



# Corporate Philosophy

## 【Basic Philosophy】

- To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products

## 【Management Policies】

- Take on the challenge of new technologies to produce new value.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves and energizes people.
- Deal fairly with society and value harmony with the environment.

## 【Action Guidelines】

- Develop ourselves so that we may give our personal best.
- Trust, challenge and improve one another.
- Nurture a welcoming, open spirit.

## 【Corporate Slogan】

Excellence by nature

## 【CSR Slogan】

Caring for the Future



A flower on a natural rubber forest floor

# Yokohama Rubber Basic Procurement Policy

By upholding the basic principle of fair and impartial transactions, Yokohama Rubber value suppliers and aim to pursue co-existence, co-prosperity and mutual growth as equal partners.

The basic procurement policy of Yokohama Rubber is as follows.

- **Optimal procurement of goods and services**  
In order to offer high-quality products, Yokohama Rubber strive to procure optimal materials, services, works and constructions.
- **Fair and impartial business**  
Yokohama Rubber conduct business based on principles of fairness and free competition, and seek their suppliers from all around the world.
- **Rational selection of suppliers**  
Yokohama Rubber choose their 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 corporate social responsibility (CSR) and environment.
- **Partnership**  
Yokohama Rubber nurture fair and cooperative relationships with their suppliers through sound transactions. To build a sustainable society, Yokohama Rubber develop activities for CSR and environmental contribution throughout their supply chains.
- **Compliance**  
Yokohama Rubber comply with all relevant legislation and social norms in their procurement activities and preserve the confidentiality of information obtained in the course of business. Yokohama Rubber also endeavor to act with moderation so as to avoid causing misunderstandings in light of commonly accepted social standards.
- **Harmony with the environment**  
Yokohama Rubber strive to procure raw materials that have less of an impact on the global environment. Yokohama Rubber contribute to conservation of biodiversity and sustainable use of natural resources including natural rubber.

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Natural rubber forest



Tapping



# I .Introduction

Natural rubber is essential for the manufacture of tires and other products of Yokohama Rubber. In order for Yokohama Rubber to continue to supply products without interruption, a steady supply of natural rubber is extremely important.

On the other hand, due to the growing global population and advances in mobility technology, there is ever-increasing demand for tires and their raw material, natural rubber.

In order to secure natural rubber, natural rubber tree plantations and large volumes of water for processing are necessary. Yokohama Rubber must be mindful of their potential impact on forests, biodiversity, rivers, groundwater, etc.

Meanwhile, Yokohama Rubber need to consider the land rights of indigenous people.

Furthermore, natural rubber is cultivated mostly by small-scale farmers, and there is the need to consider potential human rights risks, in addition to the environmental problems described above

These issues cannot be solved overnight or without the cooperation of the parties comprising the entire natural rubber supply chain. Although they are not easily solved, Yokohama Rubber will work to maintain natural rubber as a sustainable resource in collaboration with all the parties involved with natural rubber.

This “Procurement Policy for the Sustainable Natural Rubber” (the “Policy” ) describes Yokohama Rubber’s stance and initiatives toward the procurement of natural rubber and Yokohama Rubber’s request to suppliers.

In implementing the initiatives stated in the Policy, Yokohama Rubber ask those associated with the natural rubber supply chain, other companies in the industry, industry associations, NGOs and professionals for their support.

\*The Policy is based on and covers the major components of the proposal made at World Rubber Summit 2018 on the platform called the Tire Industry Project ( “TIP” ) under the World Business Council for Sustainable Development and Sustainable Natural Rubber Initiative developed by the International Rubber Study Group, an inter-governmental organization consisting of natural rubber producers, consumers and other stakeholders.



Working to collect natural rubber



Discussion with rubber farmers



Tapi river, Thailand  
(close to Yokohama Rubber’s natural rubber processing factory)



A limicoline bird



## II. What Yokohama Rubber are Aiming for in the Policy

Yokohama Rubber cooperate with the development and operation of Global Platform for Sustainable Natural Rubber led by TIP. Throughout Yokohama Rubber's supply chain, Yokohama Rubber will implement the following initiatives with the aim of achieving the sustainability of natural rubber.

