

YOHOHAMA Sustainability Policy



In 2008, Yokohama Rubber established the CSR Management Vision and CSR Action Guidelines to promote CSR and sustainability management, and established the CSR Division as the responsible department. In addition, the CSR and Environmental Promotion Council (currently the CSR Council), chaired by the President and Representative Director, was established to oversee CSR management.

In 2014, we established the Yokohama Rubber Group Action Guidelines based on international norms such as the 10 principles in 4 areas of the United Nations Global Compact*.

The "Yokohama Rubber Group Action Guidelines" are currently translated into English, Chinese (simplified), Russian, Hindi, Spanish, Thai, and Vietnamese and shared by our staff around the world.

In 2017, the 100th anniversary of our foundation, we established our CSR slogan.

In order to contribute to the realization of a sustainable society through our business, we aim to achieve our own sustainable growth for the next 100 years.

※The United Nations Global Compact is the world's largest sustainability initiative, in which the United Nations and the private sector join hands to build a healthy global society. It requires participating companies to put into practice 10 principles in the four areas of human rights, labor, environment, and anti-corruption.

CSR Management Vision (Established in 2008)

To build a trusted identity as a contributing member of the global community.

CSR Action Guidelines (Established in 2008)

- Identify continually changing social trends.
- Ascertain the items that can contribute.
- Act swiftly to earn affirm trust.
- Practice CSR in one's own work.

CSR Slogan (Established in 2017)



Yokohama Rubber Group Action Guideline

Approved by the Management Board on December 24, 2014

Introduction

In 2003, the Yokohama Rubber Group determined its Code of Conduct and defined the sort of conscientious conduct to which the Group and its members must aspire. In 2008, we advocated CSR-minded management and formulated our CSR Management Vision and CSR Action Guidelines. Thereafter, the business activities of the Yokohama Rubber Group became increasingly globalized, and this was accompanied by a significant increase in matters that had to be taken into account. We consequently shared the international standards noted below by all members of our Group as guidelines to be followed in pursuit of our business activities.

- ISO 26000:2010 Guidance on social responsibility
- The Ten Principles in the four areas (human rights, labor, the environment, and anti-corruption) of the United Nations Global Compact

Each of these international standards refers to the kind of conscientious conduct that ought to be taken by the entire Yokohama Rubber Group and each of its members. We therefore decided to redefine the Code of Conduct to be applied in our global business activities on the basis of these standards, and to unify it with our CSR Action Guidelines.

Seven Action Guideline Items

- 1. We shall respect human rights inside and outside the company.**

<Basic stance of the Yokohama Rubber Group>

1. We shall respect human rights, and shall not practice or be a party to discrimination or harassment.

<To practice our basic stance—our action>

1. With an awareness of the diversity of the people working for us, we shall refrain from any action grounded in discrimination for reason of race, ethnicity, nationality, religion, sex, or other attributes. In addition, when we notice any such action, we shall resolutely point it out and urge its correction.
2. We shall refrain from harassment in any shape or form.
3. We shall not permit any violent behavior in the workplace.

2. We shall create workplaces that are safe and healthy.

<Basic stance of the Yokohama Rubber Group>

1. We shall not tolerate child labor or compulsory labor at any of our member companies or suppliers.
2. We shall respect the rules governing working hours, days off, leave/vacations, minimum wage, and other factors as defined by laws and regulations in host countries and regions (i.e., those where we do business).
3. We shall place top priority on assurance of safety and health in the workplace, and strive to prevent accidents and disasters.
4. We shall aim for the growth of all members of the Yokohama Rubber Group through their work, and proactively support their career and capacity development.
5. We shall confer with worker representatives in good faith in order to build and maintain sound labor-management relations.

<To practice our basic stance—our action>

1. We shall be on guard against the supply of labor by children who have not yet reached the employable age prescribed in the laws and regulations of the host countries, not only at member companies of the Yokohama Rubber Group but also at our suppliers.
2. In the realization that all labor must be supplied voluntarily and that all workers may freely quit their jobs, we shall be on guard against the compulsory or forced supply of any labor.
3. In order to build workplaces in which safety and health are assured, we shall proactively participate in activities aimed at the improvement and penetration of rules and setups for safety and health.
4. We shall obey rules governing safety and health in the workplace and show concern for a good work-life balance.
5. In the event of disasters, we shall respond properly, in accordance with the prescribed rules.
6. We shall help employees with problems on the job to deal with them in cooperation with concerned personnel instead of treating them as personal worries or difficulties to be handled by those employees alone.
7. People who are under the influence of alcohol or drugs shall not be permitted to enter the workplace.

3. We shall harmonize our activities with the global environment.

<Basic stance of the Yokohama Rubber Group>

1. As members of a corporate group with the highest levels of contribution to the environment, we shall take up the challenge of environment-related issues and help to build a sustainable society.
2. We shall construct and operate mechanisms for companywide management in order to observe environmental laws and regulations in each host country and region.

<To practice our basic stance—our action>

1. We shall observe all laws and regulations for prevention of air pollution, water pollution, soil contamination, etc.
2. In accordance with laws and regulations, we shall control environment-burdening substances, strive to reduce environmental risks deriving from them, and exclude prohibited chemical substances from our product manufacturing processes.
3. In all stages of our business activities, we shall eliminate the waste of resources and energy, and reduce emissions of CO₂ and other greenhouse gases.
4. In all stages of our business activities, we shall promote the reduction of industrial waste derivation and final disposal volumes.
5. In order to preserve biodiversity, we shall engage in various activities in accordance with our Guidelines on Biodiversity.

