

# Supply Chain Management

## Our position

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 (Excerpt)

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](#)

## Partnership Building Declaration

On March 25, 2023, we endorsed the objectives of the "Partnership Building Declaration" structure promoted by the Cabinet Office, Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency and others, and formulated and announced our "Partnership Building Declaration" in order to build new partnerships by promoting cooperation and coexistence and co-prosperity with all business partners in the supply chain and businesses that create value.



The "Declaration of Partnership Building" framework was established in May 2020 by the "Council for Promoting the Establishment of Partnerships for the Future," with members comprising relevant ministers (the Cabinet Office, the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture and Fisheries, the Ministry of Land, Infrastructure, Transport and Tourism, and the deputy chief cabinet secretary), the chairperson of the Keidanren, the chairperson of the Nissho Kai, and the President of the Japanese Trade Union Confederation. The "Declaration of Partnership Building" is a declaration by corporate representatives, from the standpoint of the "ordering party," to build new partnerships by promoting cooperation and coexistence and co-prosperity with business partners in the supply chain and businesses that create value.

## 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".

In fiscal year 2023, two joint CSR briefing sessions were held by the Procurement Department, attended by 929 trading partners. These sessions will continue to be held in fiscal year 2024.

Kazuhito Yanadori

Officer, Head of Procurement Division

## Vision for FY 2026

- 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.

## Conduct environmental and human rights risk analysis

Before engaging in business with potential partners, we check their responses regarding issuing CSR reports, compliance with labor-related laws, and relations with anti-social forces.

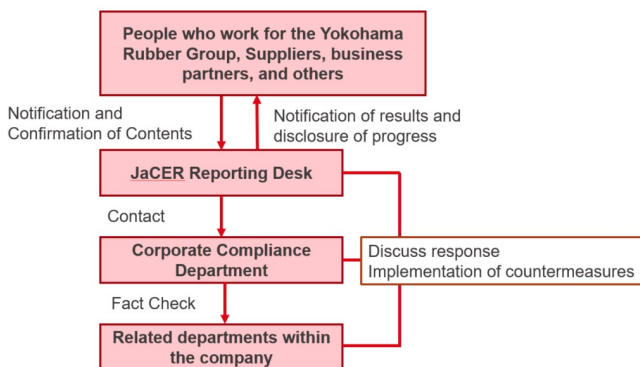
We also send them our CSR Procurement Guidelines, and check the compliance certificate they return indicating their agreement with our guidelines.

# Grievance Mechanisms for Fair Operating Practices

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.

Grievance system for all stakeholders



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

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

## Priority action items to be addressed

Considering the level of impact of business activities and the level of social interest, the following have been established as our priority action items to be addressed by the Yokohama Rubber Group.

Supplier Environmental Assessment >

Supplier Social Assessment >

S :Society

Establishment of a sustainable supply chain

# Supplier Environmental Assessment

## KPI

Item	FY 2022 results	FY 2023 results
Ratio of new suppliers that business was commenced with after conducting an environmental impact assessment	(Consolidated) 100% (58 companies)	(Consolidated) 100% (57 companies)
Negative impacts in the supply chain and actions taken	Zero We distribute our Green Procurement Guidelines when starting up business dealings and only initiate transactions after the supplier understands these guidelines.	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, Procurement Division

## Our position and Targets

### 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 based on the "Material Purchasing Selection Guidelines" that includes a self-assessment report on management matters including the state of acquired certification for environmental management systems (ISO14001), substances of concern, and greenhouse gases. To enhance effectiveness, the checklist was revised in 2017, and investigations are ongoing.