### 【Traceability】

- Yokohama Rubber will collect information from the entire supply chain as broadly as possible and aim to improve traceability. Yokohama Rubber will disclose the progress of Yokohama Rubber's efforts

### 【Human rights and labor】

#### ●Respect for human rights

- Yokohama Rubber comply with the laws and regulations concerning human rights, the United Nations Universal Declaration of Human Rights (UDHR), guidelines on human rights established by the International Labor Office (ILO), the United Nations Guiding Principle on Business and Human rights, and other international norms on human rights.

#### ●Fair and equitable treatment

- In compliance with the law, Yokohama Rubber prohibit discrimination in the treatment of workers on the basis of race, nationality, religion, faith, language, gender, social status ethnic origin, etc.

#### ●Harassment

- In compliance with the law, Yokohama Rubber prohibit any form of harassment (including, but not limited to, physical abuse through the use of physical force).

#### ●Child labor

- Yokohama Rubber do not employ child labor; workers below the minimum age for employment.
- Yokohama Rubber give consideration to and provide support for the promotion of young workers' health and growth.

#### ●Forced labor

- All labor must be voluntary. Yokohama Rubber guarantee that their workers are free to terminate their employment. Yokohama Rubber do not use forced labor.

#### ●Adequate working conditions

- Yokohama Rubber establish and observe adequate working conditions in accordance with the laws and regulations of the countries and regions in which Yokohama Rubber operate their business

### 【Compliance】

- In compliance with the law, Yokohama Rubber prohibit corrupt practices, the violation of competition laws and the abuse of an advantageous position.

### 【Environmental initiatives】

#### ●Initiatives for zero deforestation

- Yokohama Rubber will work to protect and conserve the High Conservation Value (HCV) areas defined by the HCV Resource Network (<https://www.hcvnetwork.org/>).
- Yokohama Rubber will work to protect and conserve the High Carbon Stock areas defined by the HCS Approach Steering Group (<https://www.highcarbonstock.org/>).

#### ●Prohibition of development of peatland areas

- Yokohama Rubber do not engage in water discharge, cultivation, slash-and-burn farming or development of peat land areas in any form.
- Yokohama Rubber comply with the laws and regulations of the countries and regions in which they operate their business.

#### ●Consideration for biodiversity

- Yokohama Rubber will work to preserve biodiversity, including the protection of rare and endangered species.

#### ●Water management

- Yokohama Rubber will work to achieve the effective and cyclic use of water resources.
- Yokohama Rubber comply with the laws and regulations, etc. concerning drainage water and respect the rights of local communities in the countries and regions in which Yokohama Rubber operate their business.
- Yokohama Rubber prevent risks of the pollution of water resources with natural or artificial chemical substances.

#### ●Chemical substance management

- Yokohama Rubber comply with all the laws and regulations (including, but not limited to, management methods, usage restrictions and reporting requirements) concerning chemical substances in the countries and regions in which Yokohama Rubber operate their business.

## 【Rights to estates】

In conducting activities (the “Activities” ) that may have an impact on rights to estates (including customary land ownership), Yokohama Rubber will follow the prior procedures (the details are described below) in accordance with the “free, prior and informed consent” (FPIC) principle of local communities.

- Yokohama Rubber will provide explanations about the Activities and all issues arising in relation to the determination of the Activities to the indigenous people and other right holders ( “Right Holders” ) in a language that they understand.
- Yokohama Rubber will participate in the decision-making of the Right Holders and grant them, with regard to the said Activities, the rights to consent, make revisions, reserve their rights and revoke their decisions.
- Yokohama Rubber will agree with the Right Holders on measures for mitigating any negative impact of the Activities, compensation for unavoidable damage, distribution of profits, and other monetary and legal arrangements.

## 【Support of suppliers and other parties involved in the supply chain】

- Yokohama Rubber promote the dissemination of farming techniques and provides support for the enhancement of production efficiency.
- Yokohama Rubber proactively promote the development of leading-edge technology for natural rubber processing.
- Yokohama Rubber will provide technical support for the improvement of natural rubber quality.
- Yokohama Rubber will provide knowhow accumulated in the YOKOHAMA Forever Forest Project for the regeneration of the forests.

## 【Creation of innovative technologies】

Yokohama Rubber work to create innovative technologies in order to facilitate the efficient use of natural rubber. Actual initiatives include, but are not limited to, the following examples.

