


Supply Chain Management

Relevant material issue	Initiatives
 Community	<ul style="list-style-type: none"> • Ensuring fair, equitable and transparent business relationships • Building strong partnerships with business partners • Procuring sustainable natural rubber

Basic Approach

Being a company that continues to provide value to society requires strong partnerships with business partners. Additionally, the scope of corporate social responsibilities extends not only to our own company but also to business partners who we procure raw materials, goods, and services from that are necessary for our business activities. In particular, the upstream part of our business supply chain has many business partners in emerging and developing countries, so we recognize that evaluation from a social and environmental perspective is also important. In light of this situation, Yokohama Rubber has established the Yokohama Rubber’s Basic Procurement Policy, with the slogan “To build relationships of trust based on equitable and fair trade in its aim for prosperity, and mutual development,” along with the Yokohama Rubber Group Action Guidelines stipulating actions that employees should take.

Initiatives for CSR Procurement

CSR Procurement Guidelines

https://www.y-yokohama.com/global/csr/pdf/CSR_Procurement_Guidelines_202210.pdf

CSR Procurement Guidelines

In order to promote CSR activities in the value chain, Yokohama Rubber has formulated various guidelines such as the Yokohama Green Procurement Guidelines and CSR Procurement Guidelines, and has shared its policies and philosophy internally and with business partners through briefings. In 2012, we joined the United Nations Global Compact and are promoting global initiatives. In 2022, we reviewed the Yokohama Rubber Environmental Policy in light of changes in social conditions and other factors, and also revised the CSR Procurement Guidelines to further strengthen our efforts to respect the environment and human rights.

Environmental assessment of suppliers

The Yokohama Rubber Group’s mainstay products are mostly petrochemical products (chemicals), including various synthetic rubbers, and the manufacturing process may have adverse impacts on environmental pollution and the lives of local residents. From the perspective of stable procurement of raw materials and from an ethical perspective, we are focusing on the environmental assessment of

suppliers. We ask our suppliers, including new business partners, to comply with the Green Procurement Guidelines, and require them to conduct regular CSR self-checks and report the results.

Social assessment of suppliers

Smooth communication with local residents where the Yokohama Rubber Group’s manufacturing factories are located and the continuation of fair transactions are essential for sustainable business development. Moreover, ensuring a work environment where people involved in procurement can perform their job safely and respecting human rights are also important issues. From the above perspective, we assess whether our business partners comply with the Group’s Code of Conduct and other guidelines, and if there is a significant adverse social impact, we ask them to take corrective action as part of our initiatives for improvement. In addition, we are committed to global procurement that takes into account impacts on human rights, the environment, and society, and are careful not to intentionally use minerals from conflict zones.

» Results of environmental assessments of suppliers

Environmental impact assessment when starting a new business relationship

- Confirmation whether new raw materials comply with environmental regulations
- Confirmation of environmental management system (ISO 14001) certification and management status of environmental impacts and greenhouse gas emissions, etc, through CSR self-checks

In fiscal 2022, none of our 58 new suppliers in Japan had adverse impacts on the environment.

» Results of social assessments of suppliers

Social impact assessment when starting a new business relationship

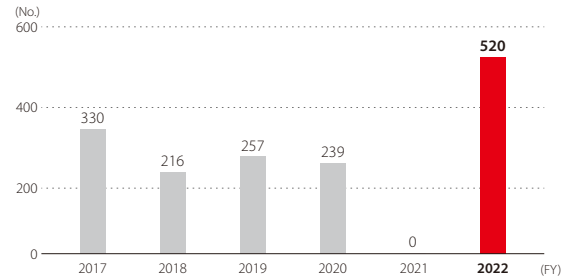
- Confirmation of fair and equitable transaction mechanisms and external communication mechanisms for newly adopted raw materials
- Confirmation of working conditions, initiatives to respect human rights, and the use of conflict minerals through CSR self-checks

In fiscal 2022, none of our 58 new suppliers in Japan had adverse impacts on society.

Holding of CSR Supplier Study Meetings

We hold CSR Supplier Study Meetings to share our philosophy and policies related to sustainability. In 2022, we worked to develop a system for holding our first remote briefing, and held four webinars, with 520 companies participating. For suppliers of natural rubber, we held a Suppliers' Day to explain our procurement policy for sustainable natural rubber and call for their cooperation in CSR initiatives. At the same time, we are preparing to start similar activities for suppliers of our overseas bases.

Number of companies participating in CSR briefings for business partners



Promoting Procurement of Sustainable Natural Rubber

Procurement Policy for Sustainable Natural Rubber

Natural rubber accounts for around 20% of the raw materials used by the Yokohama Rubber Group, and as a raw material it is essential for us to provide customers with our products without interruption.

To make natural rubber a sustainable resource, Yokohama Rubber takes part as a founding member of the Global Platform for Sustainable Natural Rubber, which was launched in 2018 at the initiative of the Tire Industry Project as part of the World Business Council for Sustainable Development. In October of the same year, we also formulated our own Procurement Policy for Sustainable Natural Rubber. Y.T. Rubber Co., Ltd. (YTRC), a natural rubber processing company in Thailand, is working to promote CSR at its natural rubber plantations by including provisions such as environmental protection and human rights compliance in purchase orders.

Based on its Procurement Policy for Sustainable Natural Rubber, the Yokohama Rubber Group is working to establish traceability and protect human rights, labor, and environmental protection.

Procurement Policy for the Sustainable Natural Rubber

https://www.yokohama.com/global/csr/pdf/SNR2.0_English.pdf

Seminars for natural rubber farmers

As part of its sustainable natural rubber procurement activities, Yokohama Rubber holds networking events in each country, such as seminars and Suppliers' Day for natural rubber suppliers.

YTRC, which processes rubber in Thailand, regularly holds seminar events to improve the quality of natural rubber in collaboration with the Rubber Authority of Thailand (RAOT), which is under the jurisdiction of Thailand's Ministry of Agriculture and Cooperatives, in order to continuously support small farmers. At the seminar event in December 2022, 50 farmers in the Surat Thani district participated and were provided with 250 kg of fertilizer free of charge per farmer using RAOT's knowledge. In addition, participating natural rubber farmers also cooperate in follow-up surveys on the physical properties and productivity of natural rubber.



Natural rubber farmers who attended the event

Establishment of Supplier Hotline

For business partners, the compliance promotion managers of procurement and sales departments collect complaints and consultations regarding transactions through a business partner hotline and other means. When a complaint is filed, the Corporate Compliance Department confirms the facts and takes necessary measures in consultation with the procurement and sales departments.

In addition, the Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), and has established a system to receive complaints from all stakeholders in Japan and overseas through the JaCER's complaint reporting desk and to respond appropriately.

*See "Human Rights" (p. 42) and "Compliance" (p. 70) for details.

Future Issues and Challenges

The Yokohama Rubber Group has built relationships of trust with suppliers in the supply chain based on fair and equitable business practices, and has promoted collaboration, coexistence and

co-prosperity. Going forward, we will deepen global collaboration with overseas subsidiaries and build Group-wide partnerships.