</li> <li>&gt; Issues and Future Improvement Measures</li> </ul>	<ul style="list-style-type: none"> <li>&gt; KPI</li> <li>&gt; Responsible Departments</li> <li>&gt; Stance and Target</li> <li>&gt; Review of FY 2021 Activities</li> <li>&gt; Issues and Future Improvement Measures</li> </ul>

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Management	Local Communities	Market Presence
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# Management

## Stance

In order for Yokohama Rubber to be a company that continues providing value to society, partnerships with suppliers based on strong trust relationships are essential. In addition, the scope of corporate social responsibility has expanded to not only include one's own company, but also suppliers for the procurement of raw materials, goods, and services required for business activities, and we believe that it is necessary for Yokohama Rubber to promote CSR that improves corporate value for suppliers so that it is a win-win relationship for both companies. In particular, because there are suppliers from emerging and developing countries in the upstream of the supply chain for our business, we also recognize the importance of assessment from a social and environmental perspective.

This stance is declared in the [Basic Procurement Policy](#), and the actions that should be taken by employees are stipulated in the [Yokohama Rubber Group Action Guidelines](#).

## Policy

### Yokohama Rubber's Basic Procurement Policy

Procurement slogan: "Build relationships of trust with suppliers based on fair and equitable transactions, and strive for co-existence, co-prosperity and mutual development.

- Fair and impartial business  
Yokohama Rubber does business based on fair, equitable, and free competition, and seeks its suppliers from all around the world.  
Yokohama Rubber chooses its suppliers on the basis of economic rationality taking into comprehensive account the quality and prices that they offer and their stability of supply, technological development capabilities, and concern for the CSR and environment.
- Partnerships  
Yokohama Rubber will build equal and fair cooperative relationships with suppliers through sound business dealings, aiming for the development and growth of both parties.  
To build a sustainable society, Yokohama Rubber develops activities for CSR and environment contribution throughout its supply chains.
- Compliance  
Yokohama Rubber complies with all relevant legislation and social norms in its procurement activities and preserves the confidentiality of information obtained in the course of business.  
It also endeavors to act with moderation so as to avoid causing misunderstandings in light of commonly accepted social standards.
- Harmony with the environment  
Yokohama Rubber strives to procure raw materials that have less of an impact on the global environment.  
Yokohama Rubber contributes to conservation of biodiversity and sustainable use of natural resources including Natural Rubber.

## Yokohama Rubber Group Action Guidelines

We shall observe not only laws and regulations but also social norms.

### <Basic stance of the Yokohama Rubber Group>

1. We shall not engage in any activity that is in violation of the competition-related law (antitrust legislation), any acts of bribery, and any other acts that deviate from laws, regulations, or business conventions.
2. We shall open our doors wide to all prospective suppliers, engage in just and fair transactions with them, and construct partnerships grounded in observance of laws and regulations and in mutual trust. In addition, we shall take approaches with them to CSR issues (in the aspects of the environment, safety, human rights & labor, and compliance), ascertain the facts of their situation, and proactively assist them in their related efforts.

### <To put our basic stance into practice — our action>

1. We shall observe the competition-related law (antitrust legislation) in each host country and related laws and regulations (such as the Japanese Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors).
2. We shall maintain sound relations with political groups and public administrative authorities, and shall not engage in any acts of bribery, in Japan or any other country or region. We shall not entertain, give any gifts to, or give any money to business partners for the purpose of gaining illicit advantage.
3. We shall protect the intellectual property of the Yokohama Rubber Group, including technical information at hand. We shall not illicitly acquire or use intellectual property belonging to third parties, or infringe upon their rights.
4. We shall strive to understand and observe the laws and regulations pertaining to the work to which we are assigned, and to preclude the occurrence of risks in the workplace. In the event of any deviation, we shall swiftly make corrections.
5. When we suspect the existence of illegal acts in our own conduct or that of others, we shall not ignore it; instead, we shall confirm conformance with the law by utilizing the setup for whistle-blowing.

## CSR Procurement Guidelines

In 2009, Yokohama Rubber announced its basic purchasing policy based on the CSR Management Vision. Furthermore, in order to promote CSR activities in the value chain, we have established CSR Guidelines for Suppliers and have held briefings not only internally but also for our suppliers to share our CSR policy and philosophy.

In 2012, we joined the United Nations Global Compact and have been promoting initiatives to address human rights, labor, and environmental issues throughout the value chain. In 2022, we have revised our corporate environmental policy and announced the three pillars of our environmental agenda ("carbon neutrality," "circular economy," and "living with nature") and our human rights policy.


In line with the revision and implementation of these policies, we have shifted our procurement activities to one that emphasizes CSR and sustainability. In addition, we have revised our CSR Procurement Guidelines in light of changes in social conditions and from the perspective of strengthening our commitment to the three pillars of environmental issues and respect for human rights.

Based on the purpose of this guideline, we expect our suppliers to comply with laws and regulations and their spirit, and to practice them within their own companies, and furthermore, to ask their suppliers to develop and practice the same purpose.

## Procurement Policy for the Sustainable Natural Rubber

In 2018, Yokohama Rubber joined the Platform for Sustainable Natural Rubber (GPSNR), which was established by the Tire Industry Project (TIP) of the World Business Council for Sustainable Development (WBCSD) as a founding member.

In addition, we have established our own "Sustainable Natural Rubber Procurement Policy" and through activities based on this policy, we aim to achieve sustainability of natural rubber throughout our supply chain.

