

Procurement Guidelines  
8th Edition  
[Raw materials for tire]  
(WEB Edition)

July 2024



住友ゴム工業株式会社  
SUMITOMO RUBBER INDUSTRIES, LTD.

# Contents

1.Introduction	.....	P.2
2.Sumitomo Rubber Group Policy	.....	P.3-4
3.Sustainable Procurement Policy	.....	P.5
4.Sustainable Procurement Guidelines	.....	P.5-13
1)Building Sustainable Relationships with Suppliers	.....	P.5
2)Procurement Activities Utilizing Digital Technology	.....	P.6
3)Natural Rubber	.....	P.6-7
4)Efforts to Maintain and Improve Quality	.....	P.8
5)Sustainable Use of Raw Materials	.....	P.8-9
6)Considerations for the Environment	.....	P.10-11
7)Social and Governance	.....	P.11-13
5.Matters to be implemented by business partners	.....	P.14-17
6.Terms and Definition	.....	P.18-19
7.References Used	.....	P.19

# 1. Introduction

We greatly appreciate your consistent cooperation and indispensable support with respect to the various business activities of the Sumitomo Rubber Group.

In our business, “Our Philosophy” ※1 serves as the unwavering and universal guidelines so does our Purpose “Through innovation we will create a future of joy and well-being for all” as a cornerstone of our activities in society, providing a guide for all facets of our decisions and actions.

Most recently updated in 2023, the Midterm Plan※2 of the Sumitomo Rubber Group promotes ESG Management to propel our ongoing efforts to accomplish our goals over the long term. And so, we have pledged to redouble our efforts to work toward the solution of various environmental and social issues throughout our business activities so that we may continue to make positive contributions toward the realization of sustainable societies for the future.

Meanwhile, in light of the rapid shift toward carbon neutrality in response to the accelerating impacts of climate change and other recent developments concerning the environment, the Sumitomo Rubber Group also believes that new policies based on long-term perspectives to foresee the world of 2050 and beyond are essential to our efforts to live up to the ideals of Our Philosophy while ensuring the sustained growth and development of both our business and society as a whole. And so, in August 2021, we announced our new Long-Term Sustainability Policy: Driving Our Future Challenge 2050※3.

The Procurement HQ of the Sumitomo Rubber Group is actively engaged in various efforts to promote Sustainable Procurement with an eye toward the future world of 2050 and beyond. At the same time, we also believe that the success of these efforts will depend on the kind cooperation and support of the many suppliers who play an indispensable role in our business activities. And so, we have revised and updated our Procurement Guidelines in order to ensure that our procurement procedures are made clear while also including new details of our specific requirements to our valued suppliers with respect to sustainability in particular.

So that we may forge stronger relationships with our Suppliers with an eye toward becoming better business partners to one another, we ask that our Suppliers not only understand and abide by these guidelines but also ask the same of their own Suppliers.

For Natural Rubber, we revised our Sustainable Natural Rubber Policy※4 in August 2021.

In line with the revised policy, we will be working to promote closer and more active cooperation among all stakeholders throughout natural rubber supply chains and beyond as part of our ongoing efforts to enhance our procurement activities with the ultimate aim of realizing a world in which natural rubber is a fully sustainable resource.

[Reference]

- ※1: <https://www.srigroup.co.jp/english/corporate/philosophy.html>
- ※2: <https://www.srigroup.co.jp/english/corporate/vision.html>
- ※3: [https://www.srigroup.co.jp/english/sustainability/value\\_creation/challenge2050.html](https://www.srigroup.co.jp/english/sustainability/value_creation/challenge2050.html)
- ※4: [https://www.srigroup.co.jp/sustainability/genki/governance/pdf/governance\\_4\\_1\\_en.pdf](https://www.srigroup.co.jp/sustainability/genki/governance/pdf/governance_4_1_en.pdf)

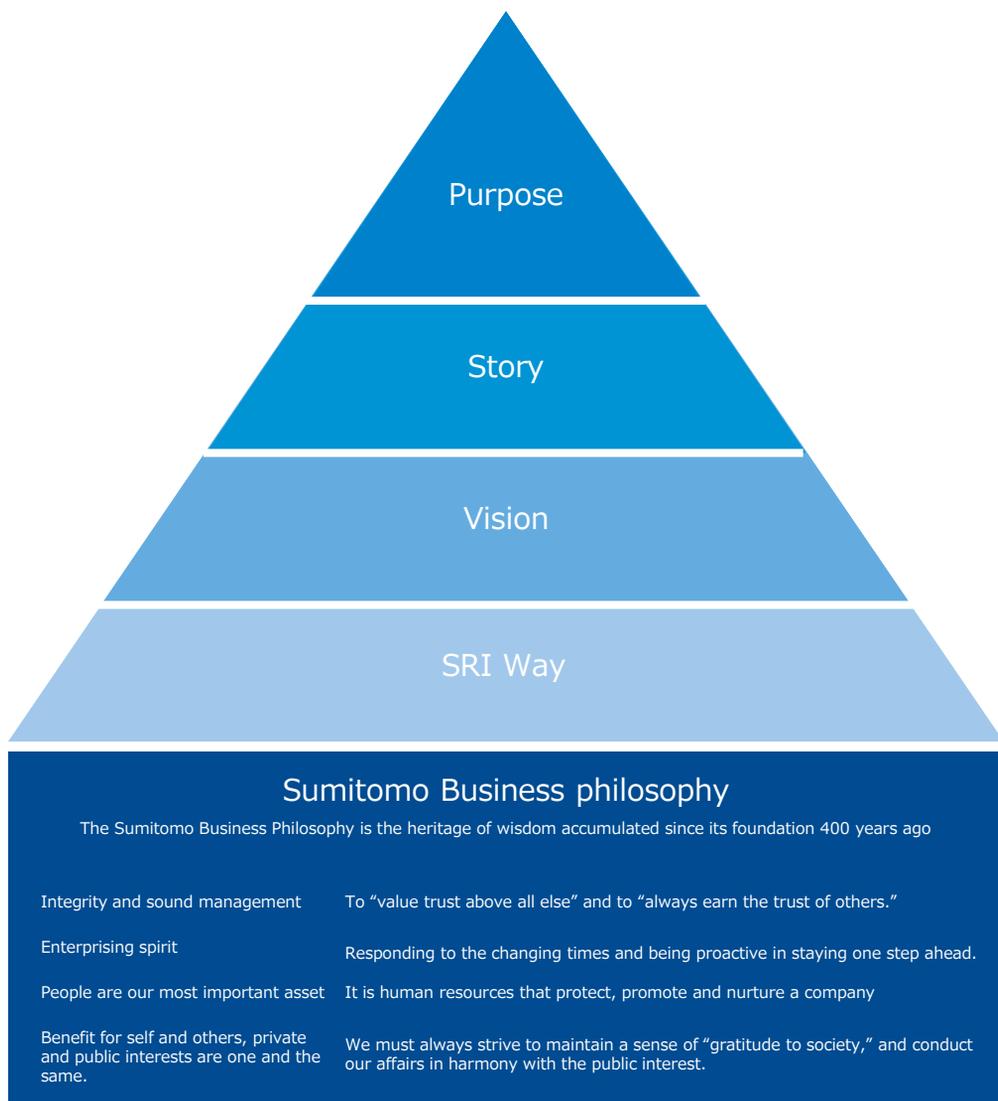
July 2024  
Sumitomo Rubber Industries, Ltd.  
General Manager, Procurement HQ  
Executive Officer, Hidenori Suzuki

