

# Yokohama Rubber's Sustainability

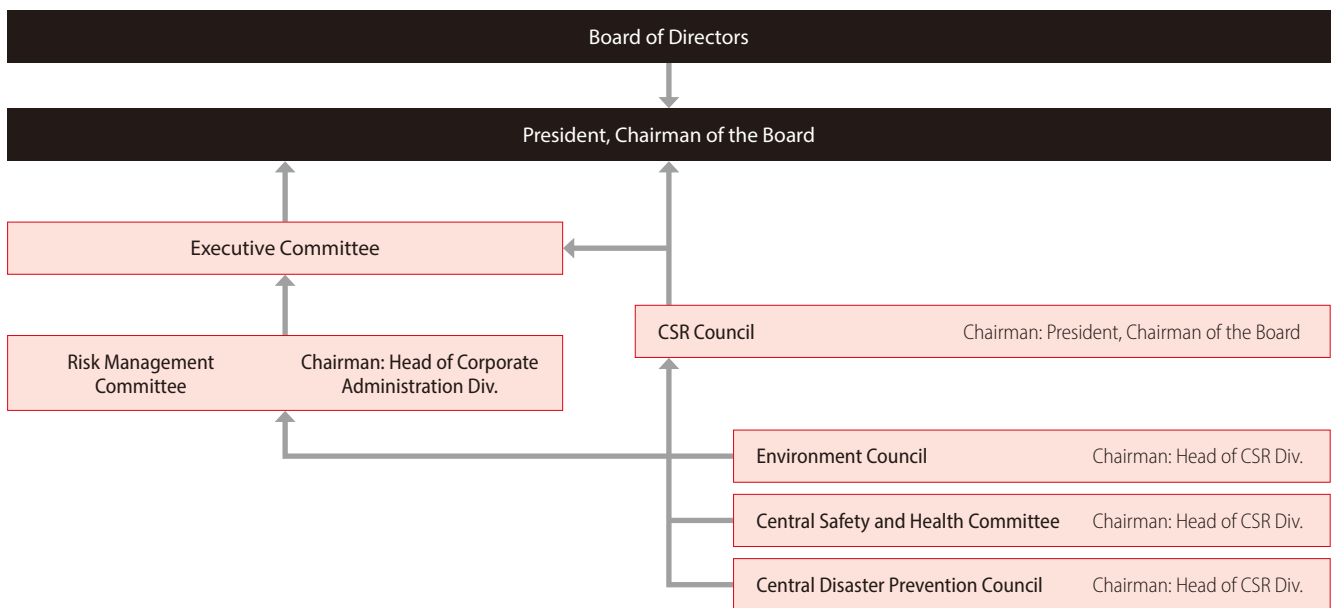
Having formulated the CSR Management Vision “To build a trusted identity as a contributing member of the global community,” the Yokohama Rubber Group cooperates with stakeholders throughout the world while developing its business activities. Under the CSR slogan “Caring for the Future,” we promote initiatives in line with material issues to ensure that contributions to social issues through business activities lead to the sustainable enhancement of corporate value.

## Governance

The CSR Council, chaired by the President and Chairman of the Board, and attended by all internal directors (including internal Audit & Supervisory Committee members), is held twice a year in May and November to draft and discuss CSR issues related to the environment, occupational health and safety, disaster prevention, quality, social contributions, and other issues that must be addressed by the

Yokohama Rubber Group. The Environment Council, Central Safety and Health Committee, and Central Disaster Prevention Council have been established as meeting bodies to formulate and examine individual CSR issues, as well as to formulate and execute more detailed plans and measures. Serious and urgent CSR matters are handled with cooperation from the Risk Management Committee.

### » CSR and sustainability promotion structure



## Strategy

In 2008, Yokohama Rubber established its CSR Management Vision and CSR Action Guidelines to promote CSR and sustainability management, establishing the CSR Div. as the responsible division. Further, in 2014, we formulated the Yokohama Rubber Group Action Guidelines based on the 10 principles of the United Nations Global Compact and other international norms, identified themes that

significantly impact or are of high interest to both Yokohama Rubber and its stakeholders as material issues, and implemented the PDCA cycle while making continuous improvements to achieve these ends. In 2017, on the occasion of our 100th anniversary, we formulated a CSR slogan with the aim of achieving further sustainable growth during the next 100 years.

**CSR Management Vision**

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

**CSR Action Guidelines**

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

**Yokohama Rubber Group Action Guidelines**

- We shall respect human rights inside and outside the company.
- We shall create workplaces that are safe and healthy.
- We shall harmonize our activities with the global environment.
- We shall provide safe and high-quality products and services.
- We shall conduct corporate activities with a high transparency and practice proper disclosure of information.
- We shall observe not only laws and regulations but also social norms.
- We shall aspire to harmony and prosperity with local communities.

**CSR Slogan**

“Caring for the Future”

**Material Issues**

- Products Deliver enjoyment and peace of mind.
- The Earth Leave a sound environment to future generations.
- People Build on each other's strengths.
- Community Earn the confidence of our neighbors.
- Corporate Governance Lay a solid foundation for fulfilling social expectations.

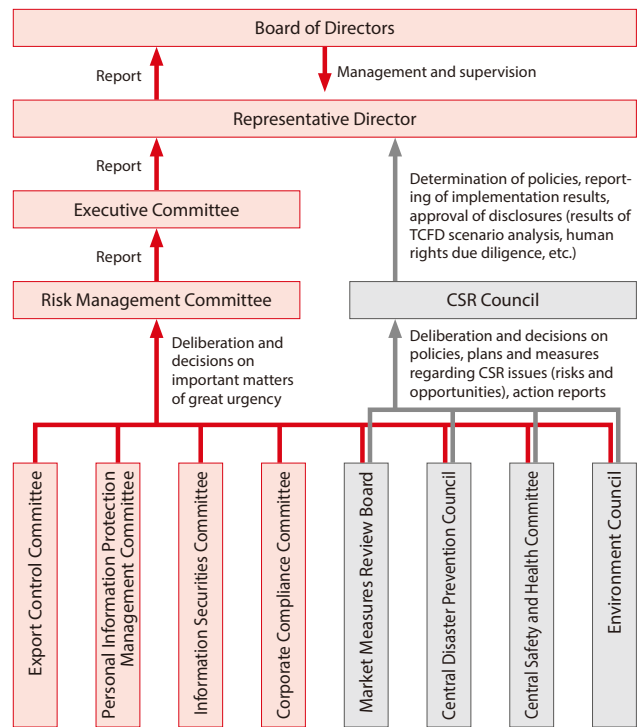
## Risk Management

To strengthen our defensive posture against the various risks surrounding the company, the Risk Management Committee, chaired by the head of the Corporate Administration Div., was established to manage company-wide, appropriately evaluate, and address risks with a significant impact on management.

Further, regarding risks with a high degree of importance, including environmental, occupational health and safety, disaster prevention, BCP, quality management and compliance, we have put in place a system for the focused management of risks that establishes divisions and meeting bodies specializing in overseeing each risk, thereby strengthening risk management systems within business activities.

The activities of the Risk Management Committee, Corporate Compliance Committee, and other committees are regularly reported to the Board of Directors, with the activities of other committees also reported to the Executive Committee as appropriate, and the Board of Directors when necessary.

➤ Risk management system



## External Evaluations Related to ESG



**FTSE4Good**

Selected for inclusion in the FTSE4Good Index Series for the 18th consecutive year.



**FTSE Blossom Japan Index**

Selected for inclusion in the FTSE Blossom Japan Index for the 6th consecutive year.



**FTSE Blossom Japan Sector Relative Index**


Selected as a constituent of the FTSE Blossom Japan Sector Relative Index.



**CLIMATE**

Ranked among top A List companies in the CDP Climate Change Report for the fourth time in 2022.

# Respect for Human Rights

<b>Related material issue</b>	<b>Initiatives</b>
 <b>People</b>	<ul style="list-style-type: none"> <li>• Respect for human rights (dissemination of the Human Rights Policy, implementation of human rights due diligence, and development of grievance mechanisms)</li> </ul>

**Basic Approach**

Human rights are fundamental rights afforded to all people, and since the Yokohama Rubber Group's business involves a very large number of people through its supply chain, there is a wide range of human rights that must be respected. With the globalization of our business activities, our interactions with various people have increased, and the possibility of having a direct or indirect impact on human rights violations has also increased.

For this reason, we believe it is important to fulfill our responsibility to respect human rights while considering the area of impact. Accordingly, we have established the Yokohama Rubber Group Action Guidelines, which stipulate that human rights should be respected both inside and outside the company and define actions to be taken by employees.

Furthermore, based on the United Nations Guiding Principles on Business and Human Rights (UNGP)\*, we have formulated the Yokohama Rubber Group Human Rights Policy and are promoting initiatives aimed at respecting the human rights of all people involved in our business activities. The Yokohama Rubber Group recognizes the importance of implementing Group-wide efforts to respect human rights as the basis of our business activities in order to contribute to the realization of a sustainable society as a company that is widely trusted by society.

\* The Guiding Principles on Business and Human Rights (UNGP) were approved by the United Nations Human Rights Council in 2011 as a framework for respecting human rights applicable to all nations and all companies. The Guiding Principles position "the responsibility of companies to respect human rights" and "the obligation of states to protect human rights" as important pillars of this effort.

## Respect for International Human Rights Norms

The Yokohama Rubber Group supports and respects the International Bill of Human Rights, including the United Nations Universal Declaration of Human Rights, the UNGP, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, which stipulates fundamental work rights (freedom of association, the right to collective bargaining, prohibition on forced labor, effective abolition of child labor and the elimination of

discrimination in employment and occupations), and the ILO MNE Declaration (Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy).

Further, the Yokohama Rubber Group Human Rights Policy has been formulated based on the United Nations Guiding Principles on Business and Human Rights.

## The Yokohama Rubber Group Human Rights Policy

Formulated in April 2022, the Yokohama Rubber Group Human Rights Policy is the foundation of all Group business activities, positioned as the preeminent policy on human rights based on the Corporate Philosophy and the Yokohama Rubber Group Action Guidelines.

The Human Rights Policy applies to all officers and employees of the Yokohama Rubber Group companies (directors, corporate officers, and others involved in the execution of management-related duties, as well as those who have employment contracts with Yokohama Rubber Group companies, employees accepted on secondment and temporary employees).

