


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

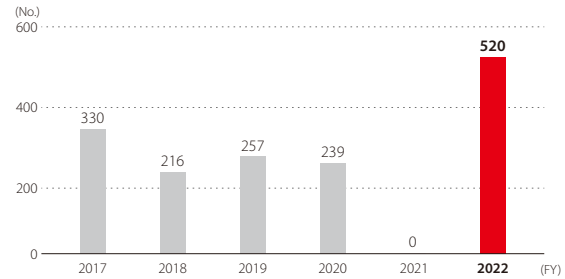
- Confirmation of fair and equitable transaction mechanisms and external communication mechanisms for newly adopted raw materials
- Confirmation of working conditions, initiatives to respect human rights, and the use of conflict minerals through CSR self-checks

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.

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.

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

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

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.

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

Coexistence with Local Communities

Relevant material issue	Initiatives
 Community	<ul style="list-style-type: none"> • Supporting biodiversity preservation activities in local communities and medical assistance/educational • Disaster prevention and relief activities in local communities • YOKOHAMA Magokoro Fund and collaboration with NPO

Basic Approach

In the Yokohama Rubber Group Action Guidelines, the Yokohama Group declares that “We shall aspire to harmony and prosperity with local communities.” Our basic stance is to always remember that we are a member of society, strive to achieve harmony and prosperity with society, build relationships of trust with stakeholders, support the social contribution efforts of employees and foster a corporate culture in which employees are willing to actively participate in social contribution activities.

As an entity that operates globally, the Yokohama Rubber Group endeavors to build good relationships with local communities in terms of the environment, laws, culture, customs and the economy.

YOKOHAMA Magokoro Fund

The YOKOHAMA Magokoro Fund, which was established by employees in 2016, collects reserve funds from employees (members) who support the purpose of the fund (arbitrary amounts starting from ¥100 per month), and makes donations to support groups tackling social issues or as relief funds in the wake of disasters. Yokohama Rubber has also introduced a system to make donations of the same amount as a fund-matching gift.

As of December 31, 2022, around 44% of employees enrolled in the fund.



» Support provided in fiscal 2022

In 2022, support provided by the fund totaled ¥5,112,000 (including disaster relief funds). The main recipients of support were as follows.

- Florence, a specified non-profit organization
- Kanagawa Myoelectric Prosthesis Bank (Kanagawa Rehabilitation Hospital)
- Chance for Children, a public interest incorporated association
- Humanitarian aid to Ukraine
- Offshore earthquake in Fukushima in March 2022
- Typhoon No. 15 in 2022

Contribution to Revitalizing Local Communities

Support for the Laojunshan Project (China)

Yokohama Rubber (China) Co., Ltd., the umbrella company of Yokohama in China, has been supporting the Laojunshan Project since 2011. The project aims to preserve biodiversity in the Laojun Mountain Nature Reserve located in Lijiang, Yunnan Province. Laojun Mountain is a mountainous area surrounded by lush nature that was registered as a World Natural Heritage Site in 2003. The Laojunshan Project is an initiative that aims to preserve the ecosystem by transforming a village located in the nature reserve that previously could only make a living through deforestation into an agricultural and livestock production-based economy with access to financing via a “Village Bank.”

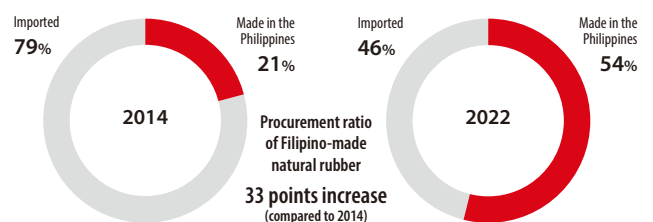


Village Bank

Localization project aimed at local production for local consumption of natural rubber (Yokohama Tire Philippines, Inc. (YTPI))

In 2014, a localization project was launched at YTPI, which produces tires for passenger cars and SUVs in the Philippines, with the aim of revitalizing the local economy in the Philippines by procuring raw materials for tire production locally. With the ongoing project implementation, in 2022, natural rubber made in the Philippines accounted for 54% of the total rubber used in tire production.

