



Corporate Governance



Value created

- ▶ Improving corporate value through sound management structure
- ▶ Strengthening global governance

Initiatives related to corporate governance

- Governance system
- CSR and environmental management
- Risk management
- Compliance
- Economic performance
- Taxation transparency

Management Practices that Earn Firm Trust

We in the Yokohama Group work in the spirit of our Corporate Philosophy to achieve continuing growth in corporate value and to thereby earn the unwavering confidence of all our stakeholders. Our efforts have included building a corporate governance framework for ensuring sound management that is fair and transparent, and we have worked continuously to reinforce that framework.

Basic Corporate Governance Policy

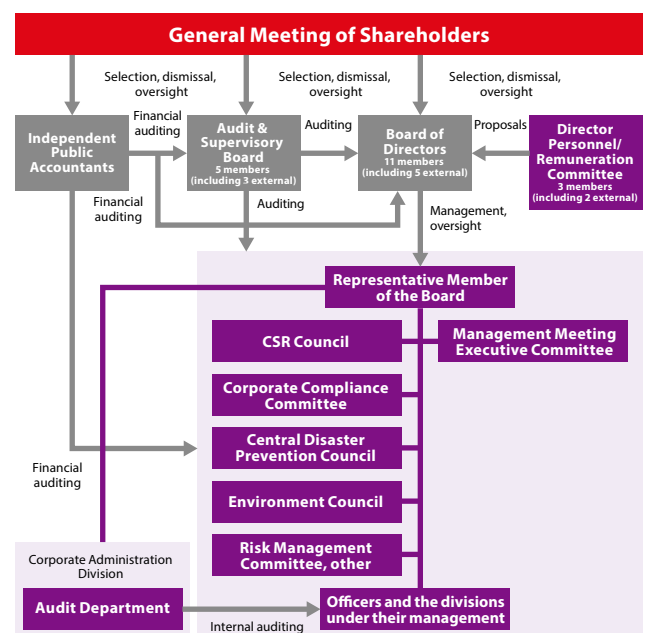
- Ensuring shareholders' rights and equality
- Appropriate collaboration with stakeholders other than shareholders
- Ensuring appropriate information disclosure and transparency
- Responsibilities of the Board of Directors
- Dialogue with shareholders

Reforming the Board of Directors and Officer System and Strengthening Management

The Company's Board of Directors consists of 11 members (6 internal directors (including foreign directors) and 5 external directors (all independent directors)). Traditionally, annual bonuses for directors and corporate officers, excluding outside directors, have been based on company-wide results and individual performance. We subsequently instituted a compensation system that uses transfer-restricted stock. Furthermore, starting fiscal 2021, we introduced a medium-term performance-linked compensation system to give employees more motivation to achieve the quantitative targets presented in the medium-term management plan.

In addition, the Director Personnel/Remuneration Committee for Corporate Officers and Directors of the Board of Directors, which consists of one internal director and two external directors, decides matters related to personnel/remuneration. Audit & Supervisory Board Members attend meetings of the Board of Directors as well as management meetings and other important meetings and committees to get a sense of how business operations are being conducted, obtain information as needed, and audit directors' performance of their duties.

The Yokohama Framework of Corporate Governance



Corporate Philosophy and Code of Conduct

Fiscal 2020 Committee Meetings

- Risk Management Committee: **11 times**
- Personal Information Protection Committee: **2 times**
- Export Control Committee: **2 times**
- Information Security Committee: **2 times**, etc.

The activities of the above four committees, including the Risk Management Committee, are periodically reported to the Board of Directors. Other committees' activities are reported at management meetings as appropriate, and matters are reported to the Board of Directors if doing so is deemed necessary.

With regard to our cross-shareholdings policy, we strive to increase shareholder value through share buybacks when shares are unbundled. In terms of Group governance, we will strengthen management on a global scale by strengthening the subsidiary and expanding the internal reporting system to overseas bases.

Compliance System

We have established a Compliance Committee chaired by the director in charge of compliance and a Compliance Promotion Office as the division that handles implementations. The committee meets four times a year for ongoing implementation of various measures related to the Group's compliance and to report on its activities to the Board of Directors and the corporate auditors. The Yokohama Rubber Group's Corporate Philosophy and Code of Conduct have been disseminated to all Group companies, including those overseas, and serve as guidelines for the execution of duties by the directors and employees of each company.

Overseas Development of Whistleblowing System

For overseas subsidiaries, we have established a global whistleblowing system in which the Corporate Compliance Dept. directly identifies instances of bribery or violations of competition laws through a point of contact outside of the company. We introduced the system for the first time at our China headquarters and distributors in 2018. The system will be introduced at our production site in the Philippines in August 2020 and at our Thailand distributor in September 2020.



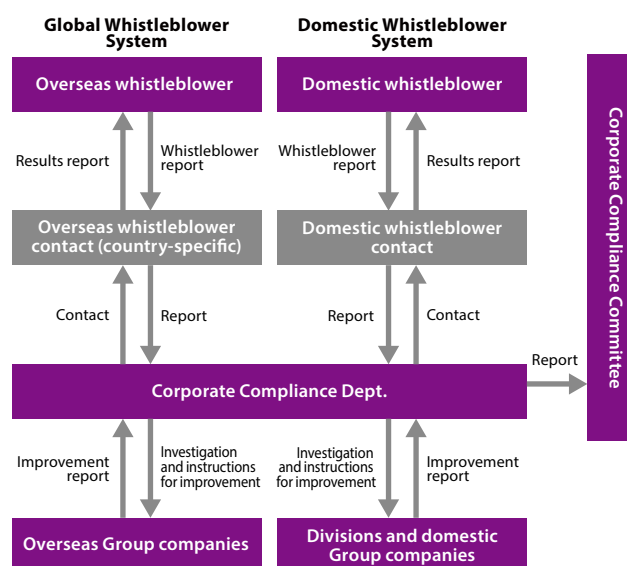
Compliance education in Thailand

Preparations are currently underway to introduce the system at our production site in Thailand.

In Europe, our European headquarters signed a contract with a company that provides a whistleblowing system, and it implemented a joint whistleblowing system that it uses along with its eight subsidiaries. In addition to serving as a whistleblowing system for these nine companies, including the controlling company, the system also functions as a global whistleblowing system in which the Corporate Compliance Dept. directly receives reports from local employees depending on the content of the report.

To prepare for the implementation of the whistleblowing system, training with regard to competition law violations, bribery, and fraud prevention was provided at each site. In addition, 169 Compliance Promotion Managers have been assigned to Group companies in Japan and overseas. They work closely with the Corporate Compliance Dept. to take appropriate action with regard to workplace incidents, transactions with external parties, and various other situations.

Whistleblower System



Compliance training

- 2020 Thailand distributor: **60 employees**
- 2020 European headquarters and distributors: **230 employees**
- 2020 antitrust compliance training: **2,081 employees**
- 2021 Production sites in Thailand: **700 employees** (planned)