## 2. Sumitomo Rubber Group Policy

### “Our Philosophy”—a Corporate Philosophy Structure Guiding Sumitomo Rubber Group Operations

The business environment surrounding us has been radically evolving at an ever-faster pace. In 2020, we established “Our Philosophy” to provide unwavering and universal guidelines for all Sumitomo Rubber Group members to ensure our ability to stay flexible and adapt amid times of uncertainty and volatility like the present moment and secure further growth.

A revamp of our former, conventional corporate philosophy, “Our Philosophy” also draws on the “Sumitomo Business Philosophy,” which comprises the heritage of wisdom we have accumulated over the course of four centuries of operations and provides a basis on which the diverse capabilities of individual employees can be aligned and consolidated on the same vector.





**Purpose**

Sumitomo Rubber Group’s reason for being, a cornerstone of our activities in society, providing a guide for all facets of our decisions and actions

# Through innovation we will create a future of joy and well-being for all.

**Story**

The beliefs behind our Purpose

**A unique belief in the material possibilities of rubber. A track record of multiple world firsts through industry-leading rubber technology and, beyond that, relentless dedication to the innovation and development of new technologies. A singular focus on creating value that exceeds expectations in response to the trust our customers and society place in us. Supporting individuals, society and the future; creating a future of joy and well-being for all through innovation. We are Sumitomo Rubber Industries, and this is what we are for.**

Our fundamental beliefs consist of respect for rubber materials and unshakable trust in their potential. Once introduced to Japan, the world’s first pneumatic tire commercialized by John Boyd Dunlop served as a precursor of modern rubber technology in the country and thus became a driving force behind the industrial advancement of the time. Taking full advantage of cutting-edge technologies, Sumitomo Rubber Group developed other, non-rubber materials, guided by the progressive spirit that is an integral component of the “Sumitomo Business Philosophy” to enter new business fields. Looking ahead, we will remain attentive to and strive to best accommodate the needs of each customer while employing a long-term perspective to contribute to society.

**Vision**

Our future vision regarding what we should look like as an organization

## Uniting our diverse strengths, growing together, driving and thriving on change.

Our Vision represents the state to which the Sumitomo Rubber Group aspires in order to embody our Purpose. We will leverage strengths afforded by diversity and spirited teamwork to grow into a resilient and flexible organization able to prevail amid radically changing times even as we aim for the constant creation of great value.

**SRI Way**

The values each member of Sumitomo Rubber Group holds in order to realize our Vision and embody our Purpose

- Being reliable and worthy of trust** Facing forward with honesty and integrity, responding to the trust our customers, our colleagues and our society place in us.
- Seeking out challenge** Being unafraid; having the courage to persist in the face of failure.
- Valuing one another** Understanding and respecting each other’s individuality and perspectives.

**Slogan**

A simple expression of all the aspects of “Our Philosophy”

## Rubber and Beyond, Driving Our Future.

## 3. Sustainable Procurement Policy

In order to realize sustainable procurement, the Sumitomo Rubber Group will focus on the following seven points. To realize this initiative, it is essential to understand and cooperate with suppliers who provide products and services directly or indirectly.

- 1) Building Sustainable Relationships with Suppliers
- 2) Procurement Activities Utilizing Digital Technology
- 3) Natural Rubber
- 4) Efforts to Maintain and Improve Quality
- 5) Sustainable Use of Raw Materials
- 6) Considerations for the Environment
- 7) Social and Governance

In order to realize a stable and sustainable business for both our suppliers and the Sumitomo Rubber Group, we ask that you understand and implement the "Sustainable Procurement Guidelines" and "Matters to be implemented by our suppliers" shared below.

We also ask that you share these Guidelines not only with your suppliers but also with your suppliers so that they understand and implement them.

We will ask our suppliers who do not meet Standard requirements of these guidelines to correct them, and if we do not see improvement, we will consider continuing the transaction.