 Procurement Policy for the Sustainable Natural Rubber

## Message from a manager

The Yokohama Rubber Group's Procurement Policy is "to build relationships of trust based on equitable and fair trade in its aim for co-existence, prosperity, and mutual development" and to select suppliers based on economical reasonability under consideration of comprehensive perspectives; their quality, price, stable supply, ability for technology development, and consideration to the environment, human rights, and occupational safety and health. We believe that true CSR consists of expanding business with suppliers that can understand and support our policies in the areas near our production bases and working towards co-prosperity with the region rather than as a single company. We aim to be seen as working on CSR together with our suppliers, and we hold "CSR Supplier Study Meetings".

Kazuhito Yanadori

Officer, Head of Procurement Division

## Vision for FY 2023

- We will further collaborate with the procurement departments of our overseas subsidiaries to promote and expand CSR activities that are unified across the YRC Group.

## Grievance Mechanisms for Impacts on Society

In Japan, the Compliance Promotion Department has established two contact points, which it calls the "Corporate Compliance Hotline" and the "General Counseling Room". In addition, a "Compliance Promotion Manager" has been assigned to every division and affiliated subsidiary. The Compliance Promotion Manager absorbs complaints and consultations from constituents.

In February 2018, the Global Whistle-blower System was successively introduced at overseas bases, starting in Asia. The Compliance Officers in procurement and sales departments gather complaints and inquiries from suppliers concerning business transactions through the CSR procurement contact point and other organizations.

Complaints concerning social impact are jointly resolved by the Corporate Compliance Department, Legal Department and HR departments in addition to the responsible department.

The Corporate Compliance Department confirms the facts related to the consultation by the whistle-blower. The necessary measures are taken in consultation with the procurement departments and sale & marketing departments.

The results are directly reported to the whistle-blower if they have disclosed their name. Reminders are issued within the company as necessary if the whistle-blower is anonymous.

Please see "[Compliance](#)".

The Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides a non-judicial grievance redress platform in compliance with the UN Guiding Principles on Business and Human Rights. The Yokohama Rubber Group has established a system to receive complaints from all domestic and overseas stakeholders of the Yokohama Rubber Group through the complaint reporting desk of JaCER, and respond to them appropriately.

Please see "[Human Rights](#)".

▶ [Japan Center for Engagement and Remedy on Business and Human Rights \(JaCER\) Grievance Desk \(Go to external site\)](#)


## Main action items to be addressed first

The following items have been established as the main action items that the Yokohama Rubber Group will address first, taking into account the level of impact of business activities and the level of social interest.

[Supplier Environmental Assessment](#) ▶

[Supplier Social Assessment](#) ▶

## Data summary

 [Fair Operating Practices \(300KB\)](#)

# Supplier Environmental Assessment

## KPI

Item	FY 2020 results	FY 2021 results
Ratio of new suppliers that business was commenced with after conducting an environmental impact assessment	(Consolidated) 100% (39 companies)	(Consolidated) 100% (37 companies)
Negative impacts in the supply chain and actions taken	Zero	Zero We distribute our Green Procurement Guidelines when starting up business dealings and only initiate transactions after the supplier understands these guidelines.

## Responsible Departments

Raw Materials Procurement Department, Indirect Materials Procurement Department, Global Procurement Division

## Stance and Target

### Why is “Supplier Environmental Assessment” a critical issue to be addressed?

#### Explanation of the reason and background

The raw materials used in the major products of the Yokohama Rubber Group contain many petrochemical products (chemicals) including various types of synthetic rubber that can cause environmental pollution and have a negative impact on the lives of local residents during the manufacturing process. Because the worst case can lead to suspension of operations at suppliers, we have selected environmental impact assessments of suppliers as a critical issue to be addressed from both the perspective of the stable procurement of raw materials and the perspective of ethics.

### Environmental impact assessment at the start of new business relationships

When adopting new raw materials, it is confirmed whether the materials comply with various regulations, and suppliers are asked to submit documents to serve as evidence of compliance.

1. Quality control survey form
2. Raw materials standards
3. Shipped materials inspection report
4. Safety data sheet (SDS<sup>\*1</sup>) (the applicable raw materials are chemicals that include rubber compounding agents that SDS is applied to)
5. Specific toxic chemical substances survey form
6. Declaration of Non-inclusion of Substances Prohibited by the European ELV Directive and Other Prohibited Substances<sup>\*2</sup>
7. Data certifying non-inclusion of substances banned under the European ELV Directive and others<sup>\*2</sup>
8. Four heavy metal substances survey form

In addition, we have issued the Green Procurement Guidelines that indicates the Green Procurement Policy of the Yokohama Rubber Group and our requests to suppliers in order to gain an understanding of these matters.

※1 SDS: Safety data sheets are international standard-forms to provide information on the characteristics and handling of chemicals when transferring or providing chemical substances or products (chemicals) that contain them.

※2 EU ELV Directive: An EU directive aimed at reducing the impact of end of life vehicles (ELV) on the environment.

## Assessment of environmental impact in the supply chain

We ask suppliers to conduct a CSR self-check that includes a self-evaluation to report on matters including environmental management systems, substances of concern, and greenhouse gases. We revised the check sheet to further boost results in 2017.