# <CSR self-check sheet>

横浜ゴム株式会社

CSR自己診断シート

発行元：調達本部

YY-AK-202R02 様式 1

以下の項目について御社の取り組み状況をご回答ください。「回答（選択）」欄のセルをクリックすると回答が選択できます。

1. 人権			コメント欄	得点	
項目	設問	回答（選択）		0	0
差別撤廃	求人・雇用等において、ダイバーシティ（多様性）を認識して採用していますか。				5
	差別行動をした際の懲戒方針・手続を定義した内容を従業員に開示していますか。				5
人権尊重	虐待や各種ハラスメント行為を禁止するとともに、これらの事象に対応した懲戒方針・手続を明確に定義し、従業員に開示していますか。				5
児童労働の禁止	各国・地域の法令における最低就業年齢を満たさない者を雇用することがないよう、適切な管理をしていますか。				5
強制労働の禁止	すべての労働は自発的であること、および従業員が自由に離職できることを確実に保証し、強制労働をさせていないですか？				5
労働条件	超過勤務時間を含めた1週間あたりの労働時間・年間労働時間が各国・地域の法令で定められている上限を超えていますか。				5
	労働契約内容を理解できる言語で通知し、理解を得ていますか。また、給与を遅滞なく支払っていますか。				5
結社の自由と団体交渉権	労働環境・待遇の改善を実現する手段としての従業員の団結権を尊重し、適切な管理をしていますか。				5
土地収奪の禁止	事業を行う上で土地の取得においては住民や地域社会の権利を尊重し、直接・間接を問わず不当な土地収奪に関与していませんか。				5
安全・健康な労働	職場において使用する機械装置類、各種エネルギー源、高所からの落下等のリスクを評価し、適切な技術・管理手段により作業者の安全を確保していますか。				5
	従業員の労働や生活のために提供される給食（寮、食堂、トイレ、休憩場所等）の安全衛生は適切に確保されていますか。				5

2. コンプライアンス			コメント欄	得点	
項目	設問	回答（選択）		0	0
競争法の遵守	各国・地域の競争法（独占禁止法）、優越的地位の濫用を禁止する法規を遵守していますか？				5
腐敗防止	贈収賄、賄賂、恐喝、横領など不適切な利益の供与・受領を禁止する方針を明示・実践していますか。				5
機密情報の管理・保護	個人情報/自社機密等の機密情報は適切に管理・保護していますか。				5
反社会的勢力の排除	反社会的勢力・団体とは一切関与していませんか。				5
輸出取引管理	各国・地域の法令等で規制されている技術・物品の輸出に際し、必要な輸出手続・管理を行っていますか。				5
知的財産の保護	自社が保有あるいは開発する知的財産権を保護するとともに、第三者の知的財産の不正入手・使用、権利侵害をしていませんか。				5

3. 環境			コメント欄	得点	
項目	設問	回答（選択）		0	0
環境マネジメントシステム	ISO14001等の代表的な環境マネジメントシステムを構築し、その運用を行うことで継続的な改善に努めていますか。				5
化学物質管理	製品や副資材等に各国・地域の法令等で含有を禁止された化学物質が含まれないよう管理していますか。				5
	各国・地域の法令等で表示義務が定められた化学物質を表示するよう管理を徹底していますか。				5
カーボンニュートラル（温室効果ガスの排出量削減）	温室効果ガスの排出量の自主削減目標を設定し、継続的に削減活動を行っていますか。				5
サーキュラーエコノミー（原料のサステナブル化推進）	プラスチック原料化を目標し、再生可能・リサイクル原料比率の拡大に向けた取組をしていますか。				5
省資源・廃棄物削減	エネルギー・水・廃棄物等の削減に関する目標を設定し、継続的にその消費及び排出削減に努めていますか。				5
自然との共生（生物多様性の保全）	環境保全活動を推進し、継続的改善が実現できる体制を構築・運用していますか。				5

4. 地域社会・情報開示			コメント欄	得点	
項目	設問	回答（選択）		0	0
地域（コミュニティ）への貢献	企業活動を通じて地域社会の発展、社会貢献等に取組む活動を行っていますか。				5
従業員の社会貢献活動支援	従業員が積極的に社会貢献活動に参加できるよう体制を整え、支援していますか。				5
ステークホルダーへの情報開示	ステークホルダーに対し、ビジネス活動・財務状況・業績・リスク情報等を適切に提供・開示していますか。				5
正確な製品・サービス情報	消費者や顧客に対して製品・サービスに関する正確な情報を適切に提供していますか。				5

5. 製品・サービス			コメント欄	得点	
項目	設問	回答（選択）		0	0
製品の安全確保	製品の安全性を確保し、生産・販売において各国・地域での安全法規に対応していますか。				5
製品の品質確保	製品の品質を確保する全社的な仕組みを構築・運用していますか。				5
安定供給	安定供給を果たすために、企業の事業活動に関するリスクを分析し、それに対する対応を行っていますか。				5



## 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 and targets

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.