## 4. Sustainable Procurement Guidelines

The Sumitomo Rubber Group will focus on the above seven points in order to strengthen its efforts to promote sustainable procurement.

### 1) Building Sustainable Relationships with Suppliers

In order to stably provide products that satisfy customers, our company Sumitomo Rubber Group will develop a system to continuously expand the content of the BCP (\*1). In addition, based on the basic recognition that our business partners in the procurement field of the supply chain are the business partners of Sumitomo's business execution and procurement activities, we will deepen mutual understanding through communication with our customers, and aim to "sustainable procurement" and "build new partnerships" by promoting cooperation and coexistence and co-prosperity.

For this reason, in addition to the conventional assessment of our business partners based on QCD, we will periodically assess the status of our efforts to realize a sustainable society (EcoVadis (Third-party evaluations)), qualitative factors such as business history and product prospects, and quantitative factors based on financial analysis such as financial statements and Business Report.

## 2) Procurement Activities Utilizing Digital Technology

The Sumitomo Rubber Group is implementing initiatives for DX management. In the procurement field, we are also upgrading and digitizing our operations, with the aim of quickly responding to rapidly changing social conditions.

We will also use digitalization to promote effective and Efficiency operations for our business partners, including contracts, information, and documents.

## 3) Natural Rubber

In step with advances in the mobility industry around the world, tire demand is expected to grow. Accordingly, demand for natural rubber, the primary tire raw material, is likely to grow even stronger. This prospect has prompted looming concerns about deforestation and the emergence of human rights issues in regions where natural rubber is produced. As a tire manufacturer, the Sumitomo Rubber Group aims to curb these problems, and to this end has implemented a variety of initiatives to help the entire natural rubber supply chain improve and update itself into a more sustainable industry.

### Targets under Our Long-Term Sustainability Policy: "Driving Our Future Challenge 2050"

- Raw Material Procurement in Line with the Sustainable Natural Rubber (SNR) Policy**  
**By 2030** : The SNR Policy applies to key suppliers.  
**By 2050** : The SNR Policy applies to all suppliers.
- Realizing Sustainable Procurement through Third-Party Assessments Provided by EcoVadis**  
 Aim to procure 95% of tire raw materials on a purchase value basis from suppliers who earn scores of 45 or higher (2030)  
Note: Plans call for expanding the scope of third-party assessments to include businesses other than the Tire Business



### Issues to Be Addressed in the Course of Natural Rubber Procurement

#### Securing Traceability

The natural rubber supply chain includes stakeholders around the globe, including approximately 6 million smallholders as well as plantations, dealers and natural rubber processors. This complexity makes it hard to clarify distribution routes. Securing traceability is thus a major issue confronting the industry.

#### Supporting Smallholders

Smallholders account for around 85% of natural rubber producers. These farmers constitute the uppermost tributary of the supply chain and tend to be the most exposed to risks of poverty and human rights violations. This is why we deem it essential to support them via, for example, the development of a framework that enables them to continue as sustainable producers.

## Initiatives to Resolve Issues

### Sumitomo Rubber Group Sustainable Natural Rubber (SNR) Policy (since 2016)

In October 2016, Sumitomo Rubber Industries joined the SNR-i<sup>※1</sup> advocated by the IRSG.<sup>※2</sup> In September 2018, we also became a participant in the GPSNR.<sup>※3</sup> In August 2021, we updated our SNR Policy to reflect a policy framework approved by the GPSNR, with the aim of gearing up efforts to resolve issues in regions where natural rubber is produced, such as environmental problems caused by the destruction of forests and human rights problems in the working environment.

In line with our updated SNR Policy, we will proactively promote collaborative initiatives with companies in our supply chain to realize a society in which natural rubber is procured in a sustainable manner.

※1 Sustainable Natural Rubber Initiative

※2 International Rubber Study Group

※3 Global Platform for Sustainable Natural Rubber

## Establishing a Natural Rubber Procurement Subsidiary in Singapore (2020)

SUMITOMO RUBBER SINGAPORE PTE. LTD., established in Singapore—home of the world’s largest natural rubber market— initiated operations in April 2020. This subsidiary strives to ensure the sustainable procurement of high-quality natural rubber while serving as a key base for promoting the Sumitomo Rubber Group’s Sustainable Natural Rubber (SNR) activities. Currently, it is proactively tackling human rights-related and environmental issues.

## Monitoring Activity Undertaken by France-based EcoVadis (since January 2021)

To improve our procurement activities, we have commissioned EcoVadis, an external assessment firm specializing in monitoring and rating supplier performance with regard to human rights, governance and the environment. We expect that third-party assessments offered by this firm will help us unify our standards for supplier evaluations while enabling us to efficiently promote sustainability activities among suppliers



## Initiatives to Improve Traceability and Support Smallholders

### • Resuming the Pilot Project in Indonesia (since September 2022)

SUMITOMO RUBBER SINGAPORE has been undertaking the Pilot Project in Jambi Province, Indonesia. Although the project had been temporarily suspended in the face of the COVID-19 pandemic, the subsidiary has now resumed it, once again launching such activities as surveys to assess the status of natural rubber farms and their raw material distribution routes, the provision of training to farmers and the free-of-charge provision of fertilizers. Acting in collaboration with Halcyon Agri, a natural rubber supplier in Singapore, the subsidiary thus strives to support smallholders in a way that takes heed of their real-life circumstances and needs while assessing the status of natural rubber distribution routes as well as risks associated with natural rubber supply. In this way, we push ahead with improving the traceability and transparency of our natural rubber procurement.

### • Initiating Procurement through the Agridence Rubber Platform (since November 2022)

We initiated natural rubber procurement employing the Agridence Rubber Platform provided by Singapore-based Agridence Rubber to trace natural rubber distribution routes, which are often complex. This platform not only keeps us well-informed about the status of natural rubber processors, it also enables us to trace upstream processes that take place in locations where natural rubber is produced.