<b>Yokohama Rubber Group Human Rights Policy (Summary)</b>	<b>1. Positioning of the Human Rights Policy</b>
	<b>2. Respect Human Rights</b>
	<b>3. Implementation of Human Rights Due Diligence</b>
	<b>4. Issues Related to Human Rights</b>
	• Discrimination
	• Harassment
	• Forced labor and child labor
• Freedom of association and right to collective bargaining	
• Occupational health and safety	
• Impact on local communities	
<b>5. Grievance Mechanisms</b>	
<b>6. Education</b>	
<b>7. Information Disclosure</b>	

Yokohama Rubber Group Human Rights Policy  
[https://www.y-yokohama.com/global/sustainability/people/human\\_rights/policy/](https://www.y-yokohama.com/global/sustainability/people/human_rights/policy/)

## Human Rights Due Diligence Initiatives

Based on the Yokohama Rubber Group Human Rights Policy, the Yokohama Rubber Group develops and strengthens its human rights due diligence system and conducts human rights due diligence on a regular basis to confirm that it is meeting its responsibilities to respect human rights and that business operations are being executed properly.

### Fiscal 2022 initiatives

In fiscal 2022, we conducted the following self-assessments based on the human rights issues identified through inspections at Yokohama Rubber Group business sites and discussions with experts during the Human Rights Policy formulation process.

#### Assessments Related to Employees Working at the Shimbashi Head Office

**Targets** Yokohama Rubber Group employees working at the Shimbashi head office

**Main human rights issues** Discrimination, harassment, and occupational health and safety

Given the wide range of attributes possessed by employees working for the Group and the diversity of the work in which they are engaged, we recognize the above human rights issues as potential and important risks, and have taken measures to address them. The following issues were identified during the fiscal 2022 inspection.

- Human rights education: Insufficient awareness of the Human Rights Policy
- Occupational health and safety: Insufficient efforts to collect feedback from employees through workplace environment surveys, and other means
- Grievance mechanisms: Although complaints received by consultation services are handled appropriately, the efficacy of these services has not been sufficiently verified  
We will rectify and respond to these issues going forward in order to resolve them.

#### Assessments Related to Workers at a Natural Rubber Plantation in Thailand

**Targets** People working at a Surat Thani province natural rubber plantation in southern Thailand

**Main human rights issues** Forced labor and child labor, impact on local community

Smallholders plantations engaged in natural rubber production pose the greatest human rights risks in the Yokohama Rubber Group supply chain. By the end of December 2022, the Yokohama Rubber Group had visited and conducted interviews at 437 farms in Surat Thani, a province in southern Thailand where natural rubber processing subsidiary Y.T. Rubber Co., Ltd. (YTRC) is located. Although we did not identify any farms with problems related to work environment, illegal development, or deforestation, we will consider improving survey methods and expanding the survey scope in the future.

## Development of a Grievance Mechanisms Related to Human Rights

### Grievance mechanism for Yokohama Rubber Group employees in Japan

As human resources and workstyles become more diverse, we recognize the importance of having a point of contact for direct consultations on a wide range of human rights issues.

In Japan, the Corporate Compliance Dept. established two consultation services, the Corporate Compliance Hotline and the General Counseling Room, to directly receive complaints and consultations. In addition, Compliance Promotion Managers are assigned to all divisions and affiliated subsidiaries, establishing a network connecting human rights-related complaints and consultations of members\* to the Corporate Compliance Dept. The Corporate Compliance Dept. and HR Dept. work together to resolve human rights-related complaints.

### Grievance mechanism for all stakeholders worldwide

The Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides a non-judicial grievance settlement platform in accordance with the UNGP.

Through JaCER's Engagement and Remedy Platform, which commenced operations in October 2022, we have developed a system facilitating the receipt and appropriate response to complaints from all domestic and overseas Yokohama Rubber Group stakeholders. Verification of grievance mechanism system efficacy is reported to the Corporate Compliance Committee, which conducts evaluations, implements countermeasures, and monitors progress.

\* All personnel working for the Yokohama Rubber Group, including full-time employees, contract employees, temporary workers, and contractors.

Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) complaint reporting platform <https://jacer-bhr.org/en/application/index.html>


## Future Issues and Measures

In fiscal 2022, we formulated the Yokohama Rubber Group Human Rights Policy, and implemented additional initiatives including the development of a grievance mechanism for complaints from all domestic and overseas stakeholders of the Yokohama Rubber Group. Further, as part of our human rights due diligence efforts, we conducted self-assessments with respect to two rights holders.

In fiscal 2023, we will conduct human rights risk assessments,

incorporating advice from external experts, to identify and evaluate negative impacts occurring in the Yokohama Rubber Group supply chain, as well as expand and accelerate efforts to prevent and reduce human rights infractions at Yokohama Rubber Group business sites and in the supply chain in accordance with the UNGP and Japanese government "Guidelines on Respecting Human Rights in Responsible Supply Chains."

# Diversity & Inclusion

Relevant material issue	Initiatives
 <b>People</b>	<ul style="list-style-type: none"> <li>• Hiring regardless of attributes such as nationality, sexual or gender identity (LGBTQ+*), educational background and experience</li> <li>• Respect for work life balance</li> <li>• Support for diverse work styles</li> </ul>

\* LGBTQ+: An acronym that refers to sexual minorities, including those identifying as lesbian, gay, bisexual, transgender, queer/questioning (people whose sexual orientation and gender identity are uncertain), with the + sign referring to a diverse group of people that are not defined by the above definitions.

### Basic Approach

At the Yokohama Rubber Group, we believe it is important to further promote diversity in human resources through encouraging our people to embrace various work styles, promote work styles that are not bound by conventional rules and ways of thinking, and establish workplaces that enable employees to work together with a sense of pride and fulfillment.

To meet this goal, we conduct hiring regardless of attributes such as nationality, gender or sexual or gender identity, educational background or experience, and strive for the most optimal human resources placement aimed at achieving the business and technical strategies of YX2023.

Moreover, we strive to be a workplace that fosters the continued growth of all employees and enables career development by respecting work-life balance and embracing diverse human resources and styles of work.

## Activities of the Diversity & Inclusive Promotion Taskforce

At Yokohama Rubber, we have worked to implement various measures and expand various programs under the policy of “embracing diverse styles of work and striving to become a company of long-term careers.” In 2016, we established the Women’s Participation and Advancement Taskforce. It was later renamed in 2019 as the Diversity Promotion Taskforce, and once again renamed in 2023 as the Diversity & Inclusion Promotion Taskforce to coincide with an expanded scope of activities. The promotion taskforce strives to implement activities on a further broadened scope to improve productivity by diverse members (young generation, seniors, women, LGBTQ+, persons with disabilities, etc.) and create new values that extend conventional boundaries.

In order to achieve diversity and inclusion in an organization, it is also important to raise awareness among managers. To this end, we will continue to support career development for women, support balancing work with childcare and family care, and support for the active participation of people with disabilities and LGBTQ+ while systematically implementing diversity management training in the diversity promotion program for managers.

Through the activities of the Diversity & Inclusion Promotion Taskforce, we aim to foster a culture of embracing a variety of work styles by our diverse workforce and evolve into a company that provides all employees with job satisfaction and long-term careers.

### » Examples of diversity related training

		2019	2020	2021	2022
Number of programs		16	8	17	15
Total number of participants		503	214	327	181
Main programs	Diversity	<ul style="list-style-type: none"> <li>• Diversity program</li> <li>• Management of diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced management of diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced management of diverse human resources</li> <li>• Participation in wwP*</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity training</li> <li>• Enhanced diversity management</li> <li>• Participation in wwP</li> </ul>
	Women’s career development	<ul style="list-style-type: none"> <li>• Encouragement</li> <li>• Career advancement</li> <li>• Skills training</li> </ul>	<ul style="list-style-type: none"> <li>• Encouragement</li> <li>• Business skills training</li> </ul>	<ul style="list-style-type: none"> <li>• Encouragement</li> <li>• Business skills training</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership for women</li> </ul>
	Support for work-life balance	<ul style="list-style-type: none"> <li>• Career development for employees returning to work</li> <li>• Supervisors of employees returning to work</li> <li>• Mothers-to-be gathering</li> </ul>	<ul style="list-style-type: none"> <li>• Career development for employees returning to work</li> <li>• Networking sessions for working parents</li> </ul>	<ul style="list-style-type: none"> <li>• Career development for employees returning to work</li> <li>• Individual consultation for working parents</li> </ul>	<ul style="list-style-type: none"> <li>• Career development for employees returning to work</li> <li>• Individual consultation for working parents</li> </ul>
	Healthcare	<ul style="list-style-type: none"> <li>• Breast cancer/sleeping aid</li> <li>• Prevention of work severances through nursing care commitments</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 preventive measures</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of turnover due to nursing care/nursing care finances</li> </ul>	<ul style="list-style-type: none"> <li>• Post-partum care class support</li> </ul>

\* wwP: work with Pride (refer to page 46)

### Main initiatives in fiscal 2022

In fiscal 2022, we implemented the Diversity Management Program as a program to promote diversity among those in managerial positions, a leadership seminar for women, and young employee

development program. In addition, we also created a training video and shared it internally to enhance understanding of changes in the childcare leave system and encourage male employees to take childcare leave.

## Systems for Supporting Diverse Work Styles

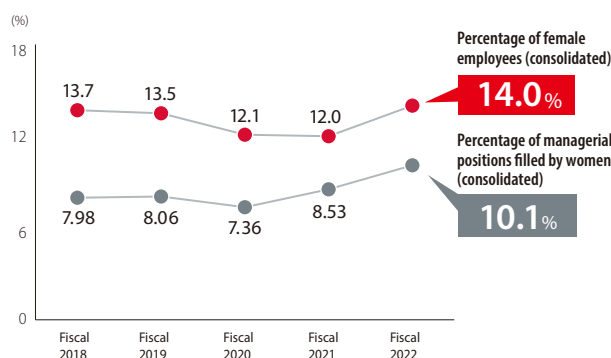
We have established a system that enables employees to be successful at work regardless of time or place by expanding the working system and improving work-life balance, such as with the expanded work-from-home scheme, flex-time system that eliminates core working hours, and shortened working hours. In addition, we aim to

establish a work system that allows employees to continue building their career along their personal life events, such as family care or childcare, by expanding the systems for childcare leave, family care leave, spouse accompaniment leave, and career return.