- Reduction of the mass of tires, increase of tire durability and improvement of the abrasion resistance of tires
- Use of recycled materials
- Provision of tire retreading services
- Search for materials that may replace natural rubber

## 【Communication with suppliers】

Yokohama Rubber expect their entire supply chain to follow the Policy and the philosophy thereof. Yokohama Rubber select and cooperate with suppliers based on the assumption that they comply with the Policy.

Yokohama Rubber will observe and evaluate the status of the compliance and implementation of the Policy by the suppliers as necessary.

Depending on the results of such observation and evaluation, Yokohama Rubber may request that the subject supplier make improvements and/or provide supporting activities.

If a supplier fails to respond to an improvement request from Yokohama Rubber or if there is no improvement after such a request is made, Yokohama Rubber will review the appropriateness of continuing transactions with the said supplier, taking into comprehensive consideration the environmental, social and economic impact of the issue.

If Yokohama Rubber receive a report from a supplier on an event that prevents the supplier from implementing the Policy and the philosophy thereof or that has a negative impact on the supplier in implementing them, Yokohama Rubber will work out a solution jointly with the supplier.

## 【Third-party evaluation and Grievance mechanism】

In order to ensure the transparency of the Policy, Yokohama Rubber will entrust a neutral third party to conduct an evaluation of the status of the implementation of the Policy.

If it is pointed out to Yokohama Rubber that they have violated the Policy and the philosophy thereof, they will take the matter seriously and work to solve the problem in good faith.



Planting trees, Yokohama Forever Forest



Grown trees, Yokohama Forever Forest

### **III. Yokohama Rubber's request to suppliers**

Yokohama Rubber request that their suppliers be committed to implementing the matters described in this chapter. Yokohama Rubber also request that suppliers disseminate the Policy to their affiliates, producers and other parties in the entire supply chain

#### **【Traceability】**

Collect information as broadly as possible regarding the sources of natural rubber upon request from Yokohama Rubber and in accordance with Global Platform for Sustainable Natural Rubber, and provide the information to Yokohama Rubber

#### **【Human rights and labor】**

- **Respect for human rights**
  - Comply with the laws and regulations concerning human rights, the United Nations Universal Declaration of Human Rights (UDHR), guidelines on human rights established by the International Labor Office (ILO), the United Nations Guiding Principle on Business and Human rights, and other international norms on human rights.
- **Fair and equitable treatment**
  - In compliance with the law, prohibit discrimination in the treatment of workers on the basis of race, nationality, religion, faith, language, gender, social status, ethnic origin, etc.
- **Harassment**
  - In compliance with the law, prohibit any form of harassment (including, but not limited to, physical abuse through the use of physical force).
- **Child labor**
  - In compliance with the law, prohibit child labor; a worker below the minimum age for employment.
  - Give consideration to and provide support for the promotion of young workers' health and growth.
- **Forced labor**
  - In compliance with the law, prohibit forced labor.
- **Adequate working conditions**
  - Establish and observe adequate working conditions in accordance with the laws and regulations of the countries and regions in which you operate your business.

#### **【Compliance】**

- In compliance with the law, prohibit corrupt practices, the violation of competition laws and the abuse of an advantageous position.

#### **【Environmental initiatives】**

- **Initiatives for zero deforestation**
  - Work to protect and conserve the High Conservation Value (HCV) areas defined by the HCV Resource Network (<https://www.hcvnetwork.org/>).
  - Work to protect and conserve the High Carbon Stock areas defined by the HCS Approach Steering Group (<https://www.highcarbonstock.org/>).
- **Prohibition of development of peatland areas**
  - Do not engage in water discharge, cultivation, slash-and-burn farming or development of peatland areas in any form.
  - Comply with the laws and regulations of the countries and regions in which you operate your business.
- **Consideration for biodiversity**
  - Work to preserve biodiversity, including the protection of rare and endangered species.
- **Water management**
  - Work to achieve the effective and cyclic use of water resources.
  - Comply with the laws and regulations, etc. concerning drainage water and respect the rights of local communities in the countries and regions in which you operate your business.
  - Prevent risks of the pollution of water resources with natural or artificial chemical substances.
- **Chemical substance management**
  - Comply with all the laws and regulations (including, but not limited to, management methods, usage restrictions and reporting requirements) concerning chemical substances in the countries and regions in which you operate your business.