### • Funding Financial Assistance to the Capacity Building Project in Thailand

We are providing financial assistance to the Capacity Building Project undertaken by the GPSNR in Thailand to support smallholders. The objectives of this project include helping farmers achieve higher incomes and promoting Good Agricultural Practices (GAP).

### • Providing Training to Neighboring Farmers in Thailand

We support farmers operating in the neighborhood of Sumirubber Thai Eastern Corporation Co., Ltd., one of the Sumitomo Rubber Group’s natural rubber processing bases. Specifically, we offer seedlings to them while sharing our knowledge of fertilization and other farming practices, with the ultimate goal of improving their standards of living.

## 4) Efforts to maintain and improve Quality

### Quality Policy of the Sumitomo Rubber Group

#### **Create a Future of Joy & Well-Being for All**

#### **Uniting our diverse strengths, growing together, driving and thriving on change with action and quality that always puts the customer first.**

We hereby enact and shall henceforth put into practice the following Quality Policies based on our Corporate Philosophy, which espouses the ideals of contributing broadly to society by providing products and services that fulfill the needs of markets and customers while abiding by all applicable laws and regulations.

- 1) Provide products and services that earn the continued trust of customers while responding to the changing times through consistent practice of the "5-Gen\* Principle."  
\*5-Gen: Genchi (Actual Site), Genbutsu (Actual Objects), Genjitsu (Facts), Genri (Principles), Gensoku (Rules)
- 2) Create appealing products through innovation to pioneer the future backed by strong connections throughout our group.
- 3) With full participation, engage in proactive activities to preempt and prevent problems through continuous education, as well as thoroughgoing standardization and compliance.

All employees of the Sumitomo Rubber Group shall understand and practice these Quality Policies while striving to ensure the full implementation and operation of our Quality Management System.

\*Quality Management System: Quality Management System of the Sumitomo Rubber Group is based on ISO9001 and IATF16949, Quality Management System Standard for the Automotive Industry.

### Efforts through collaboration with business partners

We conduct a performance review of business partners and provide feedback from our company once a year. The four main evaluation items are Product Quality, Quality Management, Supply Quality, and Business Quality.

The Sumitomo Rubber Group will continue to support these activities in order to raise the bar with our suppliers. Thank you for your understanding and cooperation.

## 5) Sustainable Use of Raw Materials

### Overview of "TOWANOWA," a Business Model Designed to Support a Circular Economy through the Tire Business

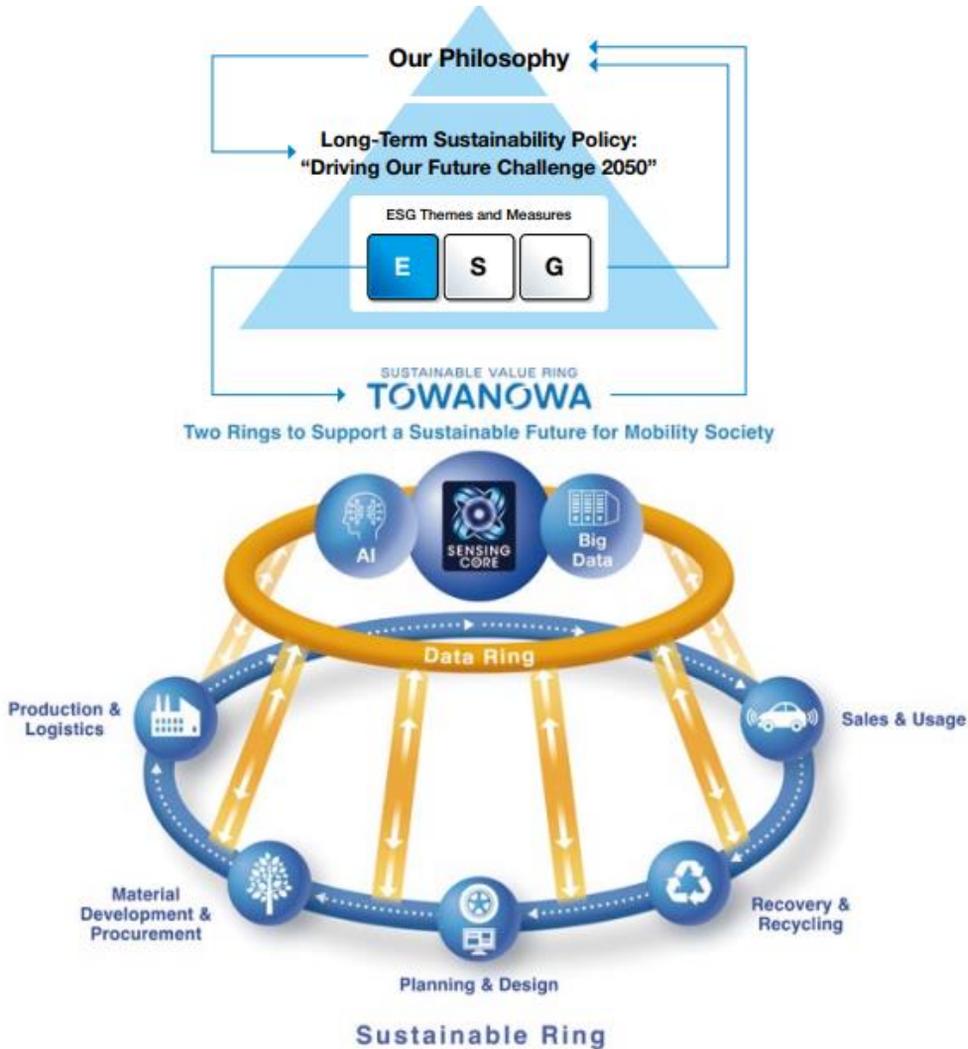
Encapsulating our hope to support the long-lasting development of a sustainable mobility society in the future, the word TOWANOWA brings together the two Japanese terms TOWA, meaning "Everlasting," and WA, meaning "Ring."