System	Detail
Childcare Leave System	For employees with children under 1 year of age (or under 2 years of age if certain criteria are met), we offer 10 days of childcare leave that can be taken by the day to meet diverse childcare support needs (Childcare Leave B) and Post-partum Paternity Leave that allows an employee to work while on leave (Childcare Leave C) in addition to statutory childcare leave (Childcare Leave A).
Family Care Leave System	Family care leave is for employees who need to provide constant care to a family member, which can be taken up to a year in length and divided into ten separate portions.
Work-From-Home and Home Office Schemes	In addition to the work-from-home system, which promotes work-life balance including need for balancing work with childcare or family care, enhanced work efficiency, prevention of prolonged time commitment (health concerns), and alleviation of commute stress, Yokohama Rubber has also introduced the home office scheme in which the Company subsidizes the setup of a home office in an employees' residence to make it their base of work operations for those facing long-distance commuting or moving to accompany a spouse on a job transfer.
Shortened Working Hours	Employees with children up to the sixth grade or family members requiring care can apply for shortened working hours.
Career Return System	A system that allows employees who have taken leave or retired to accompany their spouse on a job transfer, or who have retired due to childcare or nursing care, to return to work.
Paid Leave Taken by the Hour	This system allows employees to take annual paid leave in hourly increments in aiming to promote work-life balance.
Re-Employment of Employees 60 Years of Age and Older	The system enables employees to continue working and hold an official position after mandatory retirement age of 60 until up they turn 70 years of age.

## Promotion of Women's Participation

We strive to create a female-friendly work environment through expanding and implementing a variety of systems and initiatives to enhance the percentage of women in managerial positions. As of December 31, 2022, the percentage of managerial positions filled by women at Yokohama Rubber was 1.73% (10.1% Groupwide). However, we are seeing more female managerial position candidates among those who joined the company since fiscal 2007, when the percentage of women in new graduate hires surpassed 20% for the first time. Going forward, we expect the number of managerial positions filled by women to increase. We also utilize an early promotion system with the aim of further facilitating the success of female management personnel.



## Employment of Persons with Disabilities

Regarding the employment of persons with disabilities, to date we have focused on jobs in which people can succeed within our existing operations regardless of disability and have periodically accepted new graduates at each business site. Moreover, Yokohama Peer Support was established in 2012 as a subsidiary to create places of employment for persons with disabilities. As of December 2022, the subsidiary employed 39 people with intellectual disabilities. Going forward, we will continue to develop new business operations as we broaden the scope of employing persons with disabilities.

## Initiatives for Sexual Minorities

Yokohama Rubber is a participating member of work with Pride, a volunteer group that supports the promotion and instilment of diversity management relating to sexual minorities such as LGBTQ+ in the workplaces of companies, groups and other entities. In 2022, we conducted a workplace LGBTQ+ awareness survey in collaboration with other participating companies.



## Future Issues and Measures

Since overseas sales accounts for 70% of total sales for the Yokohama Rubber Group, in order to stay ahead of our global competition, we are working to ensure that local human resources who are fluent in the local language and well versed in local culture play an active role in our operations, and that there is diversity in the company's core human resources. To this end, promoting diversity in management positions (employment of women, foreign nationals, and mid-career hires) will be a focus for the future. Moreover, the Group will further develop its workplace environment to enable foreign nationals to actively participate at work in domestic business sites.

Special Feature

## Promoting the Active Participation of Women at Production Sites in India

**The Yokohama Rubber Group has four production sites in India, comprising the YOKOHAMA Off-Highway Tires (YOHT) Dahej, Visakhapatnam, and Tirunelveli plants, which produce off-highway tires (OHT), and Yokohama India Pvt. Ltd. (YIN), which produces passenger car tires (PCR). Although**

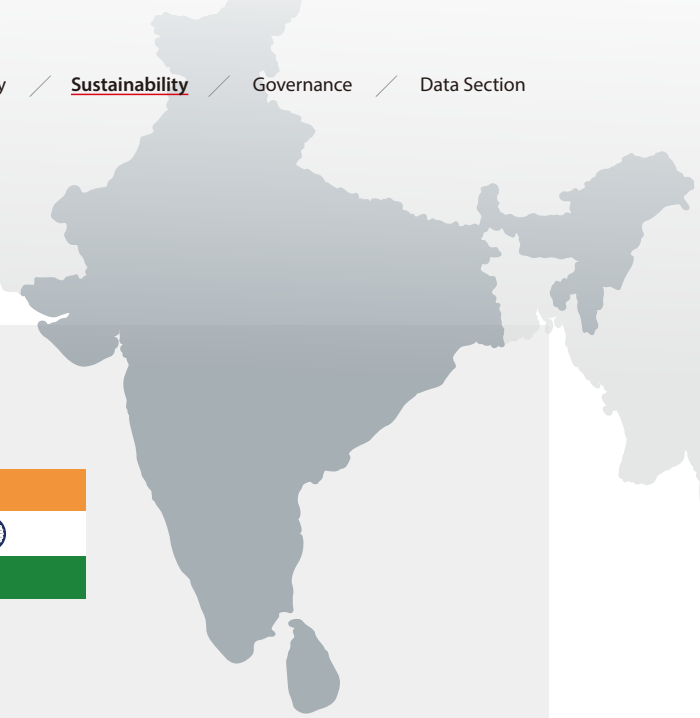
### » Initiatives at Production Sites in India

According to the World Economic Forum (WEF) Global Gender Gap Report for 2023, India's ranking on the "Economic Participation and Opportunity" gender gap subindex is low at 142 out of 146 countries, with women's employment opportunities in India rated as limited. With respect in particular to tire production in India, it is common practice that nearly 100% of workers on the production floor are men.

In this social environment, the Yokohama Rubber Group has promoted the hiring of female employees at production sites in India while pursuing the creation of work environments in which women can easily engage in work under a policy aimed at mutually recognizing the diversity of human resources and workstyles with the aim of becoming a company where employees can work comfortably over the long term.

At production sites in India, the first female employee was hired at the YOHT Dahej plant in 2018, followed by the other three sites, which began hiring female employees sequentially from 2021 onward. As a result, the percentage of female employees at all production sites in India has increased from 0% at the end of December 2017, to 12.5% at the end of December 2022, and is expected to exceed 20% by the end of 2023.

The Skill Development Center, established onsite at our plant, has also been successful in providing vocational training, and as of the end of December 2022, more than 200 female employees were engaging in various tire production at the YOHT Dahej plant, which was one of the first to begin hiring female employees in 2018. At YIN, the ratio of female employees was 0% at the end of December 2021, but reached 12% at the end of December 2022, and has subsequently continued to increase. The YOHT



employment opportunities for women are still limited in India, the Yokohama Rubber Group proactively recruits women at its production sites, substantially increasing the ratio of female employees.



## ➤ Women-only Production Lines

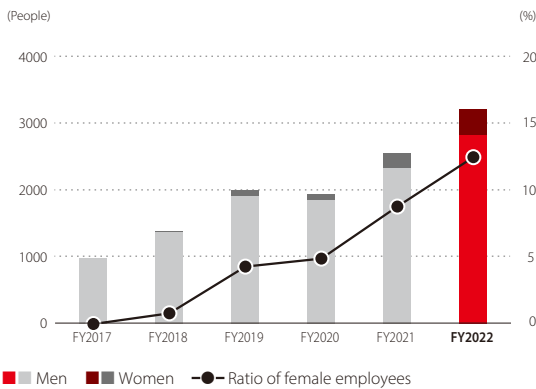
Visakhapatnam plant, which commenced operations in August 2022, is focusing on recruiting female employees with the goal of increasing the ratio of female employees from 17% at the end of December 2022, to 40% by the end of 2025.

At the YOHT Dahej plant, a truck and bus tire production line exclusively for female employees has been in operation since 2018, and approximately 70 female employees are currently engaged in tire production on this line. In the past, the handling of tires was considered unsuitable for women due to tire sizes and weights, and most production facilities were designed for the male physique and physical strength. However, revisions to the size and height of production facilities and the introduction of lightened workloads have expanded opportunities for female employees to play active roles. We are proactively increasing the number of female employees at each of our plants, and plan to provide further opportunities for women to play active roles by increasing the number of women-only production lines, developing female production line managers and leaders, and expanding leadership education.



Women-only production line at the YOHT Dahej plant

### Percentage of Female Employees at the Four Sites in India




YIN employees

## ➤ Future Issues and Measures

Although employment opportunities for women in India are still limited, in recent years, women have been making social advances and employment opportunities are expanding. Given the growing importance of Yokohama Rubber Group production sites in India, from the perspective of securing talented human resources, we will further promote the creation of workplace environments that are comfortable for women, increase the number of female employees, and develop female managers and leaders to ensure our production sites can thrive amid global competition.



# Work Style Reforms

Relevant material issue	Initiatives
 <b>People</b>	<ul style="list-style-type: none"> <li>• Promoting work styles free from the constraints of place or time</li> <li>• Supporting work-life balance and diverse work styles</li> </ul>

**Basic Approach**

Achieving sustainable growth amid drastic changes in the operating environment requires improving the value of human capital. Yokohama Rubber is promoting work style reforms so that its diverse workforce can maximize their abilities in their respective fields by creating work styles free from conventional rules and ways of thinking, and creating a comfortable work environment where they can work together dynamically. By respecting work-life balance and embracing diverse work styles, we support the continued growth of all employees and their career development while balancing work and life.

## Promoting Work Styles free from the Constraints of Place or Time

In March 2023, Yokohama Rubber relocated and integrated its Head Office from Minato-ku, Tokyo to the Hiratsuka Factory in Hiratsuka City, Kanagawa Prefecture, with the aim of improving operational efficiency through function integration and reforming work styles. We will expand the application of various systems such as the work-from-home scheme to establish a work system compatible with various situations, and realize integrated operations of planning, production, sales, technology, and logistics, as well as faster decision-making.

### Home office scheme

Following the integration of the Head Office and Hiratsuka Factory, we introduced a home office scheme where employees who end up having to commute long distances or who move to accompany a spouse on a job transfer will have offices developed at their homes at the Company's cost and will basically work from home without maintaining a fixed desk at the office. As of July 2023, 109 employees are working under this scheme. By promoting work styles free from the constraints of location, we will strive to build the foundation for diverse workforce to maximize their abilities.

### Establishment of the Tokyo Office and the Satellite Office

In connection with the integration of the Head Office and Hiratsuka Factory, we established the Tokyo Office and the Satellite Office at Shinagawa Intercity. The Tokyo Office houses the Head Offices of Yokohama Tire Japan and Yokohama Rubber MB Japan along with some

of the sales departments of Yokohama Rubber. Satellite offices using hot desking are intended to promote improved communication between our people.

### Upgrading of work-from-home and flexible work systems

In 2018, we introduced the work-from-home system with the goal of promoting work-life balance in terms of childcare or family care, increasing operational efficiencies and preventing prolonged time commitments for work (health concerns). From 2023, we expanded the conditions so that employees can use it to cut down on the time they spend commuting. At the same time, we abolished the usage limit and shifted to the most suitable telecommuting operation for each workplace according to work (results and efficiency). In addition, we have applied a flextime system to all staff employees in principle, abolished core working hours, expanded the shortened working hours and flextime systems, and established a system that enables employees to produce work results regardless of location or time.