### <CSR self-check sheet>

取引先様の自己診断結果まとめ					
1. 自己診断結果 (自動集計)				記入年月日	
下欄水色箇所をご記入下さい。				社名	
※ 輸送取引は該当する事項なしの場合、チェックボックス欄で「対象外」を選んでください。				記入者お名前	
分野	項目	課題	実点数 ①	満点 ②	得点率 ③/④
人権の尊重及び差別禁止		差別意識・人権尊重	0	25	0%
		暴力・暴言・ハラスメントの排除	0	25	0%
		小計	0	50	0%
労働環境及び安全な職場		児童労働の禁止	0	25	0%
		強制労働の禁止	0	25	0%
		適正な賃金	0	25	0%
		適正な労働時間	0	25	0%
		安全・健康な職場環境	0	25	0%
		小計	0	125	0%
環境保護・生物多様性の維持		環境マネジメントシステムの構築・運用	0	25	0%
		化学物質管理	0	25	0%
		温室効果ガスの排出削減	0	25	0%
		省資源・廃棄物削減	0	25	0%
		生物多様性保全・環境汚染防止	0	25	0%
		小計	0	125	0%
安全・高品質な製品・サービス		製品の安全確保	0	25	0%
		製品の品質確保	0	25	0%
		安定供給・リスクマネジメント	0	25	0%
		BCP(事業継続計画)	0	25	0%
		小計	0	100	0%
透明性の高い企業活動、適切な情報公開		ステークホルダーへの情報開示	0	25	0%
		正確な製品・サービス情報の提供	0	25	0%
		小計	0	50	0%
法令・社会規範の遵守		競争法の遵守	0	25	0%
		腐敗防止	0	25	0%
		機密情報の管理・保護	0	25	0%
		反社会勢力の排除	0	25	0%
		適切な輸取出入管理 ※	0	25	0%
		知的財産の保護	0	25	0%
		小計	0	150	0%
地域(コミュニティ)への貢献		社会貢献	0	20	0%
		従業員の社会貢献活動支援	0	20	0%
		小計	0	40	0%
サプライチェーンのCSR		サプライヤーのCSR活動推進	0	20	0%
		小計	0	20	0%
合計			0	660	0%
2. 診断を通じて気づいたこと 取引先様の強みや、改善が必要と考える取組などを自由にご記入下さい。					
3. ご意見・ご要望 診断に対するご意見・ご要望を自由にご記入下さい。					

## Countermeasures in response to suppliers found to have a significant impact on the environment

While there have not been any such cases up until now, in such a case we will hold direct discussions with supplier plants on improvement points, causes, and improvement measures, and then implement these measures. We will suspend transactions in cases where improvements are not seen after that, or malicious cases such as false reports are recognized.

### Vision (attainment goal) / target

We started assessments with the new check sheet from 2017, and conducted self-check investigations of suppliers of main raw materials. Based on the results, we asked several suppliers to participate in workshops and carried out activities to deepen their understanding regarding CSR.

In the future, we will carry out self-check investigations of overseas suppliers and expand our activities.

### Measures for vision achievement

Study meeting has been held for the procurement representatives at domestic and overseas business locations of the Yokohama Rubber Group, and will be continued in the future, including the improvement of those activities.

In addition, by holding study meetings for domestic suppliers, we communicate the policies of the Yokohama Rubber Group towards requests to suppliers including those related to the environment and make an appeal for understanding of visiting audits. We will work to further expand the scope of such meetings going forward.

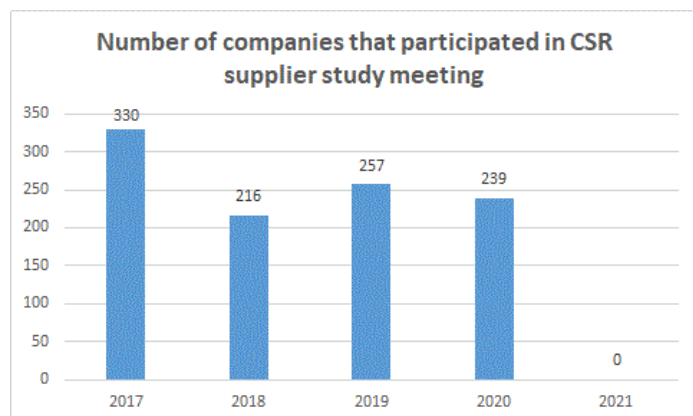
In fiscal 2018, we held Suppliers' Day for suppliers of natural rubber to call for their cooperation in CSR after explaining the sustainable natural rubber procurement policy. Additionally, we are now preparing to roll out a similar activity also for all other suppliers.

Y.T. Rubber Co., Ltd. (YTRC) of Thailand includes in basic trading contracts clauses on compliance including environmental protection and human rights, in an effort to promote CSR at natural rubber plantations.

## Review of FY 2021 Activities

- Among all 37 new suppliers in Japan, there were no suppliers that caused an environmental impact.
- In FY2021, we conducted a CSR procurement questionnaire. We received responses from 1,151 suppliers and confirmed the status of their initiatives. We plan to hold the CSR supplier study meeting in online format twice in the spring of 2022.
- All members of procurement departments received compliance training.

### Number of companies that participated in CSR supplier study meeting



※Target companies: Companies that fall under items in our regulations

※Conducted: Confirmed in writing in FY2020, and will not be held in FY2021



## Green procurement

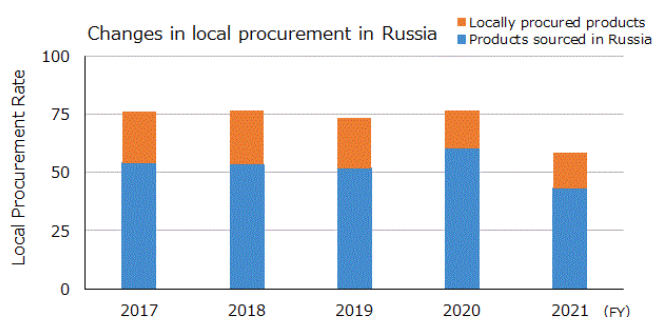
Yokohama Rubber has been working on the development and usage of raw materials to contribute to the environment under the cooperation of our business partners with preservation of forest resources, control global warming, usage of recycled raw materials, and expansion of non-petroleum raw materials as the main themes.