In line with the TOWANOWA concept, we aim to facilitate the circulation and effective utilization of limited resources while promoting the use of big data, comprising data gleaned by such technologies as SENSING CORE, an asset unique to the Sumitomo Rubber Group. Through these efforts, we will deliver new value to customers, contribute to the creation of the next-generation mobility society and otherwise help realize a sustainable future in which all people can enjoy safety, security and comfort.

We will thus promote the TOWANOWA concept to realize a long-lasting tire business cycle as part of efforts to embody "Our Philosophy."

In the course of doing so, we will address issues associated with CASE\* megatrends, help realize a sustainable world and contribute to the creation of a future of joy and well-being for all.

\* "CASE" is regularly used to describe the four main strategic areas of focus for the industry—an abbreviation for Connected, Autonomous, Shared and Electrified.



## Increasing the Usage Rate of Sustainable Raw Materials

Aiming to realize a circular economy, we are promoting initiatives to increase the ratio of sustainable raw materials \* to raw materials.

Tire, which will manufacture products in 2030, aims to achieve 40% of sustainable raw materials and 100% by 2050.

We aim to achieve 100% sustainable tires.

\*Sustainable raw materials

Sustainable raw materials refer to raw materials consisting of sustainable resources. For example, bio-derived raw materials and recycled raw materials are mentioned.

## 6) Considerations for the Environment

Among our company's environmental initiatives, the following five items are particularly relevant to procurement activities.

- (1) Initiatives to Achieve Carbon Neutrality
- (2) Promoting Environmentally Hazardous Substance Controls
- (3) Formation of a Circulation Society
- (4) Promotion of Global Environmental Management
- (5) Symbiosis with nature

### (1) Initiatives to Achieve Carbon Neutrality

- Supply chains including Scope 3 as well as aiming to achieve carbon neutrality in Scope 1 and 2 will work to reduce overall greenhouse gas emissions.  
In the procurement and distribution of raw materials, the distance and method of transportation are taken into consideration for regional procurement and optimal global coordination.  
We will promote delivery allocation.  
Our company has obtained SBT certification in March 2024. We raise our Scope 1 and 2 reduction targets to 55%(compared with the base year 2017 ) by 2030, and accelerate our efforts to achieve our Scope 3 Category 1 reduction target of 25%(compared with the base year 2021) by 2030.

### (2) Promoting Environmentally Hazardous Substance Controls

- In both products and in manufacturing processes, we shall appropriately manage and control substances as required by applicable laws and regulations, as well as GADSL(\*2) substances specified by the Sumitomo Rubber Group to ensure not to harm environment and safety.
- We strive to continuously reduce pollutants and prevent environmental pollution. We strive to continuously to reduce pollutants and prevent environmental pollution such as air, water, and soil.
- We shall implement measures to counter odors produced by production processes and products.

### (3) Formation of a Circulation Society

- We shall promote the 3Rs (Reduce, Reuse, Recycle) with respect to waste while striving to make efficient use of resources. We will make Design easy to reuse and recycle from time to time, and develop products and products to further extend product life. We will carry out monitoring and maintenance of proper use of Circulation type society (circular economy). We will contribute to the formation of a circular economy.
- We will actively work to achieve carbon neutrality, reduce energy usage, reduce water usage, and recycle water.

### (4) Promotion of Global Environmental Management

- We shall work to obtain ISO 14001 Global Integrated Certification and, having done so, shall strive to continuously improve our Environmental Management System (EMS).

## (5) Symbiosis with nature

- We shall abide by all laws and regulations concerning forest conservation. We shall work to protect and preserve areas defined as HCV (High Conservation Value)(\*3) and/or HCS (High Carbon Stock)(\*4).
- We shall not engage in the illegal burning/clearing of wilderness or development of peatlands.
- We shall strive to maintain the balance of ecosystems and to preserve natural habitats through activities that account for biodiversity.
- We protect wildlife (including rare species, endangered species, at the risk of endangered species, and critical endangered species) from poaching, overhunting, and habitat loss on land under the management of the Sumitomo Rubber Group and we also promote wildlife conservation activities.

## 7) Social and Governance

Among our company's social and governance initiatives, the following five items are particularly relevant to procurement activities.

- (1) Human Rights & Labor Rights
- (2) Compliance
- (3) Management & Disclosure of Information
- (4) Safety and Health
- (5) Considerations for Product Quality, Service & Safety

### (1) Human Rights & Labor Rights

- We recognize the human rights expressed in the Universal Declaration of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work as human rights that must be protected, and furthermore, we strive to respect human rights in accordance with the Guiding Principles on Business and Human Rights.
  - We shall respect the personality, individuality, privacy and diversity of all employees. We shall prohibit harassment, discrimination or inhumane treatment of any individual for reasons relating to that individual's ideology, creed, religion, ethnicity, skin color, nationality, native language, social status, place of birth, sex, sexual orientation, gender identity, age or physical handicap, etc.
  - We shall pledge to work toward the abolishment of forced labor that is inhumane or represents an affront to human dignity. As such, we shall not force any worker to engage in labor against his or her own free will or exploit the labor of undocumented immigrants.
  - So that no child is robbed of the opportunity for healthy development or education as a result of being compelled to work, we shall prohibit all forms of child labor. Further, we shall not employ minors who have not yet reached the minimum age for employment as defined by law, convention or the recommendations of public health or welfare officials.
  - We shall respect the basic labor rights of workers and strive to protect and empower workers.
  - We shall ensure that our employment conditions and occupational health and safety practices (at least) fulfill the minimum standards set forth by laws and regulations in each country or region in which we operate. Further, we shall continuously strive to improve working conditions and create positive and healthy work environments.