New dual purpose conference room and cafeteria in Hiratsuka

## Future Challenges and Responses

In order to achieve our Medium-Term Management Plan, we must create a workplace in which all employees can play an active role. Taking advantage of the major changes in work styles resulting from the COVID-19 pandemic, we will create a workplace where our people can work regardless of time or place by expanding their work

style options. Going forward, we will continue to contribute to the enhancement of corporate value by further increasing the level of our efforts, recruiting and retaining talented human resources and improving the performance of individuals and organizations.

# Human Resources Development

Relevant material issues	Initiatives
 People	<ul style="list-style-type: none"> <li>• Developing and selecting value-added human resources</li> <li>• Assigning the right people to important positions</li> </ul>

**Basic Approach**

For the global Yokohama Rubber Group, assigning “professional human resources” who maintain a strong willingness to achieve goals and broad perspective, and who demonstrate their capabilities while impacting those around them, is essential. To this end, we promote measures toward development and select talent, and ensure that the right people are placed in the right jobs. We provide a full-range of support to our people based on the belief that providing a place for employees to contribute and grow professionally will help to advance the company’s development. We also work to secure and develop management-oriented human resources who can carry the company on their shoulders so that we can prevail amid global competition.

## Human Resources Development Programs

In order to respond to changes in the global business environment, the Yokohama Rubber Group is working to strengthen its human capital through human resource development. We provide training that adheres to the Three Reals Philosophy where employees learn through interaction

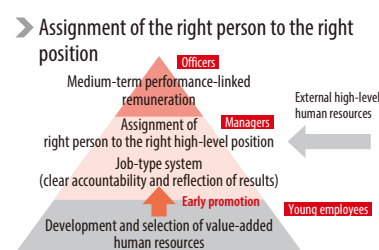
and experience with the aim of developing the mindset, abilities, and skills necessary to make the right decisions and execute, as well as individual skills such as rank-based leadership, the ability to solve problems closely related to the workplace, and presentation and negotiating skills.

Name	For	Cumulative number of participants (fiscal 2022)		Details
		Men	Women	
Training for new employees	Newly hired employees	23	8	With the aim of solidifying a foundation for future growth as a member of the Company, participants acquire the awareness needed as members of society and acquire basic knowledge common to administrative and technical work.
Follow-up training for new employees	Employees in their second year	41	11	In addition to organizing and sharing what they learned during the business assignment and training period, participants transform their mindset ahead of their third-year as employees.
Training for newly appointed managers	Managers	17	3	Participants understand and acquire the knowledge necessary for a managerial position, and are taught about the expectations, roles, and responsibilities required.
Training for newly appointed personnel holding managerial positions	Managers	21	2	For the purpose of supporting adaptation to management work, participants gain a better understanding of the roles of organizational managers and acquire basic management knowledge and practice in the workplace.
Training for evaluators	Managers	23	1	Through case studies, participants learn appropriate evaluation methods to prevent variation in evaluations and how to improve the degree of satisfaction in feedback interviews.
Training prior to re-employment	Employees planning to be re-employed	36	4	In the midst of a major career transition, participants eliminate any concerns arising from their new assignment and reconsider how to approach work after re-employment.

## Developing Core Human Resources

In order to support the achievement of the YX2023 Medium-Term Management Plan in terms of human resources, we have created a personnel system that allows employees to gradually acquire the skills required of core human resources. For managers, this is achieved by increasing the links between post, results and compensation, and for general career track employees by clearly indicating the added value (expected results and expected behavior) required for each level and linking these to the development system. At the managerial level, in 2020, we revised the system to further enhance the linkage between posts (jobs) and compensation. In

addition, for the general career track employees, in 2021, we introduced an early selection system that allows them to be assigned to managerial positions as early as the age of 30, which ensures that the right person is assigned to the right position regardless of age.




## Future Issues and Measures

In the development of Group companies in Japan and overseas, we will continue to create human resource development and skills development systems, and establish programs to produce high-performance human resources, in addition to developing young

employees. In addition, we are considering resuming employee surveys in the future with the aim of further promoting initiatives to enhance human capital and measuring the effectiveness of these initiatives.

# Occupational Health and Safety

Relevant material issue	Initiatives
 <b>People</b>	<ul style="list-style-type: none"> <li>• Creating a safe and healthy workplace</li> <li>• Safety measures aimed at zero workplace accidents</li> </ul>

**Basic Approach**

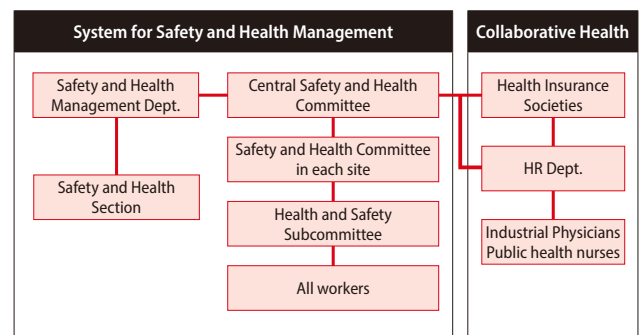
Occupational accidents within the Yokohama Rubber Group occur at a lower frequency than the averages across all industries and the manufacturing sector, but the number is still not zero, and when the causes of these accidents are analyzed, we recognize that many of them could have been prevented if measures had been taken in advance.

As it is necessary to handle large machinery at our production plants due to the nature of our business, defects in equipment specifications or incorrect operation can lead to serious accidents, and appropriate safety measures need to be taken. Additionally, with mental conditions accounting for an increasing proportion of long-term absences from work, we must properly look after the mental health of employees in addition to their physical wellbeing. The Yokohama Rubber Group strives to develop safe and comfortable workplaces and promote employee health, and also aims to foster a culture of safety to remove all hazards, and achieve zero occupational accidents.

## Health and Safety Management System

In Japan, under the Central Safety and Health Committee chaired by the General Manager of the CSR Division, each business site has its own Safety and Health Committee (statutory) and each division and workplace has its own Safety and Health Subcommittee. Safety and health activities are important initiatives common to both the company and the union, and we are promoting them in a united labor-management effort while sharing safety information with other companies and labor unions. In addition, to create a workplace where employees can work in good health for a long time, we promote health and physical fitness based on “Collaborative Health\*” in cooperation with health insurance unions. Each overseas company has its own system in place in accordance with the laws of each country. The Safety and Health Management Dept. coordinates health and safety activities in Japan and overseas.

### » Health and Productivity Management Structure



\* Collaborative Health: An approach where health insurance societies and businesses actively collaborate to efficiently and effectively implement prevention and health development for insured employees based on a clear division of roles and a good workplace environment.

## Initiatives to Improve Occupational Health and Safety

### Enhancing equipment measures

We systematically and continually conduct risk assessments for all facilities and operations, and implement safety measures for prevention from the facility side. To this end, we operate a system for monthly follow-up on the number of risks and improvements. Top safety diagnoses are conducted by directors at our domestic plants. We are also strengthening the horizontal deployment of accident countermeasures to prevent the occurrence of similar accidents.



Safety diagnosis

### Developing safety-conscious human resources

We aim to develop people with the sensitivity to perceive hazardous events as dangerous. To this end, we implement hazard prediction training (KYT), which all employees practice every day, Hiyari-Hatto (near-miss) detection and improvement activities, which are voluntary activities with the participation of all employees, and training at the “Taikan Dojo” (experiential training to prevent accidents). In addition, we



Overseas factory safety personnel experiencing hands-on training (Experiencing using stairs while carrying a package)

continue to promote safety education that emphasizes communication, where supervisors talk with workers one-on-one to get them to understand the meaning of each task and are able to act more safely and independently.

In addition, as colleagues who work together, we encourage our partner employees to participate in these activities to prevent the occurrence of accidents and improve their safety level.

**Development of standard work manuals**

We are systematically and continually conduct open work observation to identify all unsafe behaviors and areas of insecurity, and to developing standard work manuals. In workplaces where foreign workers are employed, the standard work manuals are also written in the workers’ native languages.

**Promoting both physical and mental health**

Mental health initiatives include managing working hours through an attendance management system, work improvement and interview guidance for those working long hours, and education to improve communication skills, such as workshops on listening techniques. For employees who have been absent from work for a long period of time due to mental health issues, we conduct an interview with the employee, then check with the attending physician, industrial physician, public health nurse, and workplace to determine the method, timing, work restrictions, etc., before allowing the employee to return to work in a planned manner. After returning to work, regular meetings are held between the employee, the occupational physician, and the workplace, and the restrictions on work are lifted one by one until the restrictions are completely removed.

We also conduct activities to help employees quit smoking and hold seminars on physical fitness in order to promote health.



Stress check workshop at the Onomichi Plant

**Improvements in workplaces**

We have promoted the maintenance of equipment and provision of personal protective equipment, improvement of work methods, and maintenance management to maintain comfortable conditions

**Future Issues and Measures**

Despite our various initiatives to create safe and comfortable workplaces and promote health, we have yet to reach the goal of zero accidents.

based on work environment measurements. In addition, based on the 5Ss (seiri [tidiness], seiton [being organized], seisou [cleanliness], seiketsu [hygiene], and shitsuke [discipline]) activities, we are promoting manufacturing that produces only what is needed, when it is needed, without any areas of insecurity.

In recent years, we have experienced life-threatening heat, and we think of heat stroke as an accident that can lead to death just as injuries do, so we are measuring WBGT (WetBulb Globe Temperature, a heat index) values in the workplace and working to lower these values, such as by discharging hot air.

**Prevention of traffic accidents**

At each of our locations, we hold traffic safety seminars by local police departments and conduct educational activities in cooperation with traffic safety-related organizations. In addition, we are working to raise traffic safety awareness through education using drive recorders and by calling out to people at the front gate.

**Establishment of a safety and health platform**

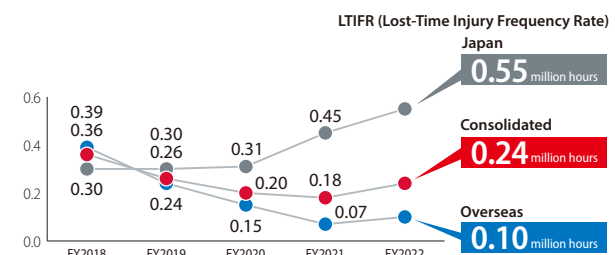
Eighteen sites in Japan and overseas have acquired occupational health and safety management system (JISHA/OSHMS/ISO45001) certification, and eight sites renewed their certification in FY2022. (The certification of other business sites is still ongoing.)