4. We shall provide safe and high-quality products and services.

<Basic stance of the Yokohama Rubber Group>

1. We shall develop, design, manufacture, and sell attractive products that satisfy customers; provide society as a whole with safe and high-quality products and services; and endeavor to enhance the value of the Yokohama Rubber brand.

<To practice our basic stance—our action>

1. We shall listen to the views of our customers, accurately ascertain their needs, and develop, design, manufacture, and sell products of genuine use to society.
2. We shall provide our customers with appropriate information concerning our products.
3. In the manufacture and sale of our products, we shall observe the laws and regulations on safety applied in each host country and region.
4. We shall proactively participate in the construction and operation of companywide mechanisms to assure the quality of our products.
5. We shall take prompt action for response in the event of accidents related to our products.
6. Through these actions, we shall work to enhance the value of the Yokohama Rubber brand.

5. We shall conduct corporate activities with a high transparency and practice proper disclosure of information.

<Basic stance of the Yokohama Rubber Group>

1. We shall conduct corporate activities with a high degree of transparency, in keeping with our Corporate Philosophy.
2. We shall make effective use of our corporate assets and heighten our corporate value.
3. We shall make systemic arrangements for ever-vigilant monitoring of risks surrounding the Yokohama Rubber Group, deal promptly with such risks, and constantly review these arrangements.
4. We shall establish standards for business processing and see that they are rigorously applied for correct performance of such processing.
5. We shall practice timely and appropriate disclosure of information on our business result, financial position, and business activities to our stakeholders, and engage in open and fair communication with them.

<To practice our basic stance—our action>

1. We shall treasure the tangible and intangible assets of the Yokohama Rubber Group including our reputation and brand, and strive to heighten our corporate value.
2. We shall exclude any and all ties with anti-social forces.
3. We shall be on guard against risks in our midst that could lead to disasters, scandals, and accidents, and deal promptly and appropriately with any related occurrences.
4. We shall obtain personal information on our customers, third parties, our employees, and other persons as well as confidential information on our customers and third parties, only by legitimate methods. In addition, we shall strictly manage any such information, utilize it in a proper scope, and carefully protect it.
5. We shall properly manage export in accordance with the laws and regulations in the host countries and regions.
6. We realize that the pool of information acquired through our work includes some important undisclosed information otherwise known internally or only within the other organization. We shall properly manage all such information. We shall not engage in any buying or selling of stock etc. using such inside information.

6. We shall observe not only laws and regulations but also social norms.

<Basic stance of the Yokohama Rubber Group>

1. We shall not engage in any activity that is in violation of the competition-related law (antitrust legislation), any acts of bribery, and any other acts that deviate from laws, regulations, or business conventions.
2. We shall open our doors wide to all prospective suppliers, engage in just and fair transactions with them, and construct partnerships grounded in observance of laws and regulations and in mutual trust. In addition, we shall take approaches with them to CSR issues (in the aspects of the environment, safety, human rights & labor, and compliance), ascertain the facts of their situation, and proactively assist them in their related efforts.

<To practice our basic stance—our action>

1. We shall observe the competition-related law (antitrust legislation) in each host country and related laws and regulations (such as the Japanese Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors).
2. We shall maintain sound relations with political groups and public administrative authorities, and shall not engage in any acts of bribery, in Japan or any other country or region. We shall not entertain, give any gifts to, or give any money to business partners for the purpose of gaining illicit advantage.
3. We shall protect the intellectual property of the Yokohama Rubber Group, including technical information at hand. We shall not illicitly acquire or use intellectual property belonging to third parties, or infringe upon their rights.
4. We shall strive to understand and observe the laws and regulations pertaining to the work to which we are assigned, and to preclude the occurrence of risks in the workplace. In the event of any deviation, we shall swiftly make corrections.
5. When we suspect the existence of illegal acts in our own conduct or that of others, we shall not ignore it; instead, we shall confirm conformance with the law by utilizing the setup for whistleblowing.

7. We shall aspire to harmony and prosperity with local communities.

<Basic stance of the Yokohama Rubber Group>

1. We shall never forget that we are members of society, and shall endeavor to exist harmoniously and prosper together with society as well as to build ties of trust with stakeholders.
2. We shall support the social contribution activities of our employees and breed a corporate culture oriented toward active participation by them in such activities.
3. We shall practice proper provision of information on business activities involving the community.

<To practice our basic stance—our action>

1. Our activities of social contribution shall not be confined to those through our business activities; we shall also take a proactive part in volunteer programs and social activities rooted in the local community.

<Supplementary provisions>

The definitions of the terms used in these Guidelines are as follows.


1. "Yokohama Rubber Group" is a collective term for the Yokohama Rubber Co., Ltd. and its subsidiaries included in financial statements, whether consolidated or non-consolidated.
2. The term "member" refers to the corporate directors, auditors, executive officers, administrative directors, and consultants in companies belonging to the Yokohama Rubber Group, as well as all persons to whom the employment rules of these companies are applied and all other persons who have employment relations with them.


<Application>


These Action Guidelines shall be applied to the Yokohama Rubber Group and its members.


<Date of Enforcement>

These guidelines shall go into effect on December 24, 2014.

