

Community



Complying with laws, regulations, and social norms, we build strong relationships of trust with our business partners and local communities to achieve mutual development of co-existence and co-prosperity.

We will listen to the voices of our stakeholders and work together to solve social issues through the “YOKOHAMA Magokoro Fund” and other initiatives.

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Management

Our position

In order for Yokohama Rubber to be a company that continues providing value to society, partnerships with suppliers based on strong trust relationships are essential. In addition, the scope of corporate social responsibility has expanded to not only include one's own company, but also suppliers for the procurement of raw materials, goods, and services required for business activities, and we believe that it is necessary for Yokohama Rubber to promote CSR that improves corporate value for suppliers so that it is a win-win relationship for both companies. In particular, because there are suppliers from emerging and developing countries in the upstream of the supply chain for our business, we also recognize the importance of assessment from a social and environmental perspective.

This stance is declared in the [Basic Procurement Policy](#), and the actions that should be taken by employees are stipulated in the [Yokohama Rubber Group Action Guidelines](#).

Policy

Yokohama Rubber's Basic Procurement Policy

Procurement slogan: "Build relationships of trust with suppliers based on fair and equitable transactions, and strive for co-existence, co-prosperity and mutual development.

- Fair and impartial business
Yokohama Rubber does business based on fair, equitable, and free competition, and seeks its suppliers from all around the world.
Yokohama Rubber chooses its suppliers on the basis of economic rationality taking into comprehensive account the quality and prices that they offer and their stability of supply, technological development capabilities, and concern for the CSR and environment.
- Partnerships
Yokohama Rubber will build equal and fair cooperative relationships with suppliers through sound business dealings, aiming for the development and growth of both parties.
To build a sustainable society, Yokohama Rubber develops activities for CSR and environment contribution throughout its supply chains.
- Compliance
Yokohama Rubber complies with all relevant legislation and social norms in its procurement activities and preserves the confidentiality of information obtained in the course of business.
It also endeavors to act with moderation so as to avoid causing misunderstandings in light of commonly accepted social standards.
- Harmony with the environment
Yokohama Rubber strives to procure raw materials that have less of an impact on the global environment.
Yokohama Rubber contributes to conservation of biodiversity and sustainable use of natural resources including Natural Rubber.

Yokohama Rubber Group Action Guidelines (Excerpt)

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

<Basic stance of the Yokohama Rubber Group>

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

<To put our basic stance into practice — our action>

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

CSR Procurement Guidelines

In 2009, Yokohama Rubber announced its basic purchasing policy based on the CSR Management Vision. Furthermore, in order to promote CSR activities in the value chain, we have established CSR Guidelines for Suppliers and have held briefings not only internally but also for our suppliers to share our CSR policy and philosophy.

In 2012, we joined the United Nations Global Compact and have been promoting initiatives to address human rights, labor, and environmental issues throughout the value chain. In 2022, we have revised our corporate environmental policy and announced the three pillars of our environmental agenda ("carbon neutrality," "circular economy," and "living with nature") and our human rights policy..

In line with the revision and implementation of these policies, we have shifted our procurement activities to one that emphasizes CSR and sustainability. In addition, we have revised our CSR Procurement Guidelines in light of changes in social conditions and from the perspective of strengthening our commitment to the three pillars of environmental issues and respect for human rights..

Based on the purpose of this guideline, we expect our suppliers to comply with laws and regulations and their spirit, and to practice them within their own companies, and furthermore, to ask their suppliers to develop and practice the same purpose.

Procurement Policy for the Sustainable Natural Rubber

In 2018, Yokohama Rubber joined the Platform for Sustainable Natural Rubber (GPSNR), which was established by the Tire Industry Project (TIP) of the World Business Council for Sustainable Development (WBCSD) as a founding member. In addition, we have established our own "Sustainable Natural Rubber Procurement Policy" and through activities based on this policy, we aim to achieve sustainability of natural rubber throughout our supply chain.

 Procurement Policy for the Sustainable Natural Rubber

Partnership Building Declaration

On March 25, 2023, we endorsed the objectives of the "Partnership Building Declaration" structure promoted by the Cabinet Office, Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency and others, and formulated and announced our "Partnership Building Declaration" in order to build new partnerships by promoting cooperation and coexistence and co-prosperity with all business partners in the supply chain and businesses that create value.