We will continue to improve our management system and implement the PDCA cycle - Plan, Do, Check, and Action - to enhance our safety and health infrastructure.

The frequency of occupational accidents (consolidated) was 0.24. We will continue our efforts to achieve zero accidents and zero risk.




Occupational safety and health management system (OSHMS) renewal audit at the Hangzhou Plant (China)



We will promote facility measures focusing on isolation from hazardous sources, as well as training people to take safe actions.

# Supply Chain Management

Relevant material issue	Initiatives
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Ensuring fair, equitable and transparent business relationships</li> <li>• Building strong partnerships with business partners</li> <li>• Procuring sustainable natural rubber</li> </ul>

**Basic Approach**

Being a company that continues to provide value to society requires strong partnerships with business partners. Additionally, the scope of corporate social responsibilities extends not only to our own company but also to business partners who we procure raw materials, goods, and services from that are necessary for our business activities. In particular, the upstream part of our business supply chain has many business partners in emerging and developing countries, so we recognize that evaluation from a social and environmental perspective is also important. In light of this situation, Yokohama Rubber has established the Yokohama Rubber’s Basic Procurement Policy, with the slogan “To build relationships of trust based on equitable and fair trade in its aim for prosperity, and mutual development,” along with the Yokohama Rubber Group Action Guidelines stipulating actions that employees should take.

## Initiatives for CSR Procurement

CSR Procurement Guidelines

[https://www.y-yokohama.com/global/csr/pdf/CSR\\_Procurement\\_Guidelines\\_202210.pdf](https://www.y-yokohama.com/global/csr/pdf/CSR_Procurement_Guidelines_202210.pdf)

### CSR Procurement Guidelines

In order to promote CSR activities in the value chain, Yokohama Rubber has formulated various guidelines such as the Yokohama Green Procurement Guidelines and CSR Procurement Guidelines, and has shared its policies and philosophy internally and with business partners through briefings. In 2012, we joined the United Nations Global Compact and are promoting global initiatives. In 2022, we reviewed the Yokohama Rubber Environmental Policy in light of changes in social conditions and other factors, and also revised the CSR Procurement Guidelines to further strengthen our efforts to respect the environment and human rights.

### Environmental assessment of suppliers

The Yokohama Rubber Group’s mainstay products are mostly petrochemical products (chemicals), including various synthetic rubbers, and the manufacturing process may have adverse impacts on environmental pollution and the lives of local residents. From the perspective of stable procurement of raw materials and from an ethical perspective, we are focusing on the environmental assessment of

suppliers. We ask our suppliers, including new business partners, to comply with the Green Procurement Guidelines, and require them to conduct regular CSR self-checks and report the results.

### Social assessment of suppliers

Smooth communication with local residents where the Yokohama Rubber Group’s manufacturing factories are located and the continuation of fair transactions are essential for sustainable business development. Moreover, ensuring a work environment where people involved in procurement can perform their job safely and respecting human rights are also important issues. From the above perspective, we assess whether our business partners comply with the Group’s Code of Conduct and other guidelines, and if there is a significant adverse social impact, we ask them to take corrective action as part of our initiatives for improvement. In addition, we are committed to global procurement that takes into account impacts on human rights, the environment, and society, and are careful not to intentionally use minerals from conflict zones.

### » Results of environmental assessments of suppliers

#### Environmental impact assessment when starting a new business relationship

- Confirmation whether new raw materials comply with environmental regulations
- Confirmation of environmental management system (ISO 14001) certification and management status of environmental impacts and greenhouse gas emissions, etc, through CSR self-checks

In fiscal 2022, none of our 58 new suppliers in Japan had adverse impacts on the environment.

### » Results of social assessments of suppliers

#### Social impact assessment when starting a new business relationship

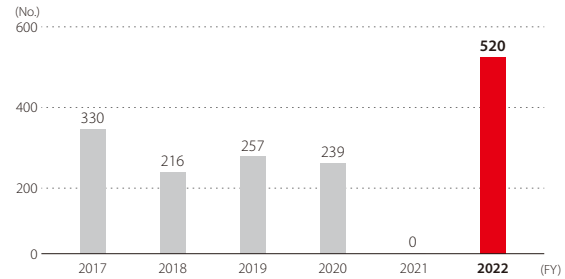
- Confirmation of fair and equitable transaction mechanisms and external communication mechanisms for newly adopted raw materials
- Confirmation of working conditions, initiatives to respect human rights, and the use of conflict minerals through CSR self-checks

In fiscal 2022, none of our 58 new suppliers in Japan had adverse impacts on society.

### Holding of CSR Supplier Study Meetings

We hold CSR Supplier Study Meetings to share our philosophy and policies related to sustainability. In 2022, we worked to develop a system for holding our first remote briefing, and held four webinars, with 520 companies participating. For suppliers of natural rubber, we held a Suppliers' Day to explain our procurement policy for sustainable natural rubber and call for their cooperation in CSR initiatives. At the same time, we are preparing to start similar activities for suppliers of our overseas bases.

### Number of companies participating in CSR briefings for business partners



## Promoting Procurement of Sustainable Natural Rubber

### Procurement Policy for Sustainable Natural Rubber

Natural rubber accounts for around 20% of the raw materials used by the Yokohama Rubber Group, and as a raw material it is essential for us to provide customers with our products without interruption.

To make natural rubber a sustainable resource, Yokohama Rubber takes part as a founding member of the Global Platform for Sustainable Natural Rubber, which was launched in 2018 at the initiative of the Tire Industry Project as part of the World Business Council for Sustainable Development. In October of the same year, we also formulated our own Procurement Policy for Sustainable Natural Rubber. Y.T. Rubber Co., Ltd. (YTRC), a natural rubber processing company in Thailand, is working to promote CSR at its natural rubber plantations by including provisions such as environmental protection and human rights compliance in purchase orders.

Based on its Procurement Policy for Sustainable Natural Rubber, the Yokohama Rubber Group is working to establish traceability and protect human rights, labor, and environmental protection.

## Establishment of Supplier Hotline

For business partners, the compliance promotion managers of procurement and sales departments collect complaints and consultations regarding transactions through a business partner hotline and other means. When a complaint is filed, the Corporate Compliance Department confirms the facts and takes necessary measures in consultation with the procurement and sales departments.

## Future Issues and Challenges

The Yokohama Rubber Group has built relationships of trust with suppliers in the supply chain based on fair and equitable business practices, and has promoted collaboration, coexistence and

Procurement Policy for the Sustainable Natural Rubber

[https://www.yokohama.com/global/csr/pdf/SNR2.0\\_English.pdf](https://www.yokohama.com/global/csr/pdf/SNR2.0_English.pdf)

### Seminars for natural rubber farmers

As part of its sustainable natural rubber procurement activities, Yokohama Rubber holds networking events in each country, such as seminars and Suppliers' Day for natural rubber suppliers.

YTRC, which processes rubber in Thailand, regularly holds seminar events to improve the quality of natural rubber in collaboration with the Rubber Authority of Thailand (RAOT), which is under the jurisdiction of Thailand's Ministry of Agriculture and Cooperatives, in order to continuously support small farmers. At the seminar event in December 2022, 50 farmers in the Surat Thani district participated and were provided with 250 kg of fertilizer free of charge per farmer using RAOT's knowledge. In addition, participating natural rubber farmers also cooperate in follow-up surveys on the physical properties and productivity of natural rubber.




Natural rubber farmers who attended the event

In addition, the Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), and has established a system to receive complaints from all stakeholders in Japan and overseas through the JaCER's complaint reporting desk and to respond appropriately.

\*See "Human Rights" (p. 42) and "Compliance" (p. 70) for details.

co-prosperity. Going forward, we will deepen global collaboration with overseas subsidiaries and build Group-wide partnerships.

# Coexistence with Local Communities

Relevant material issue	Initiatives
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Supporting biodiversity preservation activities in local communities and medical assistance/educational</li> <li>• Disaster prevention and relief activities in local communities</li> <li>• YOKOHAMA Magokoro Fund and collaboration with NPO</li> </ul>

**Basic Approach**

In the Yokohama Rubber Group Action Guidelines, the Yokohama Group declares that “We shall aspire to harmony and prosperity with local communities.” Our basic stance is to always remember that we are a member of society, strive to achieve harmony and prosperity with society, build relationships of trust with stakeholders, support the social contribution efforts of employees and foster a corporate culture in which employees are willing to actively participate in social contribution activities.

As an entity that operates globally, the Yokohama Rubber Group endeavors to build good relationships with local communities in terms of the environment, laws, culture, customs and the economy.

## YOKOHAMA Magokoro Fund

The YOKOHAMA Magokoro Fund, which was established by employees in 2016, collects reserve funds from employees (members) who support the purpose of the fund (arbitrary amounts starting from ¥100 per month), and makes donations to support groups tackling social issues or as relief funds in the wake of disasters. Yokohama Rubber has also introduced a system to make donations of the same amount as a fund-matching gift.

As of December 31, 2022, around 44% of employees enrolled in the fund.



### » Support provided in fiscal 2022

In 2022, support provided by the fund totaled ¥5,112,000 (including disaster relief funds). The main recipients of support were as follows.

- Florence, a specified non-profit organization
- Kanagawa Myoelectric Prosthesis Bank (Kanagawa Rehabilitation Hospital)
- Chance for Children, a public interest incorporated association
- Humanitarian aid to Ukraine
- Offshore earthquake in Fukushima in March 2022
- Typhoon No. 15 in 2022

## Contribution to Revitalizing Local Communities

### Support for the Laojunshan Project (China)

Yokohama Rubber (China) Co., Ltd., the umbrella company of Yokohama in China, has been supporting the Laojunshan Project since 2011. The project aims to preserve biodiversity in the Laojun Mountain Nature Reserve located in Lijiang, Yunnan Province. Laojun Mountain is a mountainous area surrounded by lush nature that was registered as a World Natural Heritage Site in 2003. The Laojunshan Project is an initiative that aims to preserve the ecosystem by transforming a village located in the nature reserve that previously could only make a living through deforestation into an agricultural and livestock production-based economy with access to financing via a “Village Bank.”