[Japanese \(126KB\)](#) 

[English \(131KB\)](#) 

[Chinese \(simplified characters\) \(264KB\)](#) 

[Russian \(171KB\)](#) 

[Hindi \(224KB\)](#) 

[Spanish \(287KB\)](#) 

[Thai \(2,224KB\)](#) 

[Vietnamese \(191KB\)](#) 

Promotion of Yokohama Rubber's CSR & Sustainability

In April 2006, Yokohama Rubber launched the medium-term management plan, Grand Design 100 (GD100). The plan sets forth three basic policies: "Deliver the best products at competitive prices and on time," "Assert world-class strengths in technologies for protecting the environment," and "Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics." and promote management with an emphasis on CSR.

In 2008, Yokohama Rubber developed the CSR Management Vision and CSR Action Guidelines to promote CSR and sustainability management, and established the CSR Div. as the responsible division, as well as the CSR and Environmental Promotion Council (currently the CSR Council) chaired by the President, Chairman of the Board, to oversee CSR management.

In 2014, based on the four areas and 10 principles of the United Nations Global Compact* and other international norms, we established the Yokohama Rubber Group Action Guideline, identified themes that have a significant impact on or are of high interest to both Yokohama and its stakeholders as material issues and iterated on the PDCA cycle while making continuous improvements to achieve those goals.

In 2017, our 100th anniversary, we developed a CSR slogan, and have been aiming to achieve sustainable growth over the next 100 years in order to contribute to the realization of a sustainable society through our business activities.

※The United Nations Global Compact is the world's largest sustainability initiative in which the UN and private sector join forces to build a healthy global society and requires participating companies to put into practice the Ten Principles in the four areas of human rights, labour, the environment and anti-corruption.















FY2006	FY2008	FY2014	FY2017
<ul style="list-style-type: none"> • Medium-term management plan "GD100" started. • Establishment of the GD100 Basic Environmental Policy • Established "GD100" Action Guidelines for the environment. 	<ul style="list-style-type: none"> • Establishment of CSR Management Vision • Establishment of CSR Action Guidelines • CSR Division established • CSR & Environment Council established (Current CSR Council) 	<ul style="list-style-type: none"> • Establishment of Yokohama Rubber Group Action Guidelines • Identification of materiality (Important Issues) 	<ul style="list-style-type: none"> • Establishment of CSR Slogan

- > CSR Management Vision
- > CSR Action Guidelines
- > Yokohama Rubber Group Action Guideline
- > CSR Slogan

Yokohama Rubber's Materiality

Materiality (Important Issues)

Yokohama Rubber identified materiality (Important Issues) in 2014 based on internal discussions and stakeholder opinions. The materiality has been reviewed in 2017 and 2020 based on changes in the environment, and will continue to be reviewed in the future.

Materiality (Important Issues)	Materiality (Important Issues)	Issues to Be Recognized
<p>Products</p> 	<p>Deliver fun and peace of mind.</p>  	<ul style="list-style-type: none"> • The spread of CASE*¹ and MaaS*² in the automotive industry • Innovation through the utilization of technology • Increasingly diverse customer needs (cost, performance, quality, environmental and social contributions) • The safety and security of customers <p>※ ¹ CASE : An acronym for Connected, Autonomous, Shared & Services, and Electric</p> <p>※ ² MaaS : Mobility as a Service. A new concept of integrating various types of transportation services into one and providing them to users</p>
<p>The Earth</p> 	<p>Leave a sound environment to future generations.</p>     	<ul style="list-style-type: none"> • Climate change issues • Achieving carbon neutrality • Promoting a circular economy • Preserving biodiversity • Sustainable use and management of natural resources • Prevention of pollution and chemical substance management
<p>People</p> 	<p>Build on each other's strengths.</p>    	<ul style="list-style-type: none"> • Respect for human rights • Diversity & inclusion • Workstyle reforms • Human resources development • Occupational health and safety

<p>Community</p> 	<p>Earn the confidence of our neighbors.</p>     	<ul style="list-style-type: none"> Regional environmental issues, such as water and air pollution, and environmental destruction Regional social issues such as respecting the land rights of indigenous peoples, human rights violations, disasters, healthcare, trading irregularities and conflict minerals Revitalizing local communities, creating economic effects Communication with local communities
<p>Corporate Governance</p> 	<p>Lay a solid foundation for fulfilling social expectations.</p>   	<ul style="list-style-type: none"> Maintenance and strengthening of foundation for proper organizational governance Sustainable improvement of corporate value Effectiveness and diversity of meeting bodies such as the Board of Directors and committees Dialogue with stakeholders and disclosures

Determining Important Issues

The Global Reporting Initiative (GRI), an international non-government organization (NGO) that develops and disseminates globally applicable “Sustainability Reporting Guidelines”, released the revised Version 4 of its GRI Guidelines (G4) in May of 2013. The content of G4 has shifted away from the “exhaustive disclosure of information” demanded previously. Instead, it demands the “disclosure of information that focuses on important issues (material aspects)”. By deeper involvement of management in CSR activities, this development aims to have business proactively possess opinions, and for the content of information reported in CSR reports to be fixed. We identified the “important issues (materiality)” for G4 compliance in 2014 using the following steps.

