





Sustainable Natural Rubber Procurement

Relevant materiality	What we aim to do
 Establishment of a sustainable supply chain	<ul style="list-style-type: none"> • Procure sustainable natural rubber • Respect human rights in the supply chain
 Coexistence with local communities	<ul style="list-style-type: none"> • Help solve local community problems

Basic position

The Yokohama Rubber Group is actively working to utilize natural rubber, which is indispensable for the manufacture of tires and industrial rubber products, as a sustainable resource. Natural rubber accounts for approximately 20% of the raw materials used by the Group and is an important raw material for the continuous provision of products to customers.

In 2018, Yokohama Rubber joined the Global Platform for Sustainable Natural Rubber (GPSNR)*1 which was established by the Tire Industry Project (TIP)*2 of the World Business Council for Sustainable Development (WBCSD)*3 as a founding member as a sustainable natural rubber procurement effort. In October 2018, we established our Procurement Policy for Sustainable Natural Rubber, aiming to improve the sustainability of natural rubber throughout our supply chain.

*1 GPSNR: Global Platform for Sustainable Natural Rubber

*2 TIP: Tire Industry Project

*3 WBCSD: World Business Council for Sustainable Development

Natural Rubber Supply Chain

Natural rubber is mainly produced by small farms called “small holdings”. It is estimated that there are six million such “small holders” primarily in Southeast Asia. These are concerns about inefficient production on such small farms due to economic hardship, insufficient knowledge, know-how, and experience in rubber farming and harvesting, and greater detrimental impact on nature due to lack of environmental consideration.

Because the price of natural rubber is volatile in the international market, dealers who purchase the raw material decide where to sell it and where to store it based on the price of that day. Since solid raw rubber can be effectively stored, it is frequently traded among dealers and across regional and national borders. Because distribution is complex, it can be difficult to identify by what commercial channel a given supply of natural rubber has reached the final rubber processing factory from the producer to establish traceability.

In recent years, however, it has become increasingly important to prove that the natural rubber purchased does not lead to

deforestation or human rights violations. Sustainable procurement of natural rubber requires greater transparency and ethical procurement throughout the supply chain.

Natural Rubber Supply Chain



Sustainable Natural Rubber Procurement Policy

Yokohama Rubber has established the following concepts and initiatives to maintain natural rubber as a sustainable resource throughout the entire supply chain, and requests the cooperation of our suppliers.

- Enhancing traceability
- Respect for human rights and prohibit any form of harassment
- Fair and equitable treatment
- Prohibition of child labor and forced labor
- Compliance
- Initiatives for zero deforestation
- Consideration for biodiversity
- Respect for the land rights of indigenous peoples, etc.
- Creation of innovative technologies
- Communication with suppliers

Procurement Policy for Sustainable Natural Rubber

https://www.y-yokohama.com/global/sustainability/pdf/SNR2.0_English.pdf

Yokohama Rubber's Thai Natural Rubber Processing Company Obtains CoC Certification from FSC

Y.T. Rubber Co., Ltd. (hereafter, YTRC), a Thai natural rubber processing company of the Yokohama Rubber Group, obtained the Chain of Custody (CoC) certification in July 2023. The CoC certification is provided by FSC[®],*4 an international forest certification organization, for the management of processing and distribution.

The FSC[®] certification is a mechanism to provide consumers with visibility toward products using forest materials from well-managed forests and other low-risk forest products consistent with environmental, social, and economic benefits. The CoC certification certifies the processing and distribution of products until certified materials harvested from FSC[®]-certified forests reach consumers. This

certification guarantees that all the processes up to the completion of products are controlled to prevent contamination by ineligible raw materials when YTRC manufactures natural rubber products using rubber harvested from FSC[®]-certified forests.

The acquisition of this CoC certification is an important step in increasing transparency throughout the supply chain and promoting sustainable natural rubber procurement. The Yokohama Rubber Group will continue to strengthen cooperation with suppliers and actively work to improve traceability.

*4 FSC[®]: Forest Stewardship Council[®]. An international non-profit organization founded in 1994 with the goal of promoting responsible forest management worldwide.

Actions in Surat Thani, Southern Thailand

The Yokohama Rubber Group is strengthening its initiatives for procurement of sustainable natural rubber in Surat Thani Province in southern Thailand. Surat Thani is home to Y.T. Rubber Co., Ltd. (YTRC), the Group's natural rubber processing subsidiary, and is an important base for natural rubber production.

Since 2019, we have been conducting surveys of natural rubber farms in the province, focusing on YTRC suppliers, and by the end of December 2023, we had surveyed a total of 667 farms. As a result of the investigation, no illegal activities, such as unjust deforestation or human rights issues, have been confirmed at this time. We will continue to conduct the survey

and plan to survey a total of 1,300 natural rubber farms by fiscal 2030.

In addition, we are actively engaged in activities that contribute to raising awareness of local farmers, such as holding seminar events to improve productivity. Yokohama Rubber will accumulate the survey results to analyze the issues faced by natural rubber plantations, and use the data to contribute to the sustainable management of natural rubber farmers, as well as improve traceability.



Seminars for Natural Rubber Farmers

As part of its sustainable natural rubber procurement activities, Yokohama Rubber works to strengthen cooperation with its natural rubber suppliers.

In Thailand, YTRC has been holding regular seminar events to improve the quality of natural rubber in collaboration with the Rubber Authority of Thailand (RAOT) with the aim of continuously supporting small-scale natural rubber farmers (small holders). In December 2023, a seminar event was held for 50 farmers in the Surat

Thani region 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

Voice of a seminar participant

I will contribute to making better rubber products by making use of what I learned at the seminar

As a natural rubber farmer, I have been growing natural rubber by relying on what I have learned from my family and experience. However, I learned so much from professionals by acquiring new information. In particular, detailed explanations on how to choose saplings and how to fertilize them became valuable knowledge that will be useful for future cultivation. Until now, I had been giving fertilizers without much thought. However, I was very surprised to learn that the quality and yield of rubber greatly change depending on fertilizer type and how it is used. In addition, a specific method to prevent contamination of rubber was explained in an easy-to-understand manner, which was very helpful.

I would like to use what I learned at the seminar to produce high-quality natural rubber in order to contribute to the manufacture of better tires and rubber products. Thank you very much for this valuable opportunity.



Ms. Nobpamas Anuran
Natural rubber farmer from Surat Thani