

Management Fundamentals for Value Creation

Procurement

Mission

Create value to society through sustainable procurement practices

We are 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 Bridgestone 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 Bridgestone 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 human rights and environmental practices, of the rubber the Bridgestone Group sources.

Management system

Composed of cross-functional members including senior management procurement/sustainability leaders from around the world, the Sustainable Procurement Working Group formulates and deploys the Bridgestone Group's Global Sustainable

Procurement Policy and related plans. It also confirms the progress of global initiatives and activities that are then reported to the Global Sustainable Committee (GSC) and Global EXCO.

Goals and KPIs

To achieve its sustainable procurement mission, the Bridgestone Group established a number of goals and KPIs, including:

- 100% of Tier 1² suppliers will have acknowledged the revised Global Sustainable Procurement Policy by the end of 2022.
(As of March 31, 2022, 67% of Tier 1 tire material suppliers had done so.)
- 95% or more of its spend basis for the Group's Tier 1 tire material suppliers will have completed an [EcoVadis](#) enhanced ESG risk assessment by the end of 2023.
(As of March 31, 2022, 95% had done so.)
- 100% of natural rubber Tier 1 suppliers will have completed an EcoVadis enhanced ESG risk assessment by the end of 2022.
(As of the end of 2021, 94% had done so.)
- 30% of the Group's natural rubber supply chain will be traceable to the smallholder level by the end of 2022.
(At the end of 2021, 25% was traceable to this level, although this percentage fluctuates seasonally.)

¹ The Bridgestone 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.

² Suppliers that supply materials directly to the Bridgestone Group.

- Conducting onsite ESG audits of 21 natural rubber processing facilities and four natural rubber plantations by the end of 2022.
- Establishing the Group's [grievance mechanism](#) for natural rubber supply chain in the first quarter of 2022. The Group will solve social and environmental issues in cooperation with the direct suppliers and a third-party adviser, and will disclose the status of each grievance quarterly.

Initiatives

In 2021, the Bridgestone Group revised its Global Sustainable Procurement Policy to respond to stakeholders' expectations of contributing toward a carbon-neutral state by 2050 and beyond in light of the Policy Framework of the [Global Platform for Sustainable Natural Rubber \(GPSNR\)](#). This revision mirrors the Group's December 2020 update to its long-term environmental target of achieving a carbon-neutral state by 2050 and beyond, along with its target of reducing total CO₂ emissions by 50%¹ by 2030. The revised policy also includes new requirements for the enhancement of environmentally responsible procurement and respect for human rights. Conflict minerals (see the following page) were also addressed in the revised policy.

Additionally, in February 2022, the Bridgestone Group launched a grievance mechanism for the natural rubber supply chain in partnership with a third party [Earthworm Foundation](#). The Group's grievance mechanism supports the intake of grievances related to social and environmental issues brought by stakeholders against its natural rubber supply chain and aids solving the issues in cooperation with the direct suppliers and Earthworm Foundation in accordance with its Global Sustainable Procurement Policy. As necessary, the Group will coordinate with the grievance mechanism of the GPSNR.

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 natural rubber supply chain, which has the highest

demand for ESG risk management by external stakeholders. In order to identify and assess ESG risks on its natural rubber supply chain, the Group has utilized [Verisk Maplecroft](#) and [EcoVadis](#). In addition, the Group has prioritized targeted suppliers based on the result of Verisk Maplecroft and EcoVadis scores and conducted on-site ESG audits of those suppliers using a self-assessment questionnaire developed in collaboration with the [WWF Japan](#). 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 in order to reduce risks throughout its natural rubber supply chain.



The Bridgestone Group is also accountable for improving the traceability and transparency of the complicated and complex natural rubber supply chain consisting of many complicated layers of raw material dealers, processing plants, rubber product manufacturers and smallholder farmers. To this end, it is working to introduce a new digitized tool in Liberia. In addition, for the Asian region such as Indonesia or Thailand, the Group is developing an online traceability system that collects sourcing information, and is promoting the expansion of ensuring transparency centered on a relatively short supply chain. It also hosts annual supplier conferences to continually convey the importance of sustainability and share best practices.

¹ Baseline year: 2011

A message from

Bastien Sacht CEO, Earthworm Foundation



Launching its grievance mechanism in February 2022, Bridgestone has taken a strong step forward for more transparency within its natural rubber supply chain.

A grievance mechanism is a key tool to support companies with the implementation of a responsible sourcing strategy. This tool allows companies to firstly identify and then take appropriate actions to improve environmental and social concerns within their value chain. Moreover, a grievance mechanism goes beyond mitigation; it facilitates the prevention of future grievances through learning from past experiences and creating more collaboration with local stakeholders.

While promoting transparency, Bridgestone builds the foundation to drive positive change within the natural rubber supply chain for all stakeholders including farmers, workers, and local communities, and to reduce deforestation rates. Strong engagement with Bridgestone's direct suppliers will be key for the successful implementation of the grievance mechanism. As such, expected next steps will include socializing this tool with key supply chain partners and ensuring its adaptation for all key sourcing regions where Bridgestone operates directly.

■ Tracing conflict minerals

The Bridgestone Group's Sustainable Procurement Policy covers all materials, including conflict minerals (tin, tungsten, tantalum and gold) and cobalt extracted in conflict areas such as the Democratic Republic of the Congo (DRC) and adjoining countries. The Group conducts risk assessments across its supply chain using the reporting templates compiled by the [Responsible Minerals Initiative \(RMI\)](#) alliance consisting of over 400 global corporations and organizations. Bridgestone Group suppliers whose

products potentially contain conflict minerals are required to complete and submit the reporting templates annually.

Additionally, the Group has traced 100% of the smelters from which it sources tire-product materials globally. All are compliant with the [Responsible Minerals Assurance Process \(RMAP\)](#), which is certified by RMI.

More information on the Bridgestone Group's procurement practices is available [online](#).