

Procurement

Our mission is to create social value through sustainable procurement activities. The Bridgestone Group is committed to creating value and continually working toward a sustainable society to realize long-term environmental, social and economic benefits by incorporating the following into the entire supply chain:

1. Transparency
2. Compliance
3. Quality, cost, delivery (QCD) and innovation
4. Sustainable procurement practices

The Group's sustainable procurement initiatives create long-term environmental, social and economic benefits for stakeholders across its supply chain. This work is grounded in its [Global Sustainable Procurement Policy](#) and aligns with the Group's goal of using 100% sustainable materials¹ by 2050 and beyond. The policy helps identify and evaluate qualified suppliers, promote best practices and serve as a communication and improvement tool for the industry. The Group's sustainable procurement mission is important as customers and consumers are ever more interested in the natural rubber supply chain, including issues related to human rights and environmental practices of the rubber the Group sources.



Andy Thompson

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Executive committee member
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Bridgestone is at the forefront of tackling complex sustainability challenges. For example, with over 6 million smallholder farmers cultivating rubber across multiple continents, ensuring a productive and sustainable natural rubber supply is a complex endeavor. That's why Bridgestone is committed to playing a leadership role in the Global Platform for Sustainable Natural Rubber, where the expertise and resources from across the value chain and civil society help to transform the natural rubber supply chain into a sustainable, equitable and fair one. At Bridgestone, we believe a sustainable natural rubber supply chain is good for society and good for business.

100% of Tier 1² suppliers will have acknowledged the revised Global Sustainable Procurement Policy by the end of 2023. (As of March 31, 2023, 87% of Tier 1 tire material suppliers had done so.)

Notes: 1. The Group defines sustainable materials as materials "1) that come from resources with a continual supply, 2) that can be used as part of our business over the long-term, and 3) that have a low environmental and social impact over the lifecycle from procurement to disposal." For details on sustainable materials, see "[Long-term environmental vision \(2050 and beyond\): Towards 100% sustainable materials.](#)"
2. Suppliers that supply materials directly to the Group.

» ESG Due Diligence Activities

As a leading company in the tire and rubber industry, the Group is focused on continually meeting the increasing sustainability requirements for natural rubber, while also addressing the environmental and social risks arising from this expansion. Therefore, the Group has started to enhance its ESG due diligence for the natural rubber supply chain, for which risk management is seen as most critical by external stakeholders. In order to identify and assess ESG risks in its natural rubber supply chain, the Group has utilized assessments by [Verisk Maplecroft](#) and [EcoVadis](#). 95% or more of the Group's spend-basis Tier 1 tire material suppliers will have completed an EcoVadis enhanced ESG risk assessment by the end of 2023. (As of March 31, 2023, 97% had done so.) All of natural rubber Tier 1 suppliers will have completed an EcoVadis enhanced ESG risk assessment by the end of 2023. (As of March 31, 2023, 94% had done so.)

In addition, the Group has prioritized targeted suppliers based on Verisk Maplecroft and EcoVadis scores and conducted on-site ESG audits of those suppliers using a self-assessment questionnaire developed in collaboration with [WWF Japan](#). This has enabled us to assess sustainability risks against the [Global Platform for Sustainable Natural Rubber's \(GPSNR's\) Policy Framework](#), which covers issues including child labor, forced labor and deforestation risks, among other industry specific risks.

The Group will conduct on-site ESG audits of 33 natural rubber processing facilities in 2023.

Although no specific risks were identified in the most recent audit, including risks related to human rights violation and deforestation, if a risk is identified by the audits the Group will continuously support and develop a plan to prevent/mitigate the risk together with suppliers to reduce risks throughout its natural rubber supply chain.

» Enhancing Traceability of Natural Rubber Supply Chain

To further manage risks and contribute to the sustainability of natural rubber, the Group will strengthen its efforts to enhance traceability, conduct on-site audits of its natural rubber supply chain and leverage digital tools. As a first step, the Group examines and pilots available tools on the market and partnerships on the ground with the aim of boosting traceability in order to respond properly to the traceability levels required under the upcoming EU regulation on deforestation-free supply chains. The Group is working to introduce a new digitized tool in Liberia that promotes data integrity and enables visibility of the farm profile together with other environmental and social parameters for both our own farms as well as smallholder operations.

30% or more of the Group's natural rubber supply chain is expected to be traceable to the smallholder level by the end of 2023. (At the end of 2022, 33% was traceable to this level based on self declaration by Tier 1 suppliers.)

» Capacity Building

Demand for natural rubber has steadily increased globally over the years, while farmland expansion is becoming increasingly restricted because of the need to protect forests, whether voluntarily or in accordance with law. Moreover, poor yields will affect the livelihood of smallholders, making it unsustainable for them to continue cultivating natural rubber, and could result in them switching to farming other crops. In fact, natural rubber used in tire production is one of the most sustainable raw materials, so it is important for the Group to make efforts to

strengthen the capacity of natural rubber smallholders, increasing yields and income, preventing them from causing deforestation and other ESG risks. In 2022, the Group formed the Capacity Building Task Force, bringing together relevant functions under its Sustainable Procurement Working Group to strengthen capacity building



Extraction of natural rubber

initiatives as a Group. The task force is in the process of setting effective and clear KPIs and medium-term goals aligned with the Group's strategy and Global Platform for Sustainable Natural Rubber (GPSNR) standards.

GPSNR, a truly multi-stakeholder and inclusive network, serves as an effective platform for collaboration, sharing resources and knowledge, and uniting the Group's efforts in enhancing sustainability of the natural rubber industry with those of other tire makers, automakers, smallholders, processors and producers, and civil society in tackling this vast and complicated issue.

Bridgestone's Sustainable Procurement Working Group donated USD60,000 to GPSNR to support initiatives led by GPSNR for smallholder capacity building to be conducted in 2023 and was recognized by GPSNR as an important donor. In addition to providing donations to GPSNR's capacity building projects, the Group is a member of GPSNR's Capacity Building Working Group and actively participates in the Smallholders Working Group with the aim of providing effective support for and promoting smallholders' voices in GPSNR. To provide support for enhancing smallholders' capacity (increasing yield per hectare in a sustainable manner), the Group is actively involved in the discussion around GPSNR's Shared Responsibility Framework, discussing the ways in which to build the most equitable financial distribution mechanism, to share resources and knowledge, and to recognize and award members' efforts in enhancing natural rubber's sustainability.



GPSNR meeting scene

[Global Sustainable Procurement Policy](https://www.bridgestone.com/responsibilities/social/procurement/pdf/Policy_English.pdf) www.bridgestone.com/responsibilities/social/procurement/pdf/Policy_English.pdf

[Sustainable Materials](https://www.bridgestone.com/responsibilities/environment/resources/) www.bridgestone.com/responsibilities/environment/resources/

[Verisk Maplecroft](https://www.maplecraft.com/) www.maplecraft.com/

[EcoVadis](https://ecovadis.com/) ecovadis.com/

[WWF Japan](https://www.wwf.or.jp/eng/) www.wwf.or.jp/eng/

[Global Platform for Sustainable Natural Rubber's \(GPSNR's\)](https://sustainablenaturalrubber.org/) sustainablenaturalrubber.org/