The "Declaration of Partnership Building" framework was established in May 2020 by the "Council for Promoting the Establishment of Partnerships for the Future," with members comprising relevant ministers (the Cabinet Office, the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture and Fisheries, the Ministry of Land, Infrastructure, Transport and Tourism, and the deputy chief cabinet secretary), the chairperson of the Keidanren, the chairperson of the Nissho Kai, and the President of the Japanese Trade Union Confederation. The "Declaration of Partnership Building" is a declaration by corporate representatives, from the standpoint of the "ordering party," to build new partnerships by promoting cooperation and coexistence and co-prosperity with business partners in the supply chain and businesses that create value.

Message from a manager

The Yokohama Rubber Group's Procurement Policy is "to build relationships of trust based on equitable and fair trade in its aim for co-existence, prosperity, and mutual development" and to select suppliers based on economical reasonability under consideration of comprehensive perspectives; their quality, price, stable supply, ability for technology development, and consideration to the environment, human rights, and occupational safety and health. We believe that true CSR consists of expanding business with suppliers that can understand and support our policies in the areas near our production bases and working towards co-prosperity with the region rather than as a single company. We aim to be seen as working on CSR together with our suppliers, and we hold "CSR Supplier Study Meetings".

There were 520 business partners that attended the CSR Supplier Study Meetings in FY2022. These meetings will be held together with the Procurement Division in FY2023.

Kazuhito Yanadori

Officer, Head of Procurement Division

Vision for FY 2023

- We will further collaborate with the procurement departments of our overseas subsidiaries to promote and expand CSR activities that are unified across the YRC Group.

Conduct environmental and human rights risk analysis

Before engaging in business with potential partners, we check their responses regarding issuing CSR reports, compliance with labor-related laws, and relations with anti-social forces.

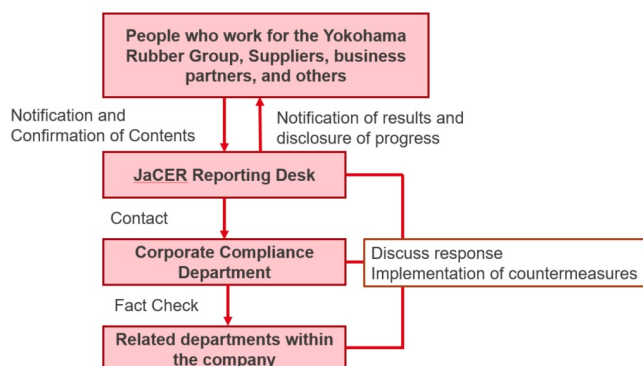
We also send them our CSR Procurement Guidelines, and check the compliance certificate they return indicating their agreement with our guidelines.

Grievance Mechanisms for Fair Operating Practices

In Japan, the Compliance Promotion Department has established two contact points, which it calls the "Corporate Compliance Hotline" and the "General Counseling Room." In addition, a "Compliance Promotion Manager" has been assigned to every division and affiliated subsidiary. The Compliance Promotion Manager absorbs complaints and consultations from constituents. In February 2018, the Global Whistle-blower System was successively introduced at overseas bases, starting in Asia. The Compliance Officers in procurement and sales departments gather complaints and inquiries from suppliers concerning business transactions through the CSR procurement contact point and other organizations. Complaints concerning social impact are jointly resolved by the Corporate Compliance Department, Legal Department and HR departments in addition to the responsible department. The Corporate Compliance Department confirms the facts related to the consultation by the whistle-blower. The necessary measures are taken in consultation with the procurement departments and sale & marketing departments. The results are directly reported to the whistle-blower if they have disclosed their name. Reminders are issued within the company as necessary if the whistle-blower is anonymous. Please see "[Compliance](#)".

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 redress platform in compliance with the UN Guiding Principles on Business and Human Rights. The Yokohama Rubber Group has established a system to receive complaints from all domestic and overseas stakeholders of the Yokohama Rubber Group through the complaint reporting desk of JaCER, and respond to them appropriately.

Grievance system for all stakeholders



Please see "[Human Rights](#)".

