

# Creating Value for All Stakeholders

Masataka Yamaishi

President and Representative Member of the Board



We will strive to generate value and solve social issues in a way that is compatible with the times, based on the belief that implementing a growth strategy to achieve stable corporate management and growth will contribute to the happiness and enrichment of people, society, and the world.

## **| Making employee safety the No. 1 priority**

The first incident I faced when I took over as president in 2017 was a factory accident. A fire broke out at our factory in the Philippines, and we were determined not to let it happen again. To that end, we have made efforts to create business operations that prioritize safety, and we have invested in safety measures. At present, we need to review our safety risks, reinforce our mentality, and raise our level of awareness. To rebuild the system, which includes evaluating safety measures, we have designated this as a key issue in our new medium-term management plan. We are more determined than ever to create a workplace where our employees can work with peace of mind.

With regard to the COVID-19 pandemic that began in 2020, the Yokohama Rubber Group has also been affected by the outbreak at its plants in India, the United States, and elsewhere. In addition to taking a number of measures to prevent infection clusters from occurring in the workplace, we declared a state of emergency within the company before the Japanese government declared its own emergency in March 2020. With the safety and security of our employees as our top priority, we have implemented measures that include

announcing that we would pay employees' salaries even if plants were closed so that they could concentrate on their work with peace of mind.

## **| YX2023: Generating new value in anticipation of the next 100 years**

In 2017, we celebrated the 100th anniversary of our founding. Ever since, we have formulated and implemented a medium-term plan every three years and fashioned a grand design for our business operations. While we created a plan for 2020, we were extremely disappointed that the COVID-19 pandemic forced us to suspend a variety of measures. However, in February 2021, we formulated a new medium-term management plan, Yokohama Transformation 2023 (YX2023), and were able to indicate the new direction we are heading in. Amidst the global upheaval occurring in the automotive industry, we are aiming for a new phase of growth by means of a global strategy that focuses its response on the CASE\*<sup>1</sup> and MaaS\*<sup>2</sup> trends, as well as a strategy that maximizes the number of high value-added products we provide.

One of the important themes of YX2023 is generating new value for Yokohama Rubber over the next 100 years. We will strive to create a system that offers value not only to our customers, but also to all of our stakeholders. The "Y" in YX2023 stands not only for YOKOHAMA, but also for "YOU." We will transform ourselves by raising awareness among our employees themselves.

## ESG management that helps us care for the future

To make our goal of “Caring for the Future” a reality, we will engage in management that emphasizes both ESG management\*<sup>3</sup> and SDGs\*<sup>4</sup>.

- In terms of cooperating with industry organizations, we are taking part in the Tire Industry Project (TIP) being led by the World Business Council for Sustainable Development (WBCSD) along with 11 tire manufacturers. In doing so, we are establishing a roadmap for the SDGs and working together to address issues such as the environment, human rights, and sustainable procurement.

- In terms of products, we provide our customers with lightweight, fuel-efficient, durable, and safe products that help contribute to environmental conservation. We are also looking into new business opportunities, one of which is the SensorTire Technology Vision, a medium- to long-term vision for technological development of passenger vehicle tires. This will contribute to automobile safety and security by providing information from Sensor Tires equipped with sensing functions to drivers and a number of external businesses.

- In terms of the environment, we have been working to expand the utilization of renewable energy sources to achieve carbon neutrality. To fulfill our responsibility to supply decarbonized products that satisfy customer demands, we will formulate a vision of the company we want to be in 2030 and a roadmap to 2050 by the end of this fiscal year. With regard to achieving a circular economy, we have set a goal for using 30% or more renewable/recycled materials by 2030. In addition, we recognize the importance of the TCFD\*<sup>5</sup> and will consider disclosing information in accordance with its recommendations. I personally believe that it is important to clarify what our objectives are so that we can firmly integrate our goals into our business operations as opposed to simply setting goals.

- When it comes to other regions and human resources, it will be extremely vital for us to localize our operations as we accelerate our global expansion going forward so that we can hire the most appropriate personnel in each country and region. We will need to appoint local executives who have a solid understanding of the region in which they are based, as well as create a system that allows them to collaborate closely with the regional headquarters to make locally-led management a reality. We are hoping to achieve not only gender diversity, but global diversity as well. Another important point is evolution. If we simply go about our daily routine, innovation will not be possible. Promoting evolution will require us to recruit external human resources and bring in fresh knowledge and know-how, and then integrate this with what we have accumulated internally. I believe that this is only possible by encouraging diversity.

- In terms of governance, companies are public institutions that exist within society, and ensuring that management is transparent is of the utmost importance. We are making steady efforts to enhance our system of governance, and there are currently five outside directors on the Board of Directors and three outside corporate auditors on the Board of Corporate Auditors, with outside directors accounting for the majority of the members. When selecting our outside directors, we emphasize diversity in terms of skills, gender, and global background. With regard to global governance,



we have established a governance structure that includes a controlling company to ensure cooperation between the headquarters and subsidiaries, with the goal of harnessing the full potential each region's personnel. While we are taking affirmative steps to comply with revisions in the Corporate Governance Code, what essential is that we act based on sound logic. Growth requires that we continue to think and act in pursuit of generating value within the ESG framework, particularly as we work to promote governance and diversity.

## To our stakeholders

In promoting YX2023, we are working to create value that is appropriate for the times. Doing this requires not only that we firmly establish a profitable model in the tire business, but that we work to achieve ESG and the SDGs. I believe that two-pronged management that emphasizes offense and defense, rather than one or the other, is precisely what will lead us to success and what embodies the exploitation and exploration we are aiming for in YX2023. I am convinced that our mission is to help solve regional and social issues through ESG management by steadily implementing our current plans, all while keeping an eye on the future direction of our business. I am sure that all of us will make ESG management a reality by incorporating this mindset into our work and turning it into a steadily growing body of organizational knowledge. Next year, we would like to announce a clearer direction for our ESG management. I hope that all of our stakeholders will continue to show understanding toward our activities and trust in our future growth.

\*1 CASE: An acronym that means “Connected, Autonomous, Shared & Services, and Electric.”

\*2 MaaS: An abbreviation for Mobility as a Service. It is a new concept in which several types of transportation services are integrated and provided to users.

\*3 ESG: An acronym that means Environment, Social, and Governance, an evaluation of the long-term growth of a company.

\*4 SDGs: An abbreviation for Sustainable Development Goals, which are goals set by the United Nations to be achieved by 2030.

\*5 TCFD: Task Force on Climate-related Financial Disclosures, which recommends the disclosure of information related to climate-related risks, opportunities, and financial impacts.