Furthermore, we manage parts procurement based on the Yokohama Green Procurement Guidelines. We ask that all suppliers confirm whether products contain SOCs (substances of concern) and ask that they submit a statement of non-use. We began participating in SNR-i activities that aim for the sustainable economics of natural rubber advocated by the International Rubber Study Group (IRSG) from 2017.

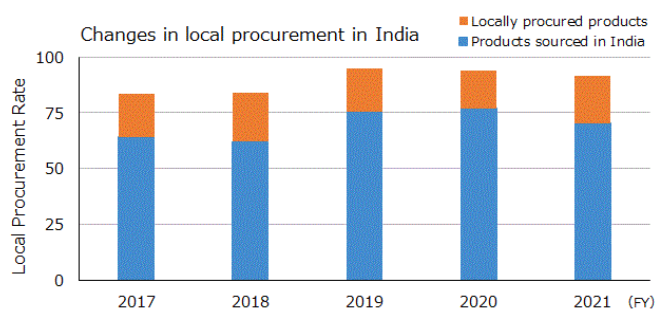
## Reductions in CO<sub>2</sub> emissions from shipment (promotion of local procurement adoption)

Following on from North America, we were able to switch from raw materials important from Japan to local procured goods at plants in China. We were also advancing with the adoption of local procured raw materials at plants in Russia and India.

### <Changes in local procurement in Russia>



### <Changes in local procurement in India>



## Yokohama Green Procurement Guidelines

With the management of chemical substances contained in products as a form of entrance control, we ask that suppliers work towards environmental preservation and manage procurement items in accordance with our Green Procurement Guidelines. We also confirm that prohibited substances in international agreements such as the European ELV Directive, the revised RoHS (RoHS2) Directive, and REACH regulations are not included.

Furthermore, based on our Green Procurement Policy, we purchase raw materials, outsourced items, and subsidiary materials in accordance with environmental footprint standards.

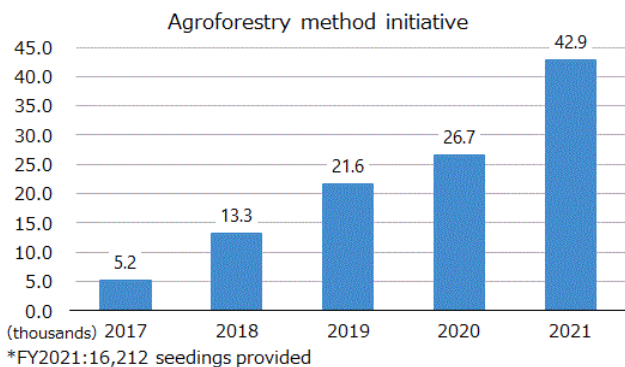
## Expansion of agroforestry plantations in Thailand

Y.T. Rubber Co., Ltd. (YTRC), a natural rubber processing company located in Thailand, supports the agroforestry plantation methods advocated by Professor Sara of Songkla University. YTRC is expanding initiatives to introduce this method to rubber plantations owned by neighboring farmers and the families of employees to validate its effectiveness.

### <Theory behind Professor Sara's agroforestry method>

- The following synergistic effects will be achieved by planting different tree species between the rows of natural rubber trees grown at plantations.
- Other trees will promote the growth of natural rubber trees increasing yield, extending their life, and reducing the amount of chemical fertilizers used
- Products harvested from other trees, such as fruit, bamboo and wood, increases farmer income
- Compared to conventional rubber tree plantations, trees can be maintained in a state that is close to a natural forest

From 2016, YTRC worked together with Professor Sara to provide guidance to and conduct verification on experimental plantations nearby. In addition, YTRC regularly create organic fertilizer and supply it together with seedlings to nearby plantations and government agencies. In FY2021, YTRC provided 16,212 seedlings, supporting a cumulative total of 177 ha and 57 farms.



We are also conducting questionnaire surveys with natural rubber suppliers in Thailand to assess the state of natural rubber farmers and farms and to gather information on CSR activities that are being conducted.

## Issues and Future Improvement Measures

With the expansion of our business, creating a database of supplier information including environmental impact is an urgent task due to the increasing number of suppliers.

In addition, we recognize keeping self-checks by suppliers uniform at a high level as an important issue, and accordingly we identify issues and use them as the main theme of study meetings as we work towards improvements. Furthermore, in order to promptly implement the above, we recognize the need to aim for further improvements in the level of procurement representatives at the domestic and overseas business locations of the Yokohama Rubber Group.

We also analyze the aggregated results of questionnaires with overseas suppliers of natural rubber, and consider counter.

# Supplier Social Assessment

## KPI

Item	FY 2020 results	FY 2021 results
Ratio of new suppliers that business was commenced with after conducting a social impact assessment	(Consolidated) 100% (39 companies)	(Consolidated) 100% (37 companies)
Negative impacts on societies in the supply chain and actions taken	Various surveys, studies and audits were performed on 39 companies that we did business with for the first time. No specific suppliers were identified to have negative impacts on societies.	Various surveys, studies and audits were performed on 37 companies that we did business with for the first time. No specific suppliers were identified to have negative impacts on societies.

## Responsible Departments

Raw Materials Procurement Department, Indirect Materials Procurement Department, Global Procurement Division

## Stance and Target

### Why is “Supplier Assessment for Impacts on Society” a critical issue to be addressed? Explanation of the reason and background

The raw materials used in the major products of the Yokohama Rubber Group contain many petrochemical products (chemicals) including various types of synthetic rubber that can cause environmental pollution and the lack of communication with local residents that live near production plants could have a negative impact. In addition, if materials used at business locations are purchased from local suppliers, there could be cases of fair trade not being conducted or costs increasing resulting from delivery delays, defective parts, etc.