- We shall abide by all applicable laws and regulations concerning the wages paid to workers (including with respect to minimum wage and overtime pay, as well as allowances and deductions, etc. that are required by law).
- We shall appropriately manage the working hours and days off of employees in an effort to reduce overwork (excessive working hours).
- We shall eliminate discrimination in recruiting and employment and strive to achieve equal opportunities and fair treatment.
- We continue to educate employees on respect for basic labor rights and prevention of harassment through in-house workshops to create workplaces where employees can work actively and without human rights violations or harassment.
- As a signatory of the United Nations Global Compact, we support its 10 principles and we will continue our efforts to realize them.
- We shall comply with local laws and regulations in our business activities. If the laws and regulations of the country or region in question differ from international human rights standards, we will adhere to the higher standards. In cases of conflict, we strive to respect international human rights standards to the fullest extent possible.
- We shall respect the principle of Free, Prior and Informed Consent (FPIC) (\*5) and shall not participate or otherwise become involved in the expropriation or exploitation of land. Particularly when acquiring plantations or industrial sites, we shall follow the UN-REDD Program Guidelines on FPIC and actively involve any indigenous peoples or local communities that are affected by such acquisition in the acquisition process. Further, we shall respect the rights of indigenous peoples and local communities to make use of surrounding forestry resources to support their livelihoods.
- We shall engage in responsible procurement activities that account for the impact on local communities and society with respect to Congolese Conflict Minerals, Etc. (\*6) and other raw materials that may potentially cause or contribute to the violation of human rights, environmental destruction or other social problems. Where there are concerns, we shall enact appropriate measures to avoid using any such materials. We also conduct supply chain risk assessments using the reporting templates CMRT (\*7) and EMRT (\*8) created by the Responsible Minerals Initiative (RMI).

## (2) Compliance

- We shall abide by all laws and regulations concerning fair competition in each country and region in which we operate and shall refrain from engaging in any activities or behaviors that would impede free and fair.
- When exporting products, we shall implement and practice appropriate export controls in order to ensure full compliance with all applicable laws and regulations in each country and region.
- We shall not abuse dominant bargaining positions or otherwise engage in activities or behaviors that unfairly disadvantage our suppliers or customers.
- We shall maintain appropriate relationships with politicians and the employees (and former employees) of government agencies and other public entities and shall not engage in bribery or otherwise make unlawful contributions. Further, we shall not engage in any activity that provides any inappropriate benefit to antisocial forces: those who would disrupt social order and work to the detriment of a healthy society.
- We shall not engage in insider trading: the buying or selling of stock or other securities based on important information about customers or other business partners that is not available to the public.
- We shall correctly understand and abide by all other applicable laws and regulations.
- We shall clearly specify a department (organization) that is responsible for compliance-related matters and shall engage in active awareness-raising activities in an effort to ensure widespread knowledge and understanding of compliance with applicable laws and regulations throughout our organization.

- We shall regularly investigate our overall compliance situation in the interests of preventing illegal activity or other malfeasance while also taking active measures (such as establishing hotlines for compliance consultations/whistleblowers) so as to be able to rapidly detect and respond to compliance issues whenever they may arise.

### (3) Management & Disclosure of Information

- We shall proactively disclose to the public accurate information concerning the details of our business activities, our financial situation, our business performance, the risks that we face and so forth.
- We shall provide accurate information about our products and services to customers/consumers.
- We shall actively gather information from stakeholders and, where necessary, reflect this information in our subsequent business activities.
- We shall handle, manage and protect information obtained in the course of our business dealings with suppliers or customers (including corporate and personal information), as well as trade secrets belonging to the Sumitomo Rubber Group (including knowhow, customer lists or other technical or business information), in a secure and appropriate manner as specified by applicable laws, regulations and internal rules.
- We shall enact sufficient security measures to protect computers and networks from threats while managing computer systems and networks in an appropriate manner in order to prevent damage to suppliers, customers or other parties.
- We shall appropriately protect and encourage the creation of intellectual property while making effective use thereof.

### (4) Safety and Health

- The Sumitomo Rubber Group not only complies with the safety and health laws and regulations of the countries and regions in which we operate, but also strives to achieve zero danger and zero accidents by implementing proactive measures that essentially improve safety by eliminating risk factors in the workplace. We will continue to promote safety activities. We also actively conduct safety audits and safety observations in the field.
- We shall assess workplace safety risks and, having done so, shall work to ensure workplace safety through the adoption of appropriate designs, technologies and management techniques. Further, we shall implement appropriate safety measures for all machinery and equipment.
- We shall identify and appropriately manage work tasks that involve subjecting the body to strain/stress in an effort to prevent injuries and illnesses stemming from such tasks.
- We shall enact, implement and practice appropriate health and productivity management for the physical and mental health of all employees.

### (5) Considerations for Product Quality, Service & Safety

- We shall design products in a manner that ensures sufficient product safety and full compliance with all applicable laws and regulations in each destination country and region.
- We shall establish and continuously improve a Quality Management System (QMS) and, having done so, shall strive to ensure a reliable supply of products and services that fulfill customer requirements (with respect to specifications, performance, quality and service) at competitive prices and by stated delivery deadlines.
- We shall strive to ensure a reliable, uninterrupted supply of products and services by preparing contingency measures in order to respond in the event of disasters, disease epidemics or other conceivable risks.

## 5. Matters to be implemented by business partners

The Sumitomo Rubber Group's initiatives described above cannot be achieved without the cooperation of our suppliers. We appreciate your cooperation in the following matters.