As a condition for doing business with us, we request adherence to our CSR Procurement Guidelines, which encourage efforts in environmental protection, employee wellbeing, and communication.

## Measures to pursue our vision

Study meetings have 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.

With the advances in IT and other systems, we held internal discussions and preparations for holding CSR Supplier Study Meetings remotely that had been held face-to-face and in written-format in the past, with meetings made available from FY2022.

In fiscal 2022, 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.

Objectives related to sustainable procurement have been incorporated as performance evaluations with the Procurement Division.

## Review of FY 2023 Activities

- Among all 57 new suppliers in Japan, there were no suppliers that caused an environmental impact.
- As a condition for doing business with us, we request adherence to our CSR Procurement Guidelines, which encourage efforts in environmental protection, employee wellbeing, and communication.
- All members of the procurement department took compliance training courses (100%).

## 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 through the cooperation of our business partners with preservation of forest resources, control of 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.

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.

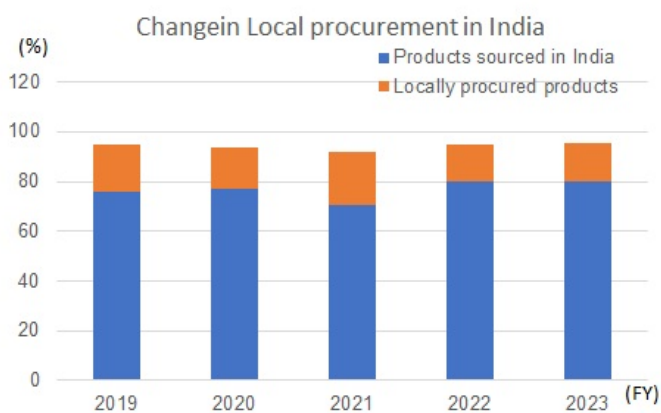
We began working on reporting member information (Reporting Requirements) from FY2022, and raised transparency of shared information.

We are also discussing with other member companies methods for enhancing traceability of suppliers.

## 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 countries like India. (As of the end of 2023, the figure reached 95.3%.)

### <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.

## Yokohama Tire Philippines, Inc. (YTPI)

### 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.

Agroforestry is a coined term from the words agriculture and forestry, referring to grazing livestock and cultivating crops between planted trees.

 [Actions for Sustainable Natural Rubber Procurement](#)

### Expected benefits of agroforestry

Harvesting multiple types of crops such as fruits, herbs and wood in a natural rubber forest has many advantages, including a stable income and increased biodiversity in plantations. In particular, natural rubber is only produced for about 20 to 25 years after planting trees, after which the production progressively declines. This makes replanting necessary to ensure efficient production. However, para rubber trees do not produce natural rubber for five to six years after they are planted. Due to the loss of income during this period, rubber farmers may delay replanting or abandon their natural rubber business. Agroforestry is also an effective means for them to produce natural rubber in a sustainable manner. In addition to providing a supplemental income when para rubber tree saplings are too young to produce latex, agroforestry provides the following benefits. Natural rubber prices fluctuate greatly with the market. Even after natural rubber is ready to be harvested, various crops planted in the plantation will help to stabilize the income of natural rubber farmers.