We recognize conducting labor practices and human rights assessments as an important issue because in order to ensure stable and ethical procurement in the future, the development of a healthy and safe working environment for the people who work in the development and collection of human resources and the manufacturing of industrial products and processed goods that allows them to live safely together with their families is important.

In addition, in response to the possibility of profits from transactions involving minerals (tantalum, tin, tungsten, and gold) in conflict areas being used as funding for anti-social organizations, the Securities and Exchange Commission (USA) established the Dodd-Frank Act that calls for the identification of refiners. We have selected social impact assessments of suppliers as a critical issue to be addressed from both the perspective of the stable procurement of raw materials and the perspective of ethics.

### Social impact assessment at the start of new business relationships

We conduct CSR questionnaires and request answers to questions concerning working conditions and human rights to confirm that there are no problems.

When newly adopting raw materials, we request suppliers to answer a questionnaire on (1) whether a framework for just and fair trade has been established, (2) external communication frameworks, and (3) what kind of activities they conduct. In addition, we also ask suppliers to participate in CSR Supplier Study Meetings and to cooperate with surveys on conflict mineral use.

## **Recognition of social impact in the supply chain**

We recognize that depending on the country or region in which each of our offices is located, people may come to work from outside the country or region and may not be able to perform the same work under the same working conditions. In addition, there may be cases where employees come to work from outside the country or region, and we recognize the possibility that they may be treated or treated in a way that violates their human rights.

We recognize that in some countries and regions where our business locations are located there is the possibility of corruption related to commercial transactions, compliance, or anti-competitive behavior occurring due in part to the impact of culture or customs.

## **Countermeasures in response to suppliers found to have a significant Social impact**

We request that corrective action is taken by suppliers that are found to have a significant impact, and promote improvements together. In malicious cases, we inform the suppliers that penalties such as suspension of transactions may be applied, and respond according to the situation.

For example, we deem the impact to be significant in cases such as child labor (that results in children not going to school, etc.) and forced labor (long working hours, lack of appropriate breaks, low wages, etc.).

## **Vision (attainment goal) / target**

We aim for the creation of a framework that ensures assessments are conducted in every case of procurement of local raw materials at the time of industry reorganization or expansion into new countries and regions so that contracts are entered after confirming local conditions.

As production sites expand on a global level going forwards, we aim to conduct appropriate procurement in each country and region and increase the ratio of appropriate procurement. To that end, to confirm there are no issues in advance, we will begin checking the details of business partner surveys and self-check sheet responses by suppliers.

## **Measures for vision achievement**

We will check that our employees are reliably conducting assessments of new suppliers in accordance with the action guidelines and procurement code of conduct.

We hold CSR Supplier Study Meetings to share information on matters including trends in transaction rationalization and initiatives.

In addition, we ask suppliers that provide raw materials used in the Yokohama Group's products to investigate and confirm their materials do not contain conflict minerals.

## **Responding to conflict minerals**

At the Yokohama Rubber Group, we endeavor to take into consideration human rights, society, and the environment in our global procurement activities.

As part of these efforts, we do not intentionally use minerals (tantalum, tin, gold, and tungsten) from conflict areas in the Congo.

We will do the same for cobalt and will not intentionally use minerals from conflict zones.

## Review of FY 2021 Activities

We conducted various questionnaires, survey, and audits with 37 companies that we commenced businesses with during fiscal year 2021, and there were no items that required improvement.

For products delivered to customers that are listed on the stock market in the US, there were no raw materials that used minerals (tantalum, tin, tungsten, and gold) coming from conflict areas.

We held CSR workshop for suppliers and study sessions on subcontracting guidelines for our staff at each site.

In preparation for the 10th CSR Supplier Workshop to be held in an online (webinar) format in the future, we held numerous discussions on how to proceed and possible problems to anticipate (to be held in the spring of 2022).

We exchanged opinions at workshops, conducted CSR questionnaires and on-site audits of suppliers, but did not find any instances of improvement. The Subcontractor Guideline Study Group is designed to help employees of the Yokohama Rubber Group understand the Act against Delay in Payment of Subcontractor Charges (Subcontractor Law) and prevent violations.

In fiscal 2021, due to the effects of the COVID-19 disaster, the dispatch of instructors (lawyers) from the Small Business Administration was cancelled, and the format was changed to an online briefing session instead. Including participants from our group companies, a total of 168 people participated in the basic and practical sessions.

### CSR Self-Assessment

We asked suppliers to conduct self-diagnosis on each item related to CSR using our prescribed check sheet. The results were reported by 1,139 suppliers.

## Issues and Future Improvement Measures

We recognize the continual acquisition and management without exception of results of surveys and assessment on the social impact of suppliers of raw materials used in the products of the Yokohama Rubber Group as an important issue.

With regard to supplier labor practices, we will promote the operation of a management system in order to share information across the Group on conditions in countries and regions we expand our business into in the future.

We also analyze the aggregated results of questionnaires targeting overseas suppliers, and consider countermeasures.

# Management

## Stance

Our business activities impact the local communities where we are active in various ways. It is extremely important to communicate with local communities to ensure that their expectations are met in order to ensure sustainable business activities. In addition, we recognize that we have shared interests with the community as a stakeholder in the region, and for this reason we would like to work towards community development.

This stance is declared in the Stakeholder Policy, and the actions that should be taken by employees are stipulated in the Yokohama Rubber Group Action Guidelines.

## Policy

### Local communities

As a globally active business, we relate to local communities in a number of domains - the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

### Yokohama Rubber Group Action Guidelines

We shall aspire to harmony and prosperity with local communities.