### 1) Building Sustainable Relationships with Suppliers

- If there is a risk to the sustainability of your business partner's financial situation, product performance, or business plan, suppliers promptly share information with us.
- In order to appropriately promote activities in accordance with the Procurement Guidelines, suppliers conduct an internal audit or undergo an assessment by a third-party organization, EcoVadis, and obtain a score of 45 points (standard score) or higher.
- Suppliers must properly manage chemical substances required by law and specified by suppliers in products and manufacturing processes.
- Suppliers must formulate a BCP, continually review and maintain its contents, and share it as appropriate.

### 2) Procurement Activities Utilizing Digital Technology

- Suppliers cooperate in system support for DX (digital transformation) management.

### 3) Natural Rubber

- Suppliers agree to the Sumitomo Rubber Group's Sustainable Natural Rubber Policy (August 2021) and strive to put it into practice, and make efforts to disseminate this policy all the way back to upstream producers.

### 4) Efforts to Maintain and Improve Quality

- Suppliers establish a quality management system with the aim of continuing to provide better products and services by operating a system to continuously improve manufacturing and service provision processes.  
Suppliers obtain IATF16949 or ISO9001 certification as part of these efforts.
- Suppliers refer to the results of performance reviews and work to maintain and improve quality.
- Suppliers must develop procedures/steps for managing changes at their business partners in order to manage changes in conditions related to manufacturing.  
In addition, when implementing design changes or process changes, suppliers must apply for and process the changes to our company, and ensure that the changes are implemented only after we have approved them.

## 5) Sustainable Use of Raw Materials

- In order to promote the use of sustainable raw materials, suppliers will not only expand the use of sustainable raw materials, but also collaborate with us.

## 6) Considerations for the Environment

### (1) Initiatives to Achieve Carbon Neutrality

- Suppliers must set greenhouse gas emission reduction targets, formulate reduction plans, and steadily advance efforts toward carbon neutrality.
- Suppliers cooperate if we request suppliers to share information regarding the targets/plans and greenhouse gas emissions (Including input format of CO2 emissions from products for Sumitomo Rubber Group, etc. ).

### (2) Promoting Environmentally Hazardous Substance Controls

- Suppliers respond to the "Sumitomo Rubber Controlled Substances Declaration."
- Suppliers must work to properly manage chemical substances and reduce pollutants and odor-causing substances.

### (3) Formation of a Circulation Society

- Suppliers comply with all laws and regulations related to wastewater in each country and region. Suppliers promote the 3Rs (Reduce, Reuse, Recycle).
- Suppliers work to reduce the usage of energy and water, suppliers also process waste water in an appropriate manner.

### (4) Promotion of Global Environmental Management

- Suppliers obtain either ISO 14001 certification or some other government-recognized certification

### (5) Symbiosis with Nature

- From the perspective of biodiversity protection and ecosystem conservation, suppliers ensure that all laws and regulations are not violated before planning, developing, or restoring industrial sites or related infrastructure.
- Suppliers do not engage in the illegal burning/clearing of wilderness or development of peatlands.
- Suppliers abide by all laws and regulations concerning forest conservation and suppliers . work to protect and preserve areas defined as HCV (High Conservation Value)(\*3) and/or HCS (High Carbon Stock)(\*4).

## 7) Social and Governance

### (1) Human Rights & Labor Rights

- Suppliers strive to comply with the items related to human rights and labor (listed on pages 11-12), and comply with the human rights laws and regulations of the countries and regions where we conduct business activities.
- Suppliers also apply the principle of free, prior and informed consent (FPIC) when planning, developing, rehabilitating or changing the use of industrial sites or associated infrastructure.
- For raw materials that can cause social problems such as human rights violations and environmental destruction, such as Congolese conflict minerals, suppliers will only procure from certified suppliers. Suppliers should take measures to avoid use if they have any concerns. Suppliers will also annually submit the CMRT (\*7) and EMRT (\*8) reporting templates created by the Responsible Minerals Initiative (RMI) for eligible products.

### (2) Compliance

- Regarding fair trade (compliance), suppliers comply with laws and regulations related to fair competition that apply around the world.
- Suppliers clearly specify a department (organization) that is responsible for compliance-related matters and conduct internal control audits, etc. to regularly investigate the status of compliance with laws and regulations. Suppliers also establish a system for resolving issues (such as establishing hotlines for compliance consultations/whistleblowers) for inquiries and reporting for the purpose of early response in the event of a problem.
- Suppliers do not engage in any activity that provides any inappropriate benefit to antisocial forces: those who would disrupt social order and work to the detriment of a healthy society.

### (3) Management & Disclosure of Information

- Suppliers strengthen their internal information security system and establish a management system to prevent damage to themselves or other companies. Suppliers shall handle, manage and protect information obtained in the course of our business dealings with suppliers or customers including corporate and personal information (confidential information), as well as trade secrets belonging to the Sumitomo Rubber Group including knowhow, customer lists or other technical or business information, in a secure and appropriate manner as specified by applicable laws, regulations and internal rules.
- Suppliers proactively disclose to the public accurate information concerning the details of their management, finance, environmental conservation, society, products, and services.
- Suppliers strive to maintain and develop healthy relationships with stakeholders through open and fair communication..
- Suppliers enact sufficient security measures against cybersecurity threats while managing computer systems and networks.

#### (4) Safety and Health

- Suppliers comply with the laws and regulations of each country and region regarding occupational safety and health.
- Suppliers formulate safety and health policies and plans and engage in activities aimed at zero danger and zero accidents.
- It is desirable to obtain ISO45001 certification for management systems related to occupational safety and health.
- Suppliers regularly conduct risk assessments, identify potential risks in the workplace, and engage in activities to reduce risks.