STEP1 G4 Gap Analysis

Focus was placed upon the G4 demands with respect to current information disclosure levels (CSR Report 2013). The current situation was grasped regarding the content and processes of both responsive and unresponsive items. (Conducted in January 2014)

4段階評価: ◎理解および開示が十分 ○理解および開示が適量レベル △理解および開示が不十分 *開示なし				
カテゴリ (G4)	アスペクト (G4) (G4)	指標 (G4)	指標 (G4)の内容(和訳)	G4への対応状況
バランス	組織および労働者	G4-1	<p>▲ 組織にとっての持続可能性の適合性と、持続可能性に貢献するための組織の職務に関する組織の最高意思決定者(CEO、会長またはそれに相当する取締役)の声明を提示する</p> <p>この声明では、特に、組織が直面し、あるいは直面するかもしれない経済的、環境的、社会的影響、あるいは他者(例えばサプライヤー、地域社会の人や組織など)との関係性の影響として、組織の活動に及ぼす影響のマネジメントに関して、短期的、中期的、および長期的な全般的な戦略と戦略について提示すべきである。この声明では、以下の内容を含むべきである。</p>	<p>トップマネジメントにおいて、</p> <ul style="list-style-type: none"> サステナビリティに関する意識を醸成、意識がロー・レベルコンバクト基準を定めていることを示し、行動指針として活用することを示しているが、戦略事業との関連性ではない。 原料調達先の環境・社会影響に配慮し、自社および社会のサステナビリティに貢献している旨が示されている。 外部経営環境について、経済側面は触れられているが、環境や社会面については説明が示されていない。 パフォーマンスの考えはあるが、具体性に欠けている パフォーマンスに対する目標が見当たらない。 翌年の組織の主要な課題と目標が示されており、今後の目標に関する展望も示されていない。
		G4-2	<p>▲ 主要な影響、リスクおよび機会の説明を提示する</p> <p>報告組織は、主要な影響、リスクおよび機会に関して、二つの標準化された形式のセグメントを提示すべきである。</p>	<p>セグメントについて</p> <ul style="list-style-type: none"> 自社の主要な影響、経済的、環境的、社会的影響について、全体を特徴づける主要な影響は提示されていない。また、主要なリスクと機会も提示されていない。

STEP2 Issues Assigning G4 Gap Analysis Priority

Analysis was conducted in accordance with this company's industries, business sectors and business regions. After completion of this analysis, the G4 gap analysis priorities were assigned to the issues identified through discussions with related business units.

(Conducted January - February, 2014)

Sample Evaluation

The "Supplier Environmental Evaluation" Aspect: For Yokohama Rubber, a company that procures natural rubber as a raw material, there is the necessity to consider that hidden human rights risks might exist within the upper reaches of supplier chains extending beyond its scope. Moreover, if wide-ranging business activities conducted in numerous regions encompassing both developed and developing nations are considered, such risks might be easily exposed. Through coordination in-house with the parties responsible for such matters, "human rights risk" was evaluated as being "a very important aspect" for Yokohama Rubber.

STEP3 Assigning an External Perspective G4 Gap Analysis Priority

Interview research was conducted among five stakeholders. From the perspective of what each of these individuals considered to be important issues (material aspects), a gap analysis priority was assigned based upon the research results.

(Conducted February - March, 2014, titles are for that period)



Ms. Mariko Kawaguchi

Chief Researcher Research Division, Daiwa Institute of Research Ltd.

Ms. Kawaguchi has advised countless corporations on how to achieve a sustainable society from the perspective of corporate social responsibilities (CSR) and socially responsible investments (SRI).

I would like to draw attention to anti-corruption, in addition to those other important issues of human rights, diversity, equal pay, complaint processing systems, and the protection of customer's privacy. There is no dedicated government ministry in Japan that covers anti-corruption matters, and other countries pay much more attention to the issue of anti-corruption than we do in Japan. The UN Global Compact even has an independent provision on the issue. With globalization advancing today anti-corruption has become an even more important issue, and companies need to have a clear policy on anti-corruption and response measures in place.



Mr. Kenichi Kumagai

Member of the Editorial and Planning Committee, The Japan Association for Advancement of ILO Activities

Member of the International Drafting Committee Mr. Kumagai is actively involved in domestic and international deliberations on ISO26000 through its involvement as member of various committees. He is also a member of the Japan Labor Law Association.

Today, companies need to understand what parts of occupational safety and health and labor relations that society as a whole has an interest in and disclose information as necessary. For example, there is a strong interest in mental health initiatives among all companies. By disclosing that labor-management consultations have been carried out continuously, Yokohama Rubber will be able to correctly convey that it respects the rights of workers when expanding overseas. Additionally, the proactive appointment of female board members will be essential as Yokohama Rubber steps up its global expansion in the future.



Ms. Kaori Kuroda

Executive Director CSO Network Japan

Ms. Kuroda is an expert in community involvement and development. She established a regional forum with farmers and other community members in Fukushima Prefecture that is broadening exchange with other parts of Asia.

Today, a company should integrate social responsibility throughout the company and practice it in its value chain. For example, in areas that produce raw materials, such as rubber plantations, a company needs to pay a great deal of attention to human rights risks it may be susceptible to. A company must also convey that it has established a proper grievance mechanism for its own use and of its stakeholders. A company must be much more sensitive about human rights issues when expanding its operation globally.



Mr. Masao Seki

Associate Professor, School of Business Administration, Meiji University Senior Adviser on CSR, Sompo Japan Insurance Inc.

Mr. Seki was involved in the creation of ISO26000 as a representative of Japanese business. He also participates in various discussions on the topic of sustainable development at various international conferences.