#### <Basic stance of the Yokohama Rubber Group>

1. We shall never forget that we are members of society, and shall endeavor to exist harmoniously and prosper together with society as well as to build ties of trust with stakeholders.
2. We shall support the social contribution activities of our employees and breed a corporate culture oriented toward active participation by them in such activities.
3. We shall practice proper provision of information on business activities involving the community.

#### <To put our basic stance into practice — our action>

Our activities of social contribution shall not be confined to those through our business activities; we shall also take a proactive part in volunteer programs and social activities rooted in the local community.

## Message from a manager

We recognize that aiming for harmony with local communities where we conduct business is of the utmost importance, in order to achieve both social trust and business management, and to provide sustainable value as a global company. In fiscal 2020, due to the spread of the COVID-19, contact with people was restricted and various activities had to be cancelled or postponed. Even in such an environment, we have continued our activities with ingenuity, for example, to have a "Biodiversity Panel Discussion" using Webinar to communicate with local residents. In addition, as part of our support for disaster affected areas, we made donations to the affected areas in Japan and provided relief supplies such as water and food to local residents overseas. In fiscal 2020, the YOKOHAMA Magokoro (Sincere Heart) Fund a social contribution fund established by employees, provided support to three organizations active in fields such as environmental protection and social welfare, as well as three donations for disaster relief and medical support for the fight against the COVID-19. After the COVID-19 is under control, we will participate as volunteers in activities such as supporting disaster affected areas or conducting environmental conservation activities, and we will continue to work together with local communities to identify and resolve social issues and problems. We will continue to strive to become a company and office that realizes our CSR slogan, "Caring for the Future".

Yosuke Todaka,  
General Manager, CSR Planning Department, CSR Division

## Vision for FY 2023

- Building a trusted identity together with local communities  
To achieve this, we will use various forms of engagement and focus on issues and development in the local communities.
- A worldwide system is in place to apply what stake holders have to say.
- The total number of trees planted and saplings provided in Japan and overseas reached 1.15 million.

## Community Involvement and Development grievance mechanisms


As a general rule, we hold meetings with local residents twice a year for the purpose of community communication, but from the perspective of preventing the spread of the COVID-19, we basically stopped holding these meetings. There were no complaints regarding social impact to the formal grievance mechanism. Each of our sites has established a consultation services to receive feedback from the local community. We have also set up an inquiry form on our corporate website. (<https://www.y-yokohama.com/global/contact/>)

## Main action items to be addressed first

The following items have been established as the main action items that the Yokohama Rubber Group will address first, taking into account the level of impact of business activities and the level of social interest.



## Data summary

 Community Involvement and Development (300KB)

# Local Communities

## KPI

Item	FY 2020 results	FY 2021 results
Implementation rate of community activities and dialogs	(Consolidated) 100%	(Consolidated) 100%
Businesses with a negative impact on the local community	(Consolidated) 0%	(Consolidated) 0%

## Responsible Departments

Each business location

※The Corporate Social Responsibility Planning Department and Environmental Protection Promotion Department serves as a secretariat for the deployment of policies and sharing information.

## Stance and Target

### Why is “Engagement with Local Communities” a critical issue to be addressed? Explanation of the reason and background

The Yokohama Rubber Group currently conducts production activities in 13 countries. If the Group commenced operations or withdrawals from any region, it will have a social impact on the community in terms of the environmental impact, employment, etc. Because that impact varies depending on the circumstance of each region, we believe that it is extremely important for the Group's sustainable management to consider how to expand the positive impact and reduce the negative impact while engaging with local communities, and to then take action accordingly.

### Vision (attainment goal) / target

As a globally active business, we relate to local communities in a number of domains - the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices. The following three points are aimed for as the vision for 2023.

- Building a trusted identity together with local communities  
To achieve this, we will use various forms of engagement and focus on issues and development in the local communities.
- A worldwide system is in place to apply what stake holders have to say.
- We aim to plant and provide a total of 1.15 million trees and saplings in FY2023 and to be planted a total of 1.3 million trees and saplings by FY2030.

### Measures for vision achievement

The following approaches will be considered from various perspective to achieve our vision.



- Social gatherings with local residents as a form of communication in local communities will be held twice a year as a general rule.
- We are conducting activities in cooperation with local NGOs at production and R&D bases in Japan\* where biodiversity conservation activities are being commenced. We conduct biological monitoring while receiving instructions on matters such as the names and ecology of wild birds and aquatic organisms from chapters of the Wild Bird Society of Japan and nature conservation organizations.
  - • • Review of FY 2021 activities (1)
- At ThinkEco Hiratsuka, an environmental event held at Hiratsuka Factory, we held a panel discussion on biodiversity and discussed together with local residents how Yokohama Rubber can protect and improve area waterways.
  - • • Review of FY 2021 activities (2)
- Seedlings raised as part of the YOKOHAMA Forever Forest Project activities are provided to schools, social welfare facilities, NPOs, etc. that conduct tree planting activities in the region.
  - • • Review of FY 2021 activities (3)
- As the disaster area reconstruction support in response to the Great East Japan Earthquake, we have conducted tree planting activities in an embankment called the "Heisei Forest" from 2012 to 2015, in order to support the creation of a "Forest That Protect Lives", which is one of reconstruction plans of Otsuchi Town, Shimohei County, Iwate Prefecture. Since 2014, we have also supported forest development and afforestation activities as part of the Furusato Class program at Otsuchi Gakuen (including the former Otsuchi Elementary School).
  - • • Review of FY 2021 activities (4)
- The Social Contribution Support Program and Volunteer Leave Program have been established to support volunteer activities by employees. Employees from various business locations use these programs to participate in a variety of volunteer activities that contribute to local communities.
  - • • Review of FY 2021 activities (5)
- The Yokohama Magokoro Fund launched in May 2016 enables employees to put aside funds from their monthly salary which can be donated to organizations including NPOs, NGOs, or social welfare corporations in support of their efforts in social welfare, educational support in poverty regions, and environmental conservation activities; or to disaster relief funds in the event of a natural disaster. Yokohama Rubber provides support through matching gifts contributing the same amount of the money done by the fund.

