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:

- Transparency;
- Compliance;
- Quality, cost, delivery (QCD) and innovation; and,
- Sustainable procurement practices.

In early 2018, the Bridgestone Group introduced its <u>Global</u> <u>Sustainable Procurement Policy</u> to help identify and evaluate qualified suppliers, promote best practices, and serve as a communication and improvement tool for the industry. Working with suppliers, the Group's goal is to contribute to faster realization of a sustainable supply chain for the environment and communities around the world.

Since the introduction of the policy, intensive new efforts have been underway in all regions globally. As of May 2019, acknowledgment of the policy has been completed by 98 percent (~2,400) of the Group's Tier 1 major suppliers and the majority are in the process of completing third-party assessments with <u>EcoVadis</u>. As of May 14, 2019, 424 (41 percent) of the Group's Tier 1 tire material suppliers have completed the full assessment. Additionally, the Group has trained hundreds of procurement, legal, technical and customer-facing teams, among others across the enterprise.

For several years, the Bridgestone Group has held annual conferences in multiple locations for natural rubber suppliers and recently shared its Global Sustainable Procurement Policy. Representatives from the Group also visit approved natural rubber factories and hold face-to-face meetings once a year to support quality continuous improvement and enhance traceability and sustainability initiatives. The Bridgestone Group's work with EcoVadis aligns with broader, industry-wide initiatives. In 2019, it will focus on reviewing assessment findings, addressing immediate concerns and developing its go-forward strategy toward industry best practices for supply chain sustainability and transparency.

"The Bridgestone Group is great example of an organization that is leading in sustainability by increasing their focus on responsible procurement practices. Proactive collaboration with suppliers is the best way to improve performance across all corporate social responsibility indicators and drive positive change in the communities from which they source. This partnership will help the Group build on its existing efforts and make a real, lasting impact."

-Pierre-Francois Thaler, Co-CEO, EcoVadis

ecovadis

Procurement

"2018 was a stand-out year for the Bridgestone Group's engagement with WBCSD. Through our Tire Industry Project, the Group's leadership in developing and launching the multi-stakeholder Global Platform for Sustainable Natural Rubber (GPSNR) was commendable. The GPSNR is a timely venture, building on WBCSD's core mission, that by working together we can accelerate the transition to a sustainable world. Importantly, it is the dedication of WBCSD members like the Bridgestone Group that drives high-impact business solutions to address the most challenging sustainability issues."

- Peter Bakker, President and CEO, World Business Council for Sustainable Development

Partnerships

Although the Bridgestone Group's commitments are significant, it cannot address supply chain improvements alone. That is why it is working collaboratively with 10 other leading tire companies that represent 65 percent of the world's tire manufacturing capacity through the global <u>Tire Industry Project (TIP)</u> operated under the World Business Council for Sustainable Development.

TIP members are using a scientific approach to continue to improve the sustainability efforts of the industry. They are also building on the existing body of knowledge to address the lifecycle impact of tires.

Together with other stakeholders, TIP members recently launched the <u>Global Platform for Sustainable Natural Rubber (GPSNR)</u> to transform the natural rubber supply chain for the better. Through the GPSNR, TIP companies, including Bridgestone and other stakeholder members, will work to harmonize standards to improve respect for human rights, prevent land-grabbing and deforestation, protect biodiversity and water resources, improve yields and increase supply chain transparency and traceability.

Even with these partnerships, it is important to realize that the majority of natural rubber production in the world is conducted by smallholder rubber farmers in Southeast Asia. The Bridgestone Group uses large volumes of natural rubber, but unfortunately, productivity of the rubber trees raised by these farmers is often low and the quality of natural rubber produced varies. To help smallholder farmers improve the quality of their operations, the Bridgestone Group provides Hevea rubber tree seedlings and conducts technical training in key producing countries using the same productivity-improvement techniques the Group developed for its own rubber farms. The Bridgestone Group's commitment to diversity and inclusion also impacts its procurement practices. For example, Bridgestone Americas aims to purchase from a supplier base representative of its employees, consumers, customers and communities. It is actively engaged in increasing work with diverse suppliers including aboriginal people, disabled, ethnic minorities, LGBTQ¹⁵ communities, veterans and women.

More information on the Bridgestone Group's Procurement practices is available <u>online</u>.