Rubber trees experience a period called "wintering" every year, when the leaves of all rubber trees fall off at the same time before new leaves start to grow. Since rubber trees drop few leaves at other times of the year, so once the leaves that fell off during the wintering period have been decomposed by insects and microorganisms, etc., there is nothing left to cover the soil surface, as the result of which the soil can become gradually drier. However, if a variety of different plants are planted together, the ground surface will always be covered with fallen leaves, which prevents the soil from getting dry. Decomposition fallen leaves also serve as fertilizer for the rubber trees, contributing to the reduction of production costs. One of the diseases affecting rubber trees is called "white root disease (WRD)," the risk from which is considered to be highest in Southeast Asia. Once a rubber tree becomes infected with WRD, the disease can spread to other nearby trees very rapidly, and in the land where this happened, rubber trees cannot be planted for at least five years. Since natural rubber plantations practicing agroforestry are growing a wide variety of different plant species, the range of microorganisms in the soil is much more complex, which is believed to contribute to fostering a WRD-resistant environment.

Another benefit of having multiple types of plants in a rubber plantation instead of practicing monoculture to plant only para rubber trees is that this increases the number of insects and birds that use such plants, which also results in enriched biodiversity.



Natural rubber farm that practicing agroforestry

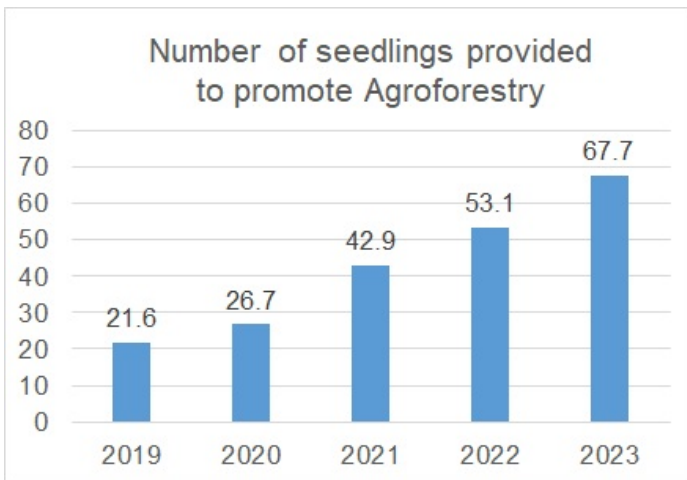


Professor Sara and the natural rubber farmers

## <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 FY2023, YTRC provided 14,602 seedlings, supporting a cumulative total of 196 ha and 69 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.

## Future challenges

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.

S :Society  
Establishment of a sustainable supply chain

# Supplier Social Assessment

## KPI

Item	FY 2022 results	FY 2023 results
Ratio of new suppliers that business was commenced with after conducting a social impact assessment	(Consolidated) 100% (58 companies) *Total Procurement Division	(Consolidated) 100% (57 companies) *Total Procurement Division
Negative impacts on societies in the supply chain and actions taken	Various surveys, studies and audits were performed on 58 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 57 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, Procurement Division

## Our position and Targets

### 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.

Materials used as natural capital include cobalt, glass (silica sand), graphite (natural), mica (isinglass), natural rubber, steel/iron, tin, and zinc.

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 cultivation and collection of natural resources, and manufacturing of industrial products and processed goods that allows them to live safely together with their families is important. We cannot rule out the presence of risks related to human rights issues in certain regions of procurement. We recognize the importance of enforcing labor practices and evaluations of human rights.

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 impact on the environment**

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 and targets**

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 to pursue our vision**

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 briefing session 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. Objectives related to sustainable procurement have been incorporated as performance evaluations with the Procurement Division.

## 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.

To this end, we use the conflict minerals reporting template (CMRT) and the extended minerals reporting template (EMRT) to identify the presence of various minerals included in raw materials and collect information on refineries every year.

As a result, we do not intentionally use ores (conflict minerals: tantalum, tin, gold, and tungsten) from conflict areas in the Congo.

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

## Review of FY 2023 Activities

We conducted various questionnaires, survey, and audits with 57 companies that we commenced businesses with during fiscal year 2023, 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.

In preparation for the 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 (held on May 29 and June 2, 2023).

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.

Following on from the previous year, the format continued to be an online briefing session. Including participants from our group companies, a total of 235 people participated in the basic and practical sessions.

We also conducted field surveys of 38 supplier companies in FY2023 (100% of initial plans).

## Future challenges

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.