※Mie Plant, Shinshiro Plant, Mishima Plant, Onomichi Plant, Ibaraki Plant, Nagano Plant, Hiratsuka Factory, Yokohama Tire Retread Hokkaido Office, Saitama Office, and Nagoya Office, D-PARC, Aichi Tire

## Review of FY 2021 Activities

The following measures were conducted during FY 2021.

(1) Biodiversity conservation activities were conducted at 13 domestic and 9 overseas production sites. Due to the spread of the COVID-19, we reduced the number of times and the number of participants in surveys of living creatures (monitoring), removal of invasive alien species (uprooting, etc.), beach clean-ups compared to previous years.

(2) The 8th Biodiversity Panel Discussion was held online under the theme of "Biodiversity Conservation for Watershed Protection.

Taking advantage of the merits of holding the event online, this time many stakeholders, including governments, local residents, environmental NPOs, and other groups related to production sites in Japan, participated in the discussion. Mr. Masato Ohno, Director of the Conservation Department of the Nature Conservation Society of Japan, gave a keynote speech on the theme of "What is the 'linkage' to consider biodiversity in a watershed? He introduced the initiatives through the Miyagawa River watershed at the Mie Plant, and panelists discussed the significance of companies protecting nature.

(3) In the YOKOHAMA Forever Forest Project, 40,816 seedlings were provided during 2021, for a cumulative total of 472,628 seedlings.

(4) Tree planting has been postponed for two years due to the spread of COVID-19 infection.

On April 28, together with 79 children from Otsuchi Gakuen (4th grade elementary school) in Otsuchi Town, Kamihei District, Iwate Prefecture, we planted approximately 530 seedlings in the "Heisei no Mori" mound at the Otsuchi Sewage Treatment Center after learning the meaning of tree planting.

This was the final tree planting at the Heisei-no-Mori mound, which began in 2012.

(5) We supported five volunteer activities by our employees through the "Social Contribution Activity Support Program". The main activities included support for activities to send clothing and school supplies collected by employees to a non-profit organization that delivers clothing and school supplies to impoverished areas in the Philippines.

## Yokohama Magokoro(Sincere Heart) Fund

The Foundation and the company made donations as matching gifts to organizations in Japan and abroad that provide assistance in times of disaster, environmental conservation, and child welfare support.



In 2021, the foundation and the company made 13 donations.

The total amount of donations was approximately 49.02 million yen.

This year, for the first time, we collaborated with a regional plant and Yokohama Tire Japan to donate tires for the COVID-19 medical support vehicle.

Under the Yokohama Magokoro Fund, contributions (from 100 yen to the desired amount per month) are collected from employees (members) who support the fund, members recommend an organization they would like to support, and a Fund Steering Committee composed of member representatives then screens the recommended organizations and decides whether to make a donation.

The fund is a mechanism in which Yokohama Rubber makes a donation of the same amount as the fund when donations are made to the organization decided on.

Currently, about 43.7% of the employees are participating in the fund, and each employee feels it is important for the company as a whole to contribute to society through the fund.

(Major Supporting Organizations)

Authorized NPO : Japan Hair Donation & Charity

Authorized NPO: Shine on Kids

Authorized NPO: Katariba

(Major disaster relief efforts)

Continuous support for the Great East Japan Earthquake (including the Fukushima earthquake)

July 2021 Mt. Izu landslide disaster (direct support to Atami City)

Medical support for COVID-19 countermeasures (Tokyo, Komitama City, Ibaraki Prefecture, Kanagawa, Shizuoka, Nagano, Aichi, Mie, and Hiroshima prefectures)

## Introduction of Initiatives

### Hiratsuka Factory Opens "Think Eco Hiratsuka" Special Site

Think Eco Hiratsuka is held as an experience-based event with an environmental theme that encourages families of the employees to interact with local residents based on the concept of "Learn, Play, and Have Fun Together". In FY2020, in order to prevent the spread of COVID-19 infection, a special website was set up so that people can experience "Think Eco Hiratsuka" from the comfort of their homes.

> "Think Eco Hiratsuka " Special Site



## COVID-19 countermeasure medical support

We continued our "COVID-19 Countermeasure Medical Support" program in 2021, donating a total of 3.2 million yen (1.6 million yen from Yokohama Rubber and 1.6 million yen from the YOKOHAMA Magokoro Fund) to medical support activities in the eight prefectures and cities where our headquarters and plants are located.

Through the donation recipients, the funds were used to support medical professionals and healthcare professionals who are making efforts on the frontlines of medical care.

## Mie Plant: Donation of tires for COVID-19 government vehicles for transportation

As part of its community contribution activities and medical support for the spread of COVID-19 infection, the Mie Plant donated 40 tires for passenger cars to Mie Prefecture.

The donated tires will be installed on official vehicles used to transport COVID-19 vaccines to hospitals, health centers, and other vaccination sites in Mie Prefecture.



## Y.T. Rubber Co, Ltd (Thailand)

In December 2021, Y.T. Rubber Co., Ltd. a natural rubber processing company of Yokohama Rubber, donated relief supplies to households in the Surat Thani district of Thailand, where the company is located, that were affected by flooding following two consecutive years of heavy rain.

The relief supplies were hand-delivered to all 383 affected households in two villages adjacent to the company, each receiving 5 kg of rice and 12 bottles of 500 mL PET bottled water.