An important perspective to keep in mind when expanding business operations into various regions is the extent to which the company contributes to local employment. Contributions to employment represent a topic of strong interest both in Japan and abroad and companies should be well aware of this. Additionally, educating consumers about sustainable consumption is another topic that must be remembered when aiming to realize a sustainable society. For example, Yokohama Rubber should tackle the challenge of communicating enhancements in its brand by appealing to consumers about its consideration of ecosystems and other matters.



Mr. Keisuke Takegahara

General Manager Environmental Initiative & Corporate Social Responsibility Support Department Development Bank of Japan Inc.

Mr. Takegahara lived in Frankfurt, Germany for a total of six years and is known as one of Japan's foremost experts in environmental finance, having developed the Development Bank of Japan's environmental loan rating system.

In identifying important issues, a company needs to consider not only the unique characteristics of its location, but also the time frame. For example, a company may be aware of the regional risks and in control of these risks at the present time, but once the weight of emerging markets increases over the medium to long term, the risks that are currently under control could grow into much larger ones. In that sense, I would like Yokohama Rubber to get the message out about both its current issues and management reporting as well as its medium- to long-term vision and awareness of issues.

STEP4 Determining Important Issues (Materiality)

Important issues were determined for FY2014 based on the degree of importance analysis, research, and discussions conducted in Steps 2 and 3.

※[] Items in parentheses are GRI Standard items corresponding to materiality whose names have been changed in GRI Standard.

Global environment	We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.	<ul style="list-style-type: none"> • Materials • Energy • Water • Biodiversity • Emissions • Products and services • Environmental grievance mechanisms [Environmental management approach]
Customers	We supply safe and secure products through manufacturing focused on the heart and technology.	<ul style="list-style-type: none"> • Customer health and safety • Product and service labeling [Marketing and labeling] • Marketing communications [Marketing and labeling] • Compliance (Product liability) [Customer health and safety]
Local communities	We build a trusted identity as a contributing member of the global community by making contributions to the development and prosperity of local communities.	<ul style="list-style-type: none"> • Market presence [Market Presence] • Local communities • Grievance mechanisms for impacts on society [Management approach related to fair business practices]
Employees	We value and develop our people, and create opportunities for people.	<ul style="list-style-type: none"> • Occupational health and safety • Training and education [Training and education] • Diversity and equal opportunities [Diversity and equal opportunities] • Human rights grievance mechanisms [Management approach related to human rights]
Shareholders and investors	We improve our company value by growing business opportunities.	<ul style="list-style-type: none"> • Economic performance [Economic performance]
Business partners and suppliers	We promote CSR activities throughout the value chain.	<ul style="list-style-type: none"> • Supplier human rights assessment [Supplier social assessment] • Supplier assessment for impacts on society [Supplier social assessment] • Supplier environmental assessment [Supplier environmental assessment] • Supplier assessment for labor practices [Supplier social assessment] • Child labor • Forced or compulsory labor



Mr. Hiroki Uchida, Senior Researcher, Cre-en Incorporated

We have supported Steps 1 through 4 from in preparation for G4 support. While we will implement management in line with self-set KPIs going forward, we hope to achieve certain spiraling up through the PDCA cycle and continue well-balanced CSR initiatives without becoming overly satisfied with what has been achieved. In doing so, we would like to create examples of initiatives unique to Yokohama Rubber in the areas selected for materiality through cross-company management and communicate these cases through information disclosure. In addition, by also continuing the initiatives up until now while conducting timely information disclosure in the areas selected for materiality, we aim to steadily improve the level of activities overall.

Value Creation Process

Based on its basic philosophy, to enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products," Yokohama Rubber is working on the exploitation and exploration of business and contributions to social issues linked to its business activities through the Yokohama Transformation 2023 (YX2023) Medium-Term Management Plan and striving to create diverse value.



Social Change and Issues

Yokohama Rubber identifies issues it recognizes from the four areas of "Business Environment," "Society," "Environment," and "Corporate Governance," and contributes to the enrichment of the Earth and society through its business activities.

Business Environment

- Decrease in the number of privately owned vehicles and increase in the number of infrastructure-related vehicles due to the expansion of CASE and MaaS
- Distribution using electric vehicles and automation
- Intensifying price competition for tires

Society

- Improvement of occupational health and safety and prevention of infectious diseases
- Changing values with regard to work styles
- Prevention of complicity in child and forced labor in the company and suppliers
- Social impacts on suppliers

Environment

- Climate change challenges
- Changes in/impact on the natural environment by our production bases and suppliers
- Dependence on natural resources
- Switch from fossil resources to sustainable resources

Corporate Governance

- Maintenance and strengthening of foundation for proper organizational governance
- Demanding effectiveness and diversity within the Board of Directors and organization

Management Capital

We promote the enhancement of corporate value by effectively utilizing our six capitals: "Finance," "Manufacturing," "Intellectual," "Human," "Society and Relationships," and "Nature."

※As of December 31, 2021

Financial Capital

Consolidated total assets	Ratio of equity attributable to owners of parent
¥985 billion	53.3%

Manufactured Capital

Manufacturing sites	Capital expenditures
40 sites	¥38.8 billion

Intellectual Capital

Patents	R&D expenses
6,009	¥15.3 billion

Human Capital

Number of employees (Consolidated)	Percentage of women employed in comprehensive work positions (non-consolidated)
27,222	41%

Social and Relationship Capital

Major regions of operation	Number of consolidated subsidiaries
28 countries and regions	109

Natural Capital

YOKOHAMA Forever Forest Activities Tree planting and provision of saplings
1.09 million trees and saplings to date

Yokohama's Business Activities

Based on our basic philosophy and management policy, we provide products and services that contribute to people's happiness and affluence through our three businesses: Tire, MB (Multiple Business), and Others.

