






Risks and Opportunities in Sustainability Management & Materiality

Process for Identifying Materiality

Materiality	Issues to Be Recognized	Medium- and Long-Term Business Risks and Opportunities
<p>Products 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 *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>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value Mid- to long-term Decline in product demand due to changing customer needs Mid- to long-term Decrease in demand for winter tires due to decrease in snowfall Short- to mid-term Sharp rise in resource prices <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term New business opportunities through adapting to CASE and MaaS Mid- to long-term Responding to changing customer needs and stricter regulations at an early stage Mid- to long-term Improvements in competitiveness and profitability through reuse and recycling
<p>The Earth 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>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Environmental laws and regulations and litigation risks Mid- to long-term Impact on climate change and air pollution, increase in energy costs Mid- to long-term Environmental impact of waste and emissions Mid- to long-term Depletion and shortage of water resources <p>Opportunities</p> <ul style="list-style-type: none"> Short- to mid-term Reduction of energy costs by improving manufacturing process efficiency Short- to mid-term Reduction of resource price fluctuation risks and improvements in operational efficiency through reuse and recycling Short- to mid-term Reduction of environmental protection costs
<p>People 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>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Human rights violations in the supply chain Short- to mid-term Losses and business impact due to occupational accidents, natural disasters, infectious diseases, etc. Short- to mid-term Work absences due to poor mental health, lost productivity due to decreased satisfaction <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term Work style reform emphasizing diversity and lifestyles Mid- to long-term Establishing traceability for the sustainable procurement of natural rubber Mid- to long-term Improving skills and developing pleasant workplaces through human resources development Mid- to long-term Retaining talented human resources through health and productivity management
<p>Community 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>Risks</p> <ul style="list-style-type: none"> Short- to mid-term Local community opposition to operations due to the environmental impact of waste and emissions Short- to mid-term 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"> Mid- to long-term Revitalization of local communities by solving environmental and social issues Mid- to long-term Contributing to economic development by creating jobs in local communities Mid- to long-term Provision of products and services tailored to changes to mobility services in the era of an aging population, depopulated areas and the new normal
<p>Corporate Governance 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 	<p>Risks</p> <ul style="list-style-type: none"> Mid- to long-term Compliance with laws and regulations, responding to systemic changes Mid- to long-term Social demands to strengthen corporate governance Mid- to long-term Violations of antitrust laws, bribery, price cartels, export controls, etc. <p>Opportunities</p> <ul style="list-style-type: none"> Mid- to long-term Practicing offensive management to enhance corporate value Mid- to long-term Strengthening the risk management system



» **Initiatives in fiscal 2022**

- Promoted the supply of tires for original equipment (OE) use in electric vehicles
- Developed racing tires utilizing sustainable materials
- Researched and developed rubber materials using biomass-derived resources
- Developed a technology to estimate the state of wear based on in-tire sensing waveforms
- Started demonstration tests on tire solution service for taxi business operators
- Began field demonstration tests of sensing systems to be installed in conveyor belts and marine hoses

- Started turning the Shinshiro-Minami Plant into a carbon-neutral model plant and installed solar power generation system
- Switched electricity used at plants to renewable energy-derived electricity (in plants in India, among others)
- Promoted YOKOHAMA Forever Forest Activities
- The Hiratsuka Factory received the FY2022 Distinguished Services Award for Regional Environmental Conservation from the Ministry of the Environment
- Yokohama Rubber's Mie Plant and Shinshiro Plant obtained the Ikimono Kyosei Jigyosho® certification as factories showing consideration for biodiversity

- Formulated the Yokohama Rubber Group Human Rights Policy
- Revised the CSR procurement guidelines
- Hosted seminar events aimed at supporting natural rubber framers in Thailand and Indonesia and improving quality
- Hosted Suppliers' Day, a networking event with natural rubber suppliers
- Tackled health and productivity management through Collaborative Health in conjunction with health insurance societies

- Held briefing sessions for local residents on environmental conservation activities at plants and set up exhibition booths at local events
- Conducted biodiversity conservation activities and social contribution activities in collaboration with local residents, local governments, schools and businesses (for example, the Nodagawa Firefly Project by Shinshiro Plant)
- Conducted environmental outreach classes for elementary school students in the community
- Provided seedlings cultivated at plants to local residents and tree planting events
- Supported social contribution organizations and disaster victims through the YOKOHAMA Magokoro Fund

- Expanded the Global Whistle-Blowing System (Vietnam, Thailand)
- Reviewed the corporate governance system (moved from a company with auditors to a company with an audit and supervisory committee with approval at the General Meeting of Shareholders held in March 2023)

Yokohama Rubber's Initiatives and Vision

- 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

- 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

- 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 & Inclusion Promotion Taskforce
- Expanding systems for flexible workstyles
- Developing and selecting value-added human resources
- Strengthening of safety and disaster preparedness initiatives
- Health management initiatives

- 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

- 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