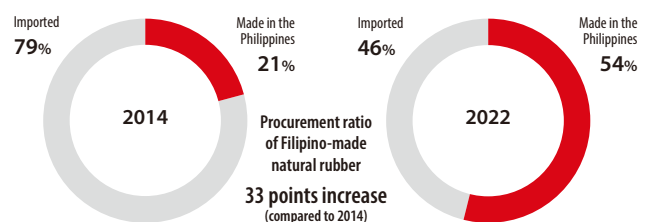


Village Bank

### Localization project aimed at local production for local consumption of natural rubber (Yokohama Tire Philippines, Inc. (YTPI))

In 2014, a localization project was launched at YTPI, which produces tires for passenger cars and SUVs in the Philippines, with the aim of revitalizing the local economy in the Philippines by procuring raw materials for tire production locally. With the ongoing project implementation, in 2022, natural rubber made in the Philippines accounted for 54% of the total rubber used in tire production.

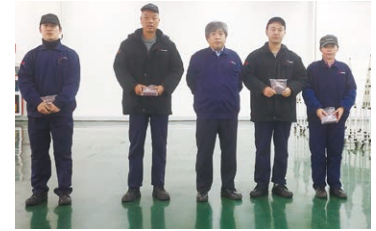
### » Procurement ratio of natural rubber (Produced/imported to the Philippines)



**Promote participation of diverse human resources in overseas subsidiaries**

Hangzhou Yokohama Tire Co., Ltd. (China), out of 141 total employees, six of whom are Japanese and eight of the managers are local staff. The ratio of female employees is approximately 30%. The company has a maternity leave system in place for employees to take leaves as necessary. The ratio of female managers with the rank of section manager or higher is almost 50%, while there is equal opportunity for both genders for advancement and promotion. Hiring is

conducted on a broad base in the Hangzhou area. The company offers equal opportunities in hiring and promotes employees fairly within the company regardless of gender, or places of origin.



Employee recognition for 10 years of continuous service (Hangzhou Yokohama Tire Co., Ltd.)

**Supporting Next-generation Development**

**Environmental education at Mie Plant**

Employees at the Mie Plant provide classes on the environment at local elementary schools and at the plant. It makes efforts to raise awareness of the nature and the environment through fun and games, including using a picture-story board to discuss the meaning of tree planting and hosting a root-removing event on the invasive species of cutleaf evening primrose. The plant also puts efforts into environmental preservation in the community through education, including beach cleanup activities with the children.

In February 2022, the Plant received the Ikimono Kyosei Jigyosho® certification (ABINC certification) for its consideration for biodiversity.



Wildlife observation in the biotope for elementary school students

**Educational support for schools**

The Tirunelveli Plant of ATC Tires Pvt. Ltd. (ATG-TN), an India-based tire manufacturing subsidiary, is providing support for infrastructure development and digital education at multiple schools.

Moreover, Suzhou Yokohama Tire Co., Ltd. (CSZY), a subsidiary involved in tire manufacturing and sales of Yokohama Rubber in China, held a winter camp for environmental protection. The camp consisted of elementary school students and their families where they participated in lectures on protecting the environment and saving paper, collecting seeds and bird watching. The aim of the camp is to instill knowledge and increase environmental awareness among the children.



Educational support for elementary school in India

**Disaster Recovery Support**

**Tire donations to the Japan Car Sharing Association**

As part of Yokohama Rubber's efforts in supporting disaster recovery, the company donated a total of 200 passenger car tires to the Japan Car Sharing Association. The donated tires were installed on vehicles by students of Ishinomaki Senshu University in Ishinomaki City, Miyagi Prefecture as part of the student maintenance project in April and November, and used for car sharing and leasing in the disaster-stricken area.

The Japan Car Sharing Association provides non-profit car sharing in temporary housing and post-disaster housing, as well as vehicle

rental for regional development. It also provides support to people who have lost their cars due to natural disaster with free vehicle rental for a limited period to rebuild their lives.

Yokohama Rubber supports the Association's efforts and have been donating tires for passenger vehicles since 2015.



Students of Ishinomaki Senshu University installing Yokohama tires on passenger vehicles



**Future Issues and Measures**

With the expanded operations at overseas business sites, the penetration of the Code of Conduct among new employees to the Yokohama Rubber Group has become a new issue. In addition to yielding economic effects, it is also a task to establish a structure that enables collaborative efforts to resolve social issues faced by the

local communities through our business activities. In order to achieve resolution, we will promote volunteer activities that fit the new post-pandemic lifestyle and support through the YOKOHAMA Magokoro Fund.



# Information Disclosure Based on TCFD Recommendations

Relevant material issue	Initiatives
 <b>Products</b>	<ul style="list-style-type: none"> <li>• Manufacture and sell tires and industrial materials with high levels of safety, quality, and environmental performance</li> <li>• Manufacture and sell carbon neutral products</li> </ul>
 <b>The Earth</b>	<ul style="list-style-type: none"> <li>• Achieve carbon neutrality in our own activities by 2050</li> <li>• Sustainable material usage rate of 100% by 2050</li> </ul>

In recent years, the effects of climate change have become more serious around the world, and companies are required to proactively respond to climate change through decarbonization and other efforts. The Group has identified climate change mitigation and adaptation as an important management issue for contributing to a sustainable society and ensuring sustainable corporate growth, and expressed its support for the recommendations of the TCFD\* in January 2022. Going forward, we will proactively disclose information related to climate change efforts in line with TCFD recommendations.



\*Task Force on Climate-related Financial Disclosures. The TCFD was established in 2015 following a request from the G20 for the Financial Stability Board (FSB) to consider climate-related disclosures and actions to be taken by financial institutions. The TCFD recommends that companies and other organizations evaluate and disclose the financial impact that climate-related risks and opportunities could have on management.

## Governance

The CSR Council, which is chaired by the President and Chairman of the Board, convenes twice a year (in May and November), and is positioned to draft and consider CSR challenges to be addressed by the Yokohama Rubber Group. Regarding climate change mitigation and adaptation, the Environment Council was established, with environmental activities promoted through the establishment of two

task forces, two councils, and four committees as bodies subordinate to the Environment Council. With an officer in charge (head of the CSR Div.) as the chairperson, the Environment Council deliberates and makes decisions regarding various issues and oversees the environmental activities of the Yokohama Rubber Group.

### Climate Change-Related Governance Support System



## Strategy

We have classified climate-related risks into two specific categories, risks associated with the transition to a low-carbon economy (transition risks), and risks associated with the physical impacts of climate change (physical risks). We have also assessed the magnitude of the resulting financial impacts and summarized the risks and opportunities for our business. In addition, we conducted an analysis using

scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) regarding temperature increases, and examined adaptation measures and financial impacts based on the risks and opportunities of the 1.5°C and 4°C scenarios, respectively. Going forward, we will continue to examine risks and opportunities and refine our scenario analysis.

## Risk Management

Regarding risks related to climate change, bodies subordinate to the Environment Council, including the Carbon Neutral Committee and other task forces, councils, and committees identify and assess each risk and engage in activities to mitigate them. For material risks identified by each task force, council, or committee, the Environment Council deliberates and decides on countermeasures. For physical risks such as natural disasters, the Central Disaster Prevention Council is engaged in

disaster prevention, BCP, and promoting risk reduction. Matters of great seriousness and urgency are deliberated by the Risk Management Committee (chaired by the head of the Corporate Administration Div.), which was established to strengthen our defensive posture against the various risks surrounding Yokohama Rubber and ensure appropriate evaluation and responses. The activities of the Risk Management Committee are regularly reported to the Board of Directors.

➤ Major risks and opportunities related to climate change

	Material factors	Category	Potential financial impact	Financial impact	Future countermeasures
Risks	Transition to a decarbonized society	Policies and regulations	Introduction and rise of carbon pricing	Large	<ul style="list-style-type: none"> <li>Formulate and implement a roadmap to carbon neutrality</li> <li>Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.)</li> <li>Expand use of renewable energy</li> <li>Introduce new energy technologies</li> </ul>
		Markets	Resource (raw material) price hikes and supply instability	Large	
		Technologies	Increase in renewable energy and fuel prices (crude oil, natural gas)	Large	
		Reputation	Capital investment to improve manufacturing process efficiency	Medium	
	Change in demand for products and services	Markets	Impact on customer evaluation of emission reduction efforts and stance, and on stock prices	Small	
			Response to the global movement to promote the use of renewable energy (reputation among stakeholders)	Small	
Physical risks	Change in demand for products and services	Markets	Product selection based on evaluation of CO <sub>2</sub> emissions during manufacturing (competition within the same products)	Large	<ul style="list-style-type: none"> <li>Promote carbon neutral manufacturing sites to achieve zero CO<sub>2</sub> emissions during production</li> <li>Explore commercial tires enhancements, costs, services, and DX</li> </ul>
			Response to changes in the automotive industry	Decline in car sales due to MaaS	
	Intensification of weather disasters due to rising temperatures	Acute	Raw material procurement difficulties and higher procurement costs due to supply chain disruptions	Large	<ul style="list-style-type: none"> <li>Diversify suppliers and raw material production sites</li> <li>Strengthen manufacturing sites against windstorms, floods, and earthquakes, formulate BCP</li> </ul>
			Equipment damage or shutdown due to extreme weather	Large	
	Intensification of climate change	Chronic	Depletion of natural rubber (natural resources) due to climate change, making procurement difficult	Large	<ul style="list-style-type: none"> <li>Strengthen sustainable raw materials research and development</li> <li>Develop and launch sales of all-season tires</li> <li>Promote joint R&amp;D with business partners</li> </ul>
			Decline in demand for winter tires due to reduced snowfall, etc.	Large	
		Increased R&D investment required to improve product performance	Medium		
Opportunities	Transition to a decarbonized society	Energy sources	Reduce energy costs by improving manufacturing process efficiency	Medium	<ul style="list-style-type: none"> <li>Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.)</li> <li>Increase installation of EV-compatible tires on new vehicles</li> <li>Expand sales of "E+" mark EV-compatible tires</li> <li>Expand sales of tires and rubber products using renewable/recycled raw materials</li> <li>Expand sales of fuel-efficient tires with superior environmental performance</li> <li>Expand sales of tires and rubber products with zero CO<sub>2</sub> emissions during manufacturing</li> <li>Sell sensor tires (IoT tires)</li> <li>Strengthen tire solution services</li> <li>Expand sales of off-highway tires (OHT)</li> <li>Expand sales of rubber products such as conveyor belts that are highly resistant to impacts and heat</li> </ul>
		Products and services	Increase market share by responding quickly to changes in demand (carbon neutral compliance and performance requirements for electric vehicle (EV) installation) and stricter regulations.	Large	
	Change in demand for products and services	Products and services	Improve competitiveness and profitability by offering environmentally friendly products using renewable/recycled raw materials and fuel-efficient, low-carbon products	Large	
	Response to changes in the automotive industry	Products and services	Increased demand for products and services that support next-generation mobility (CASE and MaaS compliance, new business opportunities through hydrogen utilization)	Large	
	Climate change	Products and services	Increased demand for products and services that contribute to disaster prevention, recovery, temperature change, food and nature (for example, tires and other products that contribute to crop and forest growth)	Large	