Management Policies

Develop proprietary business fields to expand the scope of business.
Take on the challenge of new technologies to produce new value.
Deal fairly with society and value harmony with the environment.
Create a workplace that values, improves and energizes people.

Products and Services Provided

◆Tires

(Consumer Tires)

In addition to tires for passenger vehicles and motorsports, Yokohama produces and sells tire tubes, aluminum wheels and other automotive components.

(Commercial Tires)

Yokohama produces and sells tires for trucks and buses, agricultural machinery, industrial vehicles, construction vehicles and more.

◆MB

(Multiple Business)

The Multiple Business (MB) segment comprises two businesses for hose and couplings and industrial materials, and includes the manufacturing and sale of various high-pressure hoses, conveyor belts, fenders, marine hoses, aircraft lavatory modules and water tanks.

◆Others

We manufacture and sell PRGR brand golf goods and provide services within the Yokohama Group.

Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products

Value Creation Initiatives

Under our mid-term management plan "YX2023," which runs through fiscal 2023, we are committed to "transformation" for the next generation's growth and to contributing to solving social issues through our business activities.

Medium-Term Management Plan: YX2023 Exploitation and Exploration

Implement a growth strategy for the next generation based on two approaches: "Exploitation" of existing businesses and "Exploration" in response to changes in the market

Raise high-value-added tire sales ratio

ADVAN

GEOLANDER

WINTER

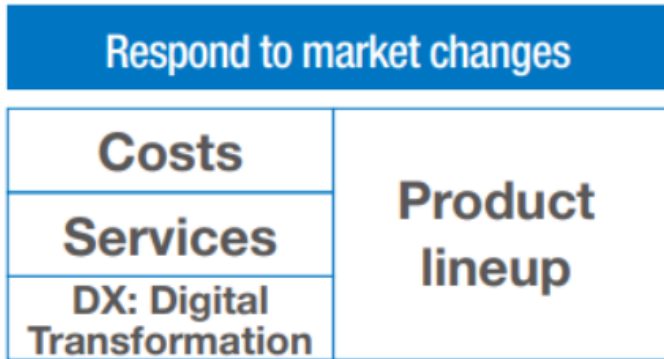
Raise high-value-added tire sales ratio



**ADVAN
GEOLANDER
WINTER**

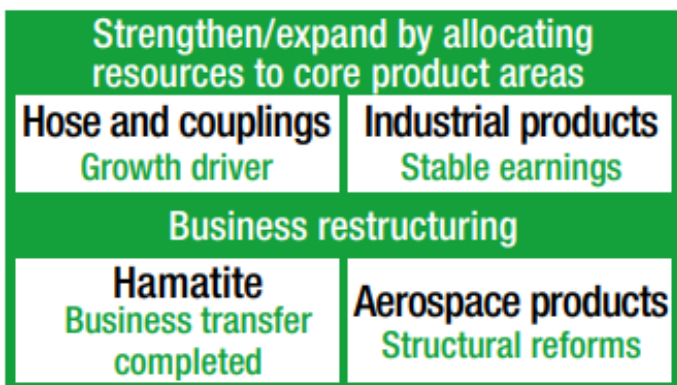
Consumer Tires: Exploitation

- Raise high-value-added tire sales ratio (AGW strategy)
- Strengthen core products and brands by leveraging original technologies and superior quality
- Strengthen return sales in the return market
- Promoting product and regional business strategies



Commercial Tires: Exploration

- Strengthening cost competitiveness
- Strengthening our system of services (tire change and maintenance)
- Promoting Digital Transformation (DX) (IoT tires and TMS)
- Expanding our product lineup



MB Business: Focusing Resources in Areas of Strength

- Hose and couplings (growth drivers)
- Industrial products (stable earnings)

Common Initiatives

- Tackle carbon neutrality
- Tackle the circular economy
- Develop safe and pleasant workplaces
- Revitalize partnerships with communities

Contribute to Solving Social Issues through Business Activities

CSR Slogan “Caring for the Future”

Make life more fulfilling for people everywhere.



The Value We Create

We create value from two aspects, economic and social, and use them as management resources for the future.

Economic Value (Medium-Term Management Plan Targets)

Results achieved through “Exploitation” and “Exploration”

	Targets	2021 results
Sales revenue	¥700 billion	¥670.8 billion
Business profit	¥70 billion	¥62.2 billion
Business profit margin	10.00%	9.30%
D/E ratio	0.4 times	0.34 times
ROE	10%	13.9%
ROIC	7%	8.2%
Operating CF (3-year total)	¥250 billion	¥222.0 billion
Capital investment	Within depreciation (excluding strategic investments)	¥38.8 billion
Payout ratio	30.00%	15.94%

Social Value (Value Provided to Stakeholders)

Delivering fun and peace of mind through driving

Making life more fulfilling for people everywhere

※As of December 31, 2021

Customers

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products

Number of cases where rules and regulations or voluntary

rules have been violated regarding safety of products, labeling, or supply/use of products (consolidated)

0

Shareholders and Investors

Grow businesses and enhance corporate value.