#### (5) Considerations for Product Quality, Service & Safety

- For suppliers of tire raw materials, it is desirable to obtain IATF16949 certification, and please set this your goal.

※In the future, we may revise these guidelines in response to changes in the business environment or other factors affecting the activities of our group as they relate to these guidelines

## 6. Terms and Definition

### (\*1): BCP (Business Continuity Plan)

A Business Continuity Plan (BCP) is a plan that is drafted in order to ensure that a company will be able to sustain business operations and effect a rapid recovery in the event of an emergency or crisis by setting forth preparatory activities to undertake during normal periods as well as predetermined actions to undertake in order to ensure the continuation of business operations in an emergency.

### (\*2): GADSL (Global Automotive Declarable Substance List)

This is a global standard list of environmentally harmful substances, compiled by major manufacturers of automobiles, automotive parts and chemicals in Japan, Europe and North America.

### (\*3): HCV (High Conservation Value)

Areas of High Conservation Value (HCV) are defined as areas to which any of the following classifications apply.

- HCV1: Areas with high concentrations of biodiversity. Areas inhabited by many and varied species, and especially areas inhabited by many endemic and/or endangered species.
- HCV2: Areas that are home to major ecosystems that remain largely untouched by mankind. Many of these areas are also protected as natural heritage sites and nature parks.
- HCV3: Areas that are home to rare ecosystems, and especially ecosystems or habitats that are indispensable to the survival of certain species.
- HCV4: Areas that provide indispensable ecosystem services. The loss of these areas would have negative effects on water, land and other resources, potentially contributing to natural disasters such as landslides.
- HCV5: Areas that are essential to the livelihoods (income, health, nutrition, water security, etc.) of local communities and/or indigenous peoples.
- HCV6: Areas or scenery with cultural value and/or importance to the traditions/culture of local communities and/or indigenous peoples.

HCV Reference : <https://www.hcvnetwork.org/hcv-approach>.

### (\*4): HCS (High Carbon Stock)

High Carbon Stock (HCS) Areas are areas that, in addition to often (though not always) also being classified as HCV Areas, are home to woodlands that are in (or close to) their natural state (such as secondary forests with a high degree of natural vegetation) and that are therefore deemed to merit further protection due to concerns stemming from the large amounts of carbon stored in their trees. As the concept of HCS is much newer than HCV, the HCS Approach to conservation is currently adopted by certain companies on a voluntary basis. However, certain industry organizations are now considering adding this approach to their certification requirements.

HCS Reference <https://highcarbonstock.org/>.

### (\*5): FPIC (Free, Prior and Informed Consent)

The principle of FPIC (Free, Prior and Informed Consent) has been set forth and explained as part of the UN-REDD (Reducing Emissions from Deforestation and Forest Degradation) Program. This principle aims to protect indigenous peoples who rely on forests, as well as their cultures and livelihoods, from the harmful effects of deforestation and other changes in how surrounding lands are used. As such, FPIC is considered important more from a human rights perspective than from an environmental or conservation perspective.

### (\*6): Congolese Conflict Minerals, Etc.

This term refers to certain minerals (tin, tantalum, tungsten, gold, cobalt, etc.) originating in the Democratic Republic of the Congo and surrounding countries and from whose sale armed insurgents derive funding for their activities in the region.

### (\*7): CMRT (Conflict Minerals Reporting Template)

The Conflict Minerals Reporting Template (CMRT) is a free, standardized reporting template developed by the Responsible Minerals Initiative (RMI) that facilitates the transfer of information through the supply chain regarding mineral country of origin and the smelters and refiners being utilized. The target conflict minerals are tin, tantalum, tungsten and gold. 18

(\*8):**EMRT(Extended Minerals Reporting Template)**

The Extended Minerals Reporting Template (EMRT) is a free, standardized reporting template developed by the Responsible Minerals Initiative to identify pinch points and collect due diligence information in the cobalt and mica supply chains.

## 7. References Used

- International Labour Organization (ILO) Conventions  
<https://www.ilo.org/dyn/normlex/en/f?p=1000:12030:::NO>
  - Forced Labour
    - ILO Convention No. 29 (Forced Labour Convention)
    - ILO Convention No. 105 (Abolition of Forced Labour Convention)
  - Child Labour
    - ILO Convention No. 138 (Minimum Age Convention)
    - ILO Convention No. 146 (Minimum Age Recommendation)
    - ILO Convention No. 182 (Worst Forms of Child Labour Convention)
  - Improvement of Working Conditions
    - ILO Convention No. 110 (Plantations Convention)
  - Freedom of Association and Protection of the Right to Organise
    - ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise Convention)
    - ILO Convention No. 98 (Right to Organize and Collective Bargaining Convention )
  - Decent Wages
    - ILO Convention No. 100 (Equal Remuneration Convention)
- The United Nations Global Compact  
<https://unglobalcompact.org/>
- OECD Guidelines for Multinational Enterprises  
<https://www.mofa.go.jp/files/100586176.pdf>
- Guiding Principles on Business and Human Rights  
[https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf)
- The Sumitomo Rubber Sustainable Natural Rubber Policy (August 2021)  
[https://www.srigroup.co.jp/sustainability/genki/governance/pdf/governance\\_4\\_1\\_en.pdf](https://www.srigroup.co.jp/sustainability/genki/governance/pdf/governance_4_1_en.pdf)

Procurement Guidelines, 8th Edition [Raw materials for tire] (WEB Edition)

Contact <https://www.srigroup.co.jp/english/contact/index.html>



**住友ゴム工業株式会社**  
SUMITOMO RUBBER INDUSTRIES, LTD.

Procurement Headquarters

3-6-9 Wakahama-cho, Chuo-ku, Kobe 651 0072