➤ Summary of scenario analysis results

Scenario Conditions		1.5°C Scenario	4°C Scenario
Scenario overview		Limits the increase in global average temperature to 1.5°C above pre-industrial levels by 2100 through stringent climate policies and technological innovations for sustainable development.	Failure of strict climate policies and technological innovation, and rapid intensification of the physical effects of climate change, resulting in a 4°C increase in average temperature by 2100 relative to pre-industrial levels.
Reference scenarios	Transition risks	IEA Net Zero Emissions by 2050 Scenario (NZE)	IEA World Energy Outlook 2021 (WEO2021)
	Physical risks	IPCC 6th Report SSP1-1.9	IPCC 6th Report SSP5-8.5
Analysis results		[Risks] Mainly transition risks/opportunities are manifested. Increased energy costs and capital investment to improve manufacturing process efficiency required to comply with strict climate change regulations, renewable energy procurement, and the introduction of carbon pricing Increased R&D and procurement costs for renewable/recycled raw materials due to an increase in the number of products with lower environmental impact [Opportunities] Competitiveness and profitability enhancements through carbon neutral compliance, early response to EV-mounted performance requirements, and provision of environmentally friendly, fuel-efficient, and low-carbon products	[Risks] Mainly physical risks/opportunities are manifested. Increased occurrence of serious natural disasters at manufacturing sites and in the supply chain; Extreme weather conditions may also deplete natural resources, causing raw material supply instability Product demand fluctuation due to chronic climate change, including lower demand for winter tires due to reduced snowfall, among other factors [Opportunities] Increased demand for products and services compliant with disaster prevention, recovery, and temperature fluctuations

Metrics and Targets

[https://www.y-yokohama.com/global/sustainability/environment/tcfd/#indicators\\_and\\_targets](https://www.y-yokohama.com/global/sustainability/environment/tcfd/#indicators_and_targets)

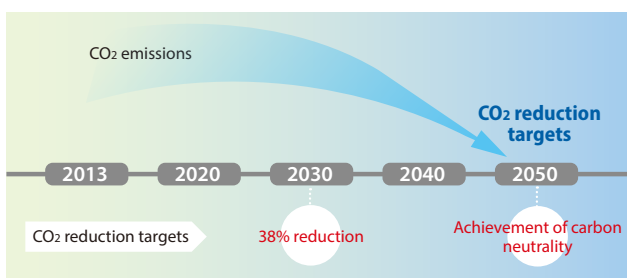
Yokohama has declared three medium-to-long-term targets for its environmental activities, carbon neutrality, circular economy and co-existence with nature, to minimize risks related to climate change.

In addition, the results of various metrics, including GHG emissions,

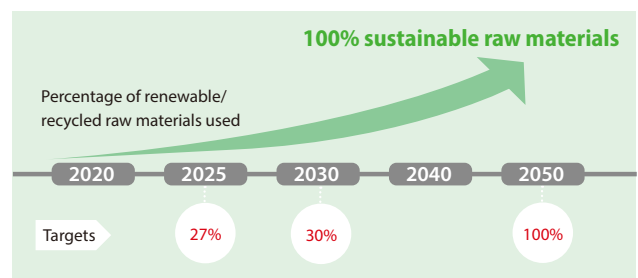
water usage, waste volume, and YOKOHAMA Forever Forest and bio-diversity conservation activities are disclosed on the Yokohama Sustainability website. Please use the link below to view data.

⇒ P.56 Medium-to-Long-term Environmental



➤ Roadmap to carbon neutrality by 2050



➤ Roadmap to a circular economy



# Contributing to Reducing Environmental Impact

Relevant material issues	Initiatives
 <b>Products</b>	<ul style="list-style-type: none"> <li>• Manufacture and sell tires and industrial materials with advanced safety, quality and environmental performance</li> <li>• Manufacture and sell carbon neutral products</li> <li>• Develop biomass rubber and promote retread tires</li> <li>• Manufacture and sell industrial products that contribute to greenhouse gas reduction</li> </ul>
 <b>The Earth</b>	<ul style="list-style-type: none"> <li>• Achieve carbon neutrality in our own activities by 2050</li> <li>• Sustainable material usage rate of 100% by 2050</li> <li>• Reach 1.3 million cumulative trees planted in YOKOHAMA Forever Forest Activities by 2030</li> <li>• Sustainable natural rubber procurement</li> <li>• Coexistence and shared prosperity with agroforestry farming method promotion and rubber farmers</li> <li>• Roll out activities to preserve biodiversity at production sites</li> </ul>

**Basic Approach**

Currently, society faces various issues such as the depletion of natural resources, climate change, and the destruction of ecosystems, and all business activities have an impact on the environment. Yokohama Rubber has positioned itself as a top-level environment-friendly company in the Yokohama Rubber Environmental Policy, while striving to minimize its environmental footprint in all of its business processes. In addition, the actions that should be taken by employees are stipulated in the Yokohama Rubber Group Action Guidelines. Yokohama Rubber has established three pillars in tackling environmental issues: carbon neutrality, circular economy and coexistence with nature, and set medium-to-long-term targets for each of them, and laid out a roadmap for achieving them.

Environmental Policy, and Yokohama Rubber Group Action Guidelines  
<https://www.yokohama.com/global/sustainability/environment/natural/>

**Yokohama Rubber Basic Environmental Policy**

Following the principle of “dealing fairly with society and valuing harmony with the environment”, we shall assert our world-class strengths in technologies for protecting the environment.

- Continued improvement of environmental management
- Action to combat global warming
- Contributing to the creation of a sustainable recycling society

**Three Pillars of Environmental Issues**

As part of ESG management under the Medium-Term Management Plan YX2023, we have established the slogan of “Caring for the Future” and pursue activities based on the following three pillars.

	Medium-to-long-term goals and the road map for achieving them
<b>Carbon Neutrality</b>	<ul style="list-style-type: none"> <li>• 2030: 38% reduction (compared with 2013 levels) in CO<sub>2</sub> emissions from our own activities</li> <li>• 2050: Net zero CO<sub>2</sub> emissions from our own activities</li> </ul>
<b>Circular Economy</b>	<ul style="list-style-type: none"> <li>• 2030: At least 30% renewable/recycled raw material usage</li> <li>• 2050: 100% sustainable raw materials</li> </ul>
<b>Coexistence with Nature</b>	<ul style="list-style-type: none"> <li>• YOKOHAMA Forever Forest Activities: Cumulatively, 1.3 million trees planted, and saplings provided by 2030</li> <li>• Promotion of sustainable natural rubber procurement</li> <li>• Biodiversity preservation activities compatible with local ecosystems</li> </ul>

## Initiatives to Achieve Carbon Neutrality

In 2022, in addition to the solar power generation facility being installed at Shinshiro-Minami Plant as our model plant for achieving carbon neutrality, we have also switched to using only renewable energy at the Mishima Plant in the production line of motorsports tires in aiming to achieve both sustainable evolution and development of motorsports and carbon neutrality. Going forward, we will strive to achieve carbon neutrality at the Shinshiro-Minami Plant by 2030, and roll out the initiative to all other plants in Japan and

overseas by 2050. As a company-wide activity beyond production sites, we will continue to implement 1% annual in-house improvement activities that promote improvements and revisions to facilities, equipment and transportation processes.



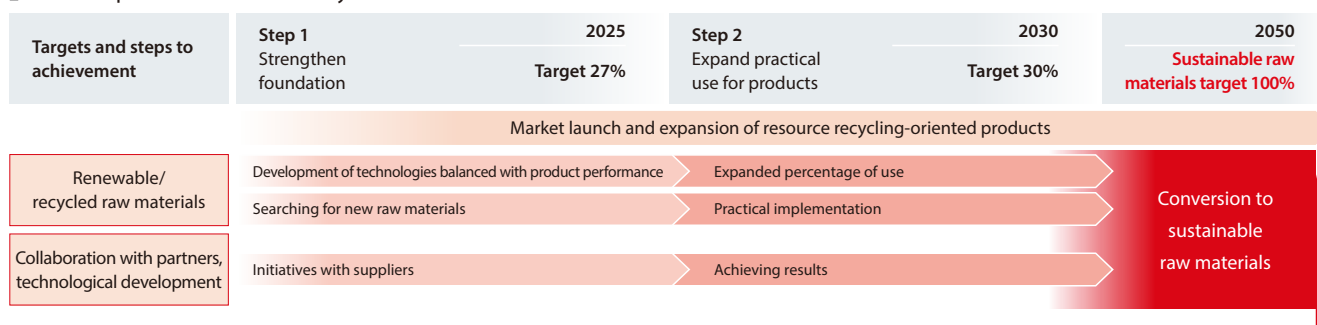
Mishima Plant

## Initiatives to Tackle the Circular Economy

We will strive to make our raw materials sustainable, achieve at least 30% renewable/recycled raw material usage by 2030 through collaboration with partners and technological development in addition to our own exploration and development, and aim to achieve 100% sustainable raw materials by 2050. Specifically, we will aim to develop

technologies for the highly efficient synthesis of butadiene from ethanol and the production of butadiene and isoprene from biological resources, and develop technologies for tires that use sustainable materials in our motorsports endeavors, with the aim of balancing product performance with the circular economy.

### ➤ Roadmap to a circular economy



### Use of sustainable raw materials/recycled raw materials

#### Development of Manufacturing Technology for Synthetic Rubber Core Chemicals with Carbon Resource Recycling

In January 2022, ZEON Corporation and Yokohama Rubber's "Development of Manufacturing Technology for Synthetic Rubber Core Chemicals with Carbon Resource Recycling" has been adopted by the New Energy and Industrial Technology Development Organization (NEDO) as a "Green Innovation Fund Project / Development of Technology for Producing Raw Materials for Plastics Using CO<sub>2</sub> and Other Sources." The Green Innovation Fund Project is a program established by the Ministry of Economy, Trade and Industry (METI) to support businesses in conducting innovative research for reducing greenhouse gas emissions.

This demonstration project aims to establish two advanced technologies to produce butadiene and isoprene based on carbon resource recycling, from renewable carbon resources such as used tires and biomass at high yield rates, and to implement them in society in the 2030s. Butadiene and isoprene are typically made from petroleum as important chemical materials for synthetic rubber, which are the main raw materials for tires. The regeneration of these materials from renewable carbon resources will contribute to the improvement of resource recycling and carbon neutrality in the tire and rubber industries.