Economic performance (Total, Non-consolidated basis)

¥354.9 billion

Employees

Create a workplace that values, improves and energizes people.

Rate of lost-worktime injuries (consolidated/per 1 million work hours)

0.20

Business Partners

Promote CSR activities throughout the value chain.

Number of companies that responded to the CSR procurement questionnaire

1,151/100%

The Earth

To protect the blue earth and its people, we will take on the challenge of developing a sustainable society in harmony with the environment.

Percentage of total production yielding environmentally friendly products (consolidated)

100%

Community

We will contribute to the prosperity and development of local communities and become a company that contributes to the earth and earns the unwavering trust of society.

Implementation percentage of community activities and dialogues at production sites (consolidated)

100%

Risks and Opportunities Presented by Sustainability-Focused Management

While environmental destruction and social issues pose significant risks to business continuity, working to solve social issues can also lead to new business opportunities. Yokohama Rubber is aware of the risks and opportunities in sustainability and wishes to contribute to the richness of the earth and society through our business activities.

Materiality (Important Issues)	Medium- and Long-Term Business Risks and Opportunities	Yokohama Rubber's Initiatives and Vision
<p>Products</p> <p>Deliver fun and peace of mind.</p>	<p><Risk></p> <ul style="list-style-type: none"> • Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value • Decline in product demand due to changing customer needs • Decrease in demand for winter tires due to decrease in snowfall • Sharp rise in resource prices <p><Opportunities></p> <ul style="list-style-type: none"> • New business opportunities through adapting to CASE and MaaS • Responding to changing customer needs and stricter regulations at an early stage • Improvements in competitiveness and profitability through reuse and recycling 	<ul style="list-style-type: none"> • Manufacture and sale of tires and industrial materials with high levels of safety, quality and environmental performance • Manufacture and sale of carbon neutral products • Development of biomass rubber and promotion of retread tires • Development of products and services that utilize AI and IoT technologies (wear detection, road surface detection, tire management, damage prediction) • Manufacturing and selling tires for industrial and construction vehicles that support social infrastructure, agriculture and forestry machinery that contribute to sustainable production in the agriculture and forestry industry • Manufacturing and selling industrial products that contribute to greenhouse gas reduction

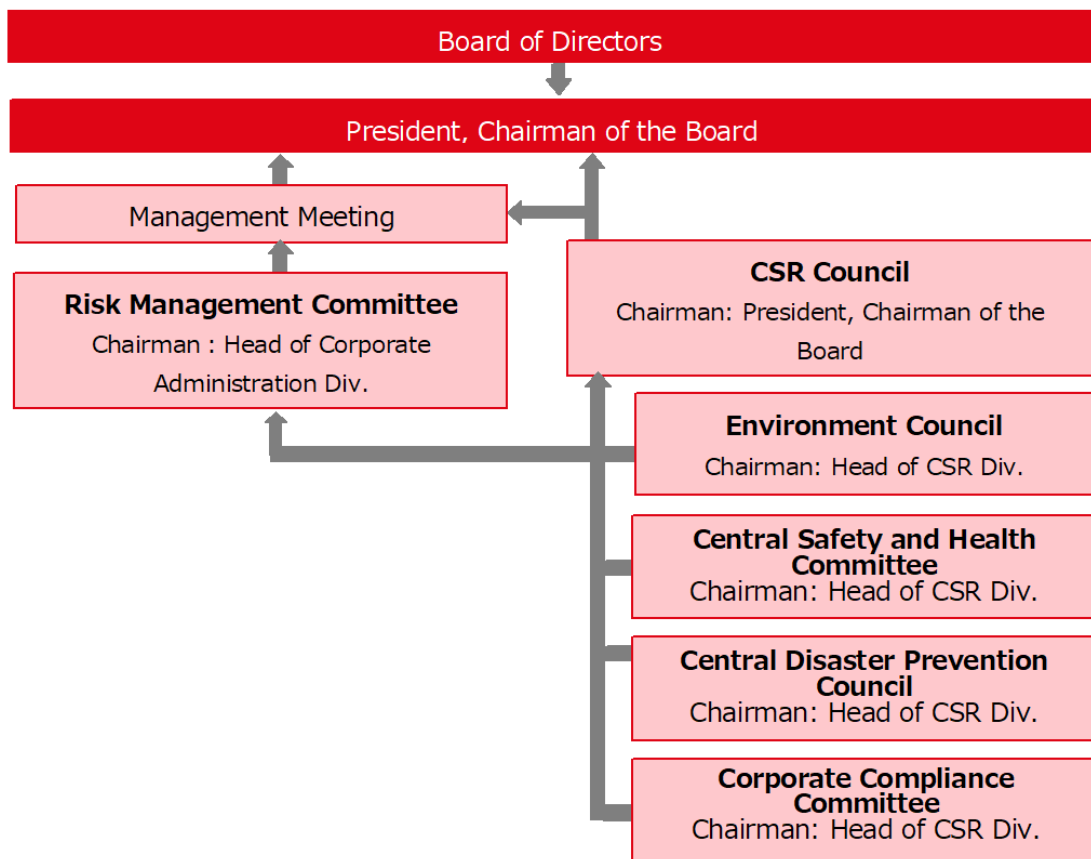
<p>The Earth</p> <p>Leave a sound environment to future generations.</p>	<p><Risk></p> <ul style="list-style-type: none"> • Environmental laws and regulations and litigation risks • Impact on climate change and air pollution, increase in energy costs • Environmental impact of waste and emissions • Depletion and shortage of water resources <p><Opportunities></p> <ul style="list-style-type: none"> • Reduction of energy costs by improving manufacturing process efficiency • Reduction of resource price fluctuation risks and improvements in operational efficiency through reuse and recycling • Reduction of environmental protection costs 	<ul style="list-style-type: none"> • Achieve carbon neutrality in Yokohama activities by 2050 • Sustainable material usage rate of 100% by 2050 • Reach 1.3 million cumulative trees planted in YOKOHAMA Forever Forest Activities by 2030 • Sustainable natural rubber procurement • Coexistence and shared prosperity with agroforestry farming method promotion and rubber farmers • Roll out activities to preserve biodiversity at production sites
<p>People</p> <p>Build on each other's strengths.</p>	<p><Risk></p> <ul style="list-style-type: none"> • Human rights violations in the supply chain • Losses and business impact due to occupational accidents, natural disasters, infectious diseases, etc. • Work absences due to poor mental health, lost productivity due to decreased satisfaction <p><Opportunities></p> <ul style="list-style-type: none"> • Work style reform emphasizing diversity and lifestyles • Establishing traceability for the sustainable procurement of natural rubber • Improving skills and developing pleasant workplaces through human resources development • Retaining talented human resources through health and productivity management 	<ul style="list-style-type: none"> • Prevent and mitigate the risk of human rights abuses through human rights due diligence • Implementation of procurement in accordance with CSR procurement guidelines • Strengthening activities in the Diversity Promotion Taskforce • Expanding system for flexible workstyles • Developing and selecting value-added human resources • Strengthening of safety and disaster preparedness initiatives • Health management initiatives