## 【Rights to estates】

In conducting activities (the “Activities” ) that may have an impact on rights to estates (including customary land ownership), follow the prior procedures (the details are described below) in accordance with the “free, prior and informed consent” (FPIC) principle of local communities.

- Provide explanations about the Activities and all issues arising in relation to the determination of the Activities to the indigenous people and other right holders ( “Right Holders” ) in a language that they understand.
- Participate in the decision-making of the Right Holders and grant them, with regard to the said Activities, the rights to consent, make revisions, reserve their rights and revoke their decisions.
- Agree with Right Holders on measures for mitigating any negative impact of the Activities, compensation for unavoidable damage, distribution of profits, and other monetary and legal arrangements.

## IV. Disclosure and revision

The status of the implementation of the Policy will be disclosed on Yokohama Rubber websites or by other means. Yokohama Rubber will incorporate the knowledge and experience acquired through the implementation of the Policy or feedback from stakeholders, and may modify the Policy as necessary.



Natural rubber forest taken from the sky

# Glossary

- **International Rubber Study Group (<http://www.rubberstudy.com/aboutus.aspx>)**

The International Rubber Study Group (IRSG) is an international body representing natural rubber and synthetic rubber producing and consuming stakeholders, with 36 member countries and 120 industry members (as of July 1, 2012). The Group undertakes surveys, statistics and studies on the world's demand-supply situation of natural rubber and synthetic rubber. The Group was established in 1944.

- **Sustainable Natural Rubber Initiative (<http://snr-i.org/>)**

The Sustainable Natural Rubber Initiative (SNR-i) is put forward by the International Rubber Study Group. Five guidelines are set out under SNR-i, comprising Support improvement of productivity, Enhance natural rubber quality, Support forest sustainability, Water management and Respect human and labor rights. The Group encourages governments, companies and other organizations that agree with the guidelines to undertake voluntary activities and continuous improvements based on the guidelines.

- **World Business Council for Sustainable Development (<https://www.wbcsd.org/>)**

The World Business Council for Sustainable Development (WBCSD) is a CEO-led organization with approximately 200 companies participating from approximately 35 countries (as of August 2018) for the purpose of working together for sustainable development. Through cooperation with governments, NGOs and international organizations, members of the WBCSD address challenges regarding sustainable development and share their experiences.

- **Tire Industry Project (<https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project>)**

The Tire Industry Project (TIP) is an initiative of WBCSD that is undertaken by 11 tire manufacturers (as of August 2018). Since its founding, TIP has led research and established frameworks that have enabled a deeper understanding of the tire industry's human health and environmental impacts during the entire process of the development, use and disposal of tires.

- **World Rubber Summit 2018 (<https://www.wrs2018.rubberstudy.com>)**

A summit organized by the IRSG and held on May 7 and 8, 2018 in Sri Lanka for the purpose of sharing challenges currently facing the rubber industry and possible solutions.

- **Traceability**

Traceability is the capability to keep track of the subject goods (and their components and raw materials) during the course of their entire distribution channel from production to final consumption or disposal.

- **Harassment**

Harassment means behaviors that make someone uncomfortable, violate a person's dignity or cause disadvantages to the person regardless of the intention through the use of unwanted or unwelcome words, actions, etc. and/or behaviors that threaten the person who is the victim of the above behaviors

- **Young worker**

Young workers are workers who have reached the minimum age for employment but who should still be regarded as being in the growth process.

- **Forced labor**

Forced labor means all work or service that is exacted from any person under the threat of penalty and for which the said person has not offered him/herself voluntarily. Penalties include confinement, the use of violence or intimidation and restrictions on workers' freedom of movement to go outside their workplace. Threats include those of inflicting injuries on workers' family members, of denouncing workers to the authorities for working illegally and of withholding the payment of wages for the purpose of keeping workers in the workplace while giving them hope that the wages will eventually be paid. Providing wages or other compensation to workers does not signify that the workers are not coerced to work.