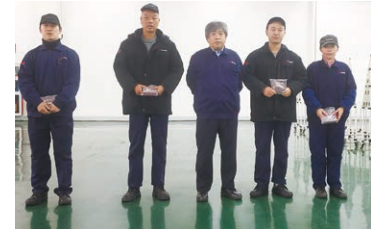
» Procurement ratio of natural rubber (Produced/imported to the Philippines)



Promote participation of diverse human resources in overseas subsidiaries

Hangzhou Yokohama Tire Co., Ltd. (China), out of 141 total employees, six of whom are Japanese and eight of the managers are local staff. The ratio of female employees is approximately 30%. The company has a maternity leave system in place for employees to take leaves as necessary. The ratio of female managers with the rank of section manager or higher is almost 50%, while there is equal opportunity for both genders for advancement and promotion. Hiring is

conducted on a broad base in the Hangzhou area. The company offers equal opportunities in hiring and promotes employees fairly within the company regardless of gender, or places of origin.



Employee recognition for 10 years of continuous service (Hangzhou Yokohama Tire Co., Ltd.)

Supporting Next-generation Development

Environmental education at Mie Plant

Employees at the Mie Plant provide classes on the environment at local elementary schools and at the plant. It makes efforts to raise awareness of the nature and the environment through fun and games, including using a picture-story board to discuss the meaning of tree planting and hosting a root-removing event on the invasive species of cutleaf evening primrose. The plant also puts efforts into environmental preservation in the community through education, including beach cleanup activities with the children.

In February 2022, the Plant received the Ikimono Kyosei Jigyosho® certification (ABINC certification) for its consideration for biodiversity.



Wildlife observation in the biotope for elementary school students

Educational support for schools

The Tirunelveli Plant of ATC Tires Pvt. Ltd. (ATG-TN), an India-based tire manufacturing subsidiary, is providing support for infrastructure development and digital education at multiple schools.

Moreover, Suzhou Yokohama Tire Co., Ltd. (CSZY), a subsidiary involved in tire manufacturing and sales of Yokohama Rubber in China, held a winter camp for environmental protection. The camp consisted of elementary school students and their families where they participated in lectures on protecting the environment and saving paper, collecting seeds and bird watching. The aim of the camp is to instill knowledge and increase environmental awareness among the children.



Educational support for elementary school in India

Disaster Recovery Support

Tire donations to the Japan Car Sharing Association

As part of Yokohama Rubber's efforts in supporting disaster recovery, the company donated a total of 200 passenger car tires to the Japan Car Sharing Association. The donated tires were installed on vehicles by students of Ishinomaki Senshu University in Ishinomaki City, Miyagi Prefecture as part of the student maintenance project in April and November, and used for car sharing and leasing in the disaster-stricken area.

The Japan Car Sharing Association provides non-profit car sharing in temporary housing and post-disaster housing, as well as vehicle

rental for regional development. It also provides support to people who have lost their cars due to natural disaster with free vehicle rental for a limited period to rebuild their lives.

Yokohama Rubber supports the Association's efforts and have been donating tires for passenger vehicles since 2015.



Students of Ishinomaki Senshu University installing Yokohama tires on passenger vehicles

Future Issues and Measures

With the expanded operations at overseas business sites, the penetration of the Code of Conduct among new employees to the Yokohama Rubber Group has become a new issue. In addition to yielding economic effects, it is also a task to establish a structure that enables collaborative efforts to resolve social issues faced by the

local communities through our business activities. In order to achieve resolution, we will promote volunteer activities that fit the new post-pandemic lifestyle and support through the YOKOHAMA Magokoro Fund.