<p>Community</p> <p>Earn the confidence of our neighbors.</p>	<p><Risk></p> <ul style="list-style-type: none"> Local community opposition to operations due to the environmental impact of waste and emissions Risk of legal action and reputational risks due to social issues Such as human rights violations occurring <p><Opportunities></p> <ul style="list-style-type: none"> Revitalization of local communities by solving environmental and social issues Contributing to economic development by creating jobs in local communities Provision of products and services tailored to changes to mobility services in the era of an aging population, depopulated areas and the new normal 	<ul style="list-style-type: none"> Supporting biodiversity conservation activities, healthcare and education in local communities Disaster prevention and disaster relief activities in local communities Collaboration with the YOKOHAMA Magokoro Fund and NPOs Implementation of procurement in accordance with CSR procurement guidelines Creation of employment in regions where our business is developed
<p>Corporate Governance</p> <p>Lay a solid foundation for fulfilling social expectations.</p>	<p><Risk></p> <ul style="list-style-type: none"> Compliance with laws and regulations, responding to systemic changes Social demands to strengthen corporate governance Violations of antitrust laws, bribery, price cartels, export controls, etc. <p><Opportunities></p> <ul style="list-style-type: none"> Practicing offensive management to enhance corporate value Strengthening the risk management system 	<ul style="list-style-type: none"> Clarifying commitment to business plans through medium-term performance-linked compensation scheme Diverse executive personnel with the skills necessary for management strategy Strengthening the governance system Strengthening business continuity plans (BCPs) Developing systems to promote compliance

CSR & Sustainability support system

The CSR Council, which is chaired by the President, Chairman of the Board and attended by all executive members of the Board and Audit and Supervisory Board members, convenes twice a year (in May and November), and is positioned to draft and consider matters concerning the CSR issues (environment, occupational health and safety, disaster prevention, quality, compliance, social contribution, etc.) to be addressed by the Yokohama Group. The Environment Council, Central Health and Safety Committee, Central Disaster Prevention Council, Corporate Compliance Committee and other meeting bodies have been established to formulate and consider action on individual CSR issues, and to formulate and implement more detailed plans and measures. In addition, those CSR issues that are of a serious and urgent nature are handled in coordination with the Risk Management Committee.

CSR and Sustainability Promotion Structure



Business and SDGs

Relationship between efforts through the value chain and SDGs

Yokohama Rubber has confirmed the current state of initiatives through its business in consideration of the objectives of sustainable development goals (SDGs), and analyzed which target areas initiatives should be strengthened in going forward. Based on this analysis, Yokohama Rubber will endeavor to review its priority issues going forward.

<Strengthening positive effects>

1. Systematic monitoring and protection of rubber trees, plantations, and the ecological system at the stage of raw materials use
2. Education on agroforestry farming, etc. for rubber farmers at the procurement stage
3. Income support through employment for processors and local companies in developing countries
4. Resource conservation and the development of new materials through LCA analysis on natural resources
5. Indirect contributions to agriculture through the sale of tires in the field of agriculture and forestry through YOHT (Yokohama Off-Highway Tires)
6. Improvements in CSR procurement and the environmental technologies of suppliers in the MB business
7. Promotion of highly durable conveyor belts for transport and development for considering infrastructure for a hydrogen-based society



<Minimizing negative effects>

8. Preservation of forests and protection of the ecological system by supporting planned agricultural management
9. Recycling of water during production, effective use of groundwater, etc.
10. Introduction of cogeneration systems and renewable energy, spread of environmentally friendly products
11. Reduction of greenhouse gases through 10 above
12. Use of heat from waste tires, achieving zero emissions at plants, promotion of retread tires, development of more highly durable products
13. Prevention of marine pollution through marine hose development and improvements