The village chief of one of the supported villages commented, "Y.T. Rubber has always cared about the residents of the village. They have provided support again this year as they did last year. We really appreciate it. We are very grateful for your support."



## Yokohama Tire Manufacturing (Thailand) Co., Ltd.

The following activities for local communities were carried out.

- Environmental response activities, including tree planting, biodiversity education, and fish stocking
- Activities to strengthen relations with local communities, including participation in local events
- Cultural preservation activities, including the protection of temples
- Social contribution activities such as volunteer activities and donations



In response to the COVID-19 outbreak, we focus on donating or supporting local hospitals with supplies such as drinking water, surgical masks, and hand sanitizers.

## Yokohama Tire Philippines, Inc. (Philippines)

Support for Victims of Typhoon No. 24

YTPI donated 1,00,000 pesos of rice bags to the Department of Social Contribution (CDC) of Clark Development Corporation.

This project was in response to a government request for donations and post-disaster relief efforts to assist families affected by Typhoon Odette.



## Suzhou Yokohama Tire Co., Ltd. (China)

We held an environmental protection winter camp. Elementary school children and their families participated in the camp, which included "Protecting Forests, Saving Paper" lessons, seed picking, and bird watching. The goal is to help children acquire environmental knowledge and raise environmental awareness.



## Yokohama Tyre Vietnam Inc. (Vietnam)

We donated tires for ambulances to a local hospital.



## LLC Yokohama R.P.Z. (Russia)

YRPZ participated in the Russian environmental and charitable project "Dobrye Kryshechki" ("Kind caps"). This project to collect plastic bottle caps aims to reduce plastic waste and to provide donation support to children with disabilities. In 2021, 30 kg of caps were collected and sent to buy wheelchairs.



## Issues and Future Improvement Measures

As for environmental impact assessments through biological monitoring, the framework for the PDCA cycle including communication with local residents was completed, and biodiversity conservation activities have begun. We have developed guidelines for conducting activities while taking precautions against infection by COVID-19, and we will consider how to apply the results of our activities to the local communication.

In addition, in order to solve social issues in the community, we will promote volunteer activities that can be carried out at Corona Perfection and activities through the YOKOHAMA Magokoro (Sincere Heart) Fund.

# Market Presence

## KPI

Item	FY 2020 results	FY 2021 results
Ratio of business locations that have made salary payments exceeding the minimum wage	(Consolidated) 100%	(Consolidated) 100%
Percentage of senior managers hired from the local community	(Consolidated) 49.0%	(Consolidated) 37.5%

## Responsible Departments

Each business location and Global HR Department

## Stance and Target

### Why is "Market Presence" a critical issue to be addressed?

#### Explanation of the reason and background

As a large automotive market shifts overseas going forward, production and sales at each business location must be conducted for products that respond to the demands of each country and region. Furthermore, there will be no growth if business activities are not conducted in line with the unique cultures and customs of each country and region. For this reason, we recognize the importance of employing employees from the region of business locations, promoting these employees to management positions, conducting business activities, and producing economic benefits in these regions.

#### Vision (attainment goal) / target

In the tire business, we will promote the "Product and Regional Business Strategy" to expand sales of products in line with market trends in each region. The Group will review its existing production system and consider increasing production at its overseas tire plants in line with future market trends.

To this end, we will conduct employment in the countries and regions where business locations are located, promote these employees to management positions, rotate these employees on a global level, and conduct training programs to accumulate knowledge.

#### Measures for vision achievement

- Employment of local human resources for operations at each business location, development of management candidates
- Development and training for global human resources, global rotation of human resources

## Review of FY 2021 Activities

The salaries for operations for local employees at overseas business locations are set in consideration of the wage provisions set by law in that country and region. In addition, a salary system has been developed based on skills improvements and position assignments.

### Yokohama Tire Vietnam Inc. (Vietnam)

We have 7 Japanese employees out of a total of 633, and we encourage the appointment of women to management positions (General manager class). Three of our nine managers are currently women. Our operation is supported by the success of women in leadership positions.

### Hangzhou Yokohama Tire Co., Ltd. (China)

Of the 171 employees, 6 are Japanese and 8 management positions are held by local staff. Of the total number of employees, 40% are women. The number of female managers at the section manager level and above is almost 30%, and there are equal opportunities for advancement and promotion for both men and women. We have a system that allows employees to take maternity leave as needed, and we also recruit widely from the Hangzhou area to provide equal hiring opportunities and fair promotion and advancement within the company without discrimination based on gender or region of origin.



10-year service employee commendation

### Yokohama India Pvt. Ltd. (YIN)

With the full-scale introduction of a management system with local employees, we are building an organization with a sense of unity in production and sales, as well as a sense of speed in decision-making, and to support this, we are regularly reviewing business procedures and job authority regulations, and revamping our personnel system. In hiring, assigning, and evaluating employees, we do not discriminate on the basis of race, religion, gender, age, or any other factors, and we operate fairly and consistently without any preconditions in accordance with our policies. We also ensure that all employees are familiarized with this policy through training at the time of hiring and periodic refresher courses. We also follow a clear policy on unethical behavior and harassment in the workplace.

On the other hand, based on the Code of Conduct for employee, which contains clear criteria and procedures for decision-making, we operate disciplinary and grievance mechanism for employees, as well as an objection system, in a fair manner. Of the 706 total employees, 3 are Japanese and 54 are in management positions, all of whom are local staff, one of whom is female.

## Issues and Future Improvement Measures

Together with the expansion of operations at business locations overseas, we will instill the Action Guidelines among employees newly joining the Yokohama Rubber Group. In addition, the establishment of a structure that makes cooperative activities aimed at the resolution of social problems that communities face is an issue, in addition to the economic effect associated with business activities.