- **High Conservation Value Areas (<https://www.hcvnetwork.org/>)**

High Conservation Values (HCVs) are biological, ecological, social or cultural values that are outstandingly significant or critically important at the national, regional or global level. They are natural habitats that possess inherent conservation values, including the presence of rare or endemic species, the provision of ecosystem services, religious or spiritual sacred sites, or resources harvested to support local communities and indigenous peoples. There are six categories of HCVs:

- HCV 1: Concentrations of biological diversity including endemic species and rare, threatened or endangered species that are significant at regional, national or global levels.
- HCV 2: Landscape-level ecosystems and mosaics. Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the vast majority of the naturally occurring species in natural patterns of distribution and abundance.
- HCV 3: Rare, threatened or endangered ecosystems, habitats or refugia.
- HCV 4: Basic ecosystem services in critical situations, including the protection of water catchments and the control of the erosion of vulnerable soils and slopes.
- HCV 5: Sites and resources that are fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.).
- HCV 6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

- **High Carbon Stock areas (<http://highcarbonstock.org/>)**

Areas stratified according to the type of vegetation cover, including High Density Forest, Medium Density Forest, Low Density Forest and Young Regenerating Forest. Acts of deforestation in these areas that are subject to potential protection and development are considered to have a substantial impact on climate change and biodiversity.

- **Peatlands**

Marsh areas with mixtures of insufficiently decomposed plant material and mud. The development of peatlands raises the rate of plant decomposition in the soil and increases emissions of CO<sub>2</sub>, a greenhouse effect gas, into the air. If decomposed plant material dries out and causes a fire as a result of development activities, this leads to CO<sub>2</sub> emissions. Accordingly, the development of peatlands is considered to have a major impact on climate change.

- **Activities to influence rights to estates**

Activities to influence indigenous peoples' rights to all living spaces (land, territories, waters, coastal areas and the sky extending therefrom) and other resources owned, occupied and used by the indigenous peoples based on customs, traditions, land tenure systems and so forth, and/or their rights to maintain and enhance the spiritual relationship with their living spaces and other resources.

- **The principle of Free, Prior and Informed Consent (FPIC)**  
(<https://www.unclearn.org/sites/default/files/inventory/un-redd05.pdf>)

- One of the important principles for protecting indigenous peoples' human rights.
- Free means that there is no coercion, menace or fraudulent manipulation.
- Prior means that the consent of indigenous communities is sought before the implementation of any project, and that sufficient time is allowed for negotiations and the coordination of views for the indigenous communities.
- Informed means the provision of information that covers the nature and size of a proposed project, the degree of progress, the recoverability of the project, the scope of the impact, the purpose of the project and so forth.
- Consent includes, as an important element, negotiations based on sincere attitudes and mutual respect and indigenous peoples' full and fair participation (including the participation of women and youth) and includes the indigenous peoples' right to withhold their FPIC.



- **Indigenous peoples and other right holders**

Those who have originally lived on the subject lands and who have been maintaining and enhancing the spiritual relationship with the lands, territories, waters, coastal areas and other resources.

- **YOKOHAMA Forever Forest Project (<http://www.y-yokohama.com/global/csr/mori>)**

A project being implemented by the Yokohama Rubber Group (Yokohama Rubber's manufacturing-related bases in Japan and overseas, sales companies and group companies) to plant young seedlings of tree species that match potential local natural vegetation. Launched in 2007, the target of planting 500,000 trees that was set out in the project was achieved in 2017. Subsequently, the Group has been continuing the tree-planting activities and offering young seedlings to local communities with a goal of a total of 1,300,000 trees. These activities have the effect of regenerating dominant local vegetation and contributing to biological diversity conservation.

- **Reduction of the mass of tires**

Reduction of the mass of tires means to decrease the raw materials used for tire manufacture. This decreases the use of natural rubber and generates a positive impact on curbing the spread of natural rubber plantations to protect natural forests.

- **Improvement of the abrasion resistance of tires**

Improvement of the abrasion resistance of tires means to mitigate the amount of wear caused by friction. By improving abrasion resistance, tire life is extended. This in turn decreases the amount of natural rubber used and generates a positive impact on curbing the spread of natural rubber plantations to protect natural forests.

- **Provision of tire retreading services**

Tire retreading services means services to restore tire functions and reuse them by replacing the portion of tires that becomes worn due to contact with the ground.