#### (Outline of the project)

##### (1) High efficiency butadiene synthesis from ethanol

- Outline: Development of technology for highly efficient conversion of ethanol derived from used tires and plant-based raw materials into butadiene
- Re-contractor/joint implementation partner: National Institute of Advanced



Butadiene produced from biomass

##### Industrial Science and Technology (2) Development of technology for manufacturing butadiene and isoprene from plant-based raw materials

- Outline: Development of bio technology that directly produces butadiene and isoprene from plant-based materials
- Re-contractor/joint implementation partner: Institute of Physical and Chemical Research and Tokyo Institute of Technology

#### Supplying racing tires made with sustainable materials

Yokohama Rubber has been a sole tire supplier to the Japanese SUPER FORMULA Championship and begun supplying ADVAN racing tires that utilize sustainable materials in 2023. The supply of racing tires



ADVAN racing tires for dry conditions supplied to SUPER FORMULA in 2023

using sustainable materials is because of our endorsement of the sustainability project called SUPER FORMULA NEXT50 run by Japan Race Promotion Inc., which oversees SUPER FORMULA. The dry tires we supply use a variety of naturally-derived compounding agents such as natural rubber, agents produced from palm seeds or orange peels, as well as recycled wire made from recycled iron, recycled rubber recycled from used tires, and synthetic rubber using the mass balance method\*. As a result, approximately 33% of all raw materials are sustainable materials, yet the tires maintain the same performance as conventional tires. We will continue to develop tires in 2023 and beyond to further increase the ratio of sustainable raw materials.

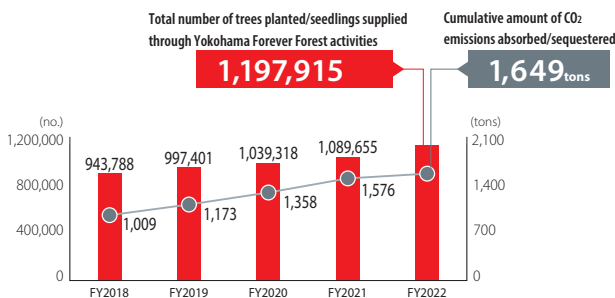
\* A method that allows products to be assigned the same biomass-derived characteristics according to weight as they are in the processing and distribution process from raw materials to products. Products assigned biomass-derived raw materials are regarded as biomass-derived products, regardless of the actual content of biomass-derived raw materials.

## Contributing to Reducing Environmental Impact

### Initiatives for Co-existence with Nature

#### Yokohama Forever Forest Activities

To implement sustainable business activities, corporate management must seek to consider natural capital and conserve biodiversity. YOKOHAMA Forever Forest is a company-wide afforestation activity launched in 2007 in preparation for Yokohama Rubber's 100th anniversary in 2017 with the aim of curbing global warming and preserving the ecosystem. We planted trees at 14 sites in Japan and 21 sites in 8 countries overseas, achieving our target of 500,000 trees in September 2017. We have continued these activities since 2017, when the target was achieved, and as a result of calculating the fixed amount of carbon dioxide in YOKOHAMA Forever Forest from a survey of seedling growth, it is estimated that the entire area of planted forests had absorbed 1,649 tons of CO<sub>2</sub> by the end of 2022. Going forward, we will continue our activities at each of our domestic and overseas bases, targeting a total of 1.3 million trees planted and seedlings supplied by 2030.

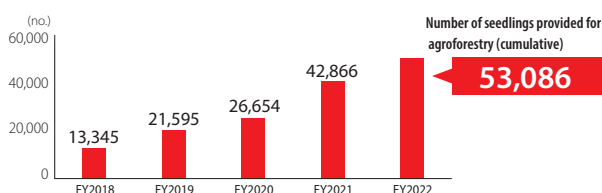


■ Cumulative number of trees planted/seedlings supplied  
● Cumulative amount of CO<sub>2</sub> emissions absorbed/sequestered

#### Promoting procurement of sustainable natural rubber

##### Initiatives for agroforestry

Yokohama Rubber promotes agroforestry at natural rubber farms. Agroforestry is a term coined from agriculture and forestry, which refers to grazing livestock and growing crops between planted trees. Cultivating and harvesting multiple types of crops in natural rubber forests helps to stabilize the incomes of natural rubber farmers which serves as a hedge against the risk of replanting rubber trees and fluctuations in the price of natural rubber. In addition, there are many other advantages, such as the reduction of diseases by improving biodiversity in the farm, which leads to the sustainable procurement of natural rubber.



\* Number of seedlings provided in fiscal 2022: 10, 220

Y.T. Rubber Co., Ltd. (YTRC), a natural rubber processing company of the Yokohama Rubber Group, encourages natural rubber farmers to adopt this farming method in the Surat Thani district of Thailand, where it is located. By the end of 2022, there were 57 farms with an area of about 170 hectares. YTRC continues to work toward the goal of expanding this to about 200 hectares by the end of 2030.

#### Initiatives in Surat Thani in southern Thailand

Since 2019, the Yokohama Rubber Group has been conducting surveys of natural rubber farms in the Surat Thani area, an important area for natural rubber production.



As a result of a survey conducted on a total of 437 farmers, comprising mainly YTRC's business partners, as of the end of December 2022, no illicit activities such as unjustified deforestation or human rights issues have been found to date. We will continue to conduct surveys and plan to survey a total of 500 farms by the end of fiscal 2023. We also hold seminars to improve productivity and other initiatives to raise awareness among local farmers. Yokohama Rubber plans to accumulate survey results, analyze the issues faced by natural rubber farms, contribute to the sustainable management of natural rubber farmers, and use this data to improve traceability.

#### Participation in external initiatives toward a society of symbiosis with nature

In January 2023, Yokohama Rubber endorsed the philosophy of the Task Force on Nature-Related Financial Disclosures (TNFD) and participated in the TNFD Forum. Also in January 2023, we joined the 30by30 Alliance for Biodiversity. This alliance is a coalition of companies and other organizations working to achieve "30by30," an international goal of conserving and protecting more than 30% of land and sea by 2030.



Biodiversity monitoring (Ibaraki Plant)

Yokohama Rubber has been promoting biodiversity conservation activities in the areas around its plants and factories in Japan and overseas. Going forward, we will continue to work on the conservation of biodiversity and the sustainable use of biological resources through our business activities, and promote various activities as a company for nature positivity\*.

\* An approach taken to enhance the resilience of our planet and societies to halt and reverse nature loss

### Initiatives for water resources

The Yokohama Rubber Group is working to conserve resources by dividing the use of water into direct and indirect use. For direct use, we consider water risks according to the region of each production base, and emphasize the effective use of precious water resources. In addition, in the case of indirect use, we respond to risks related to water from raw material suppliers and take appropriate actions to prevent serious problems in operations. Furthermore, the Yokohama Rubber Group promotes initiatives based on the 3Rs (Reduce, Reuse, Recycle) of water at all business sites and regions, including in the supply chain, and strives to use water soundly and conserve water resources. In this way, we aim to contribute to an appropriate water cycle on a global scale.

#### Yokohama Rubber's 3Rs of water initiatives

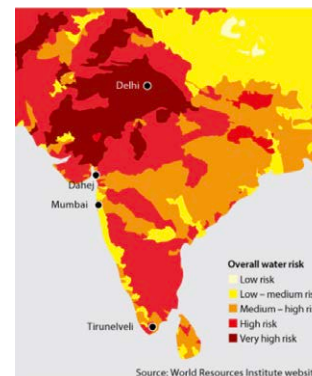
REDUCE	REUSE	RECYCLE
<ul style="list-style-type: none"> <li>Reduce usage</li> <li>Recharge aquifers</li> </ul>	<ul style="list-style-type: none"> <li>Use rainwater</li> <li>Effectively reuse wastewater</li> <li>Increase water quality of wastewater</li> </ul>	<ul style="list-style-type: none"> <li>Recycle water</li> <li>Return water to withdrawal source</li> </ul>

### Assessing water risks and reducing water intake

In areas where production sites consume large quantities of water, we use existing water risk assessment tools such as the World Resources Institute's (WRI) Aqueduct and combine it with local information to determine overall water risks. In addition, we select the highest risk from among the representative water risks at each site and consider measures to address high-priority water risks. For the interim, we are targeting a 1% reduction in water use compared to the previous year.

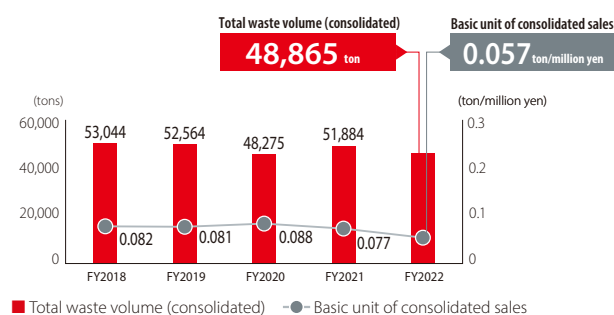
In fiscal 2022, total water intake (consolidated) amounted to 8,247 thousand m<sup>3</sup>, a 2.9% decline from the previous year, of which 65% was in Japan and 35% overseas. We continuously prevent leaks, improve equipment for use of recycled water, and make effective use of water at all business sites. In particular, many overseas production bases have introduced closed water systems to respond to physical (water shortage) risks. Regarding wastewater, we regularly check that

its water quality does not pose any problems and meets the water quality standards of the countries and regions where we have operations.



### Reduction of waste volume and thorough management of PCB wastes

The Yokohama Rubber Group believes that minimizing the burden on the global environment will lead to sustainable business activities. Every year, we aim to reduce the basic unit of waste by at least 1%, recycle 100%, and achieve completely zero emissions at all production sites. We appropriately dispose of PCBs, asbestos, CFCs, mercury, etc. in accordance with laws and regulations. In fiscal 2022, the amount of waste (treatment volume) of the entire Group in Japan and overseas decreased by 5.8% from the previous year to 48,865 tons. Used equipment containing PCB is properly stored and disposed of in accordance with laws and regulations. In fiscal 2022, we processed 10.5 tons of this equipment. This includes the processing of ballasts that have been registered and stored since 2016. In the future, we will steadily proceed with the proper disposal of equipment containing PCBs that is still in use.



### Future Issues and Measures

Today, biodiversity is recognized as a serious environmental risk, just like climate change. Throughout the TNFD's formulation process, we will promote initiatives and information disclosure that are consistent with our goals and methods. In addition, we will organize important issues in the overall business activities of the Yokohama Rubber

Group, promote activities to respond to them, and actively share information to deepen the understanding of employees and stakeholders. Also, we will build a system to ascertain data on global water use, formulate Group-wide guidelines on the proper use of water, and consider and invest in closed systems.