➤ [Japan Center for Engagement and Remedy on Business and Human Rights \(JaCER\) Grievance Desk \(Go to external site\)](#)

Priority action items to be addressed

Considering the level of impact of business activities and the level of social interest, the following have been established as our priority action items to be addressed by the Yokohama Rubber Group.

Supplier Environmental Assessment ➤

Supplier Social Assessment ➤

Supplier Environmental Assessment

KPI

Item	FY 2021 results	FY 2022 results
Ratio of new suppliers that business was commenced with after conducting an environmental impact assessment	(Consolidated) 100% (46 companies)	(Consolidated) 100% (58 companies)
Negative impacts in the supply chain and actions taken	Zero We distribute our Green Procurement Guidelines when starting up business dealings and only initiate transactions after the supplier understands these guidelines.	Zero We distribute our Green Procurement Guidelines when starting up business dealings and only initiate transactions after the supplier understands these guidelines.

Responsible Departments

Raw Materials Procurement Department, Indirect Materials Procurement Department, Procurement Division

Our position and Targets

Why is “Supplier Environmental Assessment” a critical issue to be addressed?

Explanation of the reason and background

The raw materials used in the major products of the Yokohama Rubber Group contain many petrochemical products (chemicals) including various types of synthetic rubber that can cause environmental pollution and have a negative impact on the lives of local residents during the manufacturing process. Because the worst case can lead to suspension of operations at suppliers, we have selected environmental impact assessments of suppliers as a critical issue to be addressed from both the perspective of the stable procurement of raw materials and the perspective of ethics.

Environmental impact assessment at the start of new business relationships

When adopting new raw materials, it is confirmed whether the materials comply with various regulations, and suppliers are asked to submit documents to serve as evidence of compliance.

1. Quality control survey form
2. Raw materials standards
3. Shipped materials inspection report
4. Safety data sheet (SDS^{*1}) (the applicable raw materials are chemicals that include rubber compounding agents that SDS is applied to)
5. Specific toxic chemical substances survey form
6. Declaration of Non-inclusion of Substances Prohibited by the European ELV Directive and Other Prohibited Substances^{*2}
7. Data certifying non-inclusion of substances banned under the European ELV Directive and others^{*2}
8. Four heavy metal substances survey form

In addition, we have issued the Green Procurement Guidelines that indicates the Green Procurement Policy of the Yokohama Rubber Group and our requests to suppliers in order to gain an understanding of these matters.

※1 SDS: Safety data sheets are international standard-forms to provide information on the characteristics and handling of chemicals when transferring or providing chemical substances or products (chemicals) that contain them.

※2 EU ELV Directive: An EU directive aimed at reducing the impact of end of life vehicles (ELV) on the environment.

Assessment of environmental impact in the supply chain

We ask suppliers to conduct a CSR self-check based on the "Material Purchasing Selection Guidelines" that includes a self-assessment report on management matters including the state of acquired certification for environmental management systems (ISO14001), substances of concern, and greenhouse gases. We revised the check sheet to further boost results in 2017, and continued conducting surveys in FY2022.

<CSR self-check sheet>

取引先様の自己診断結果まとめ					
1. 自己診断結果（自動集計）		下欄水色箇所をご記入下さい。		記入年月日	
				社名	
				記入者お名前	
※ 抽出取引は該当する業種なしの場合、チェックボックス欄で「対象外」を選んでください。					
分野	項目	課題	実点数 ①	満点 ②	得点率 ①/②
人権の尊重及び差別禁止		差別撤廃・人権尊重	0	25	0%
		暴力・暴言・ハラスメントの排除	0	25	0%
		小計	0	50	0%
労働環境及び安全な職場		児童労働の禁止	0	25	0%
		強制労働の禁止	0	25	0%
		適正な賃金	0	25	0%
		適正な労働時間	0	25	0%
		安全・健康な職場環境	0	25	0%
		小計	0	125	0%
環境保護・生物多様性の維持		環境マネジメントシステムの構築・運用	0	25	0%
		化学物質管理	0	25	0%
		温室効果ガスの排出削減	0	25	0%
		省資源・廃棄物削減	0	25	0%
		生物多様性保全・環境汚染防止	0	25	0%
	小計	0	125	0%	
安全・高品質な製品・サービス		製品の安全確保	0	25	0%
		製品の品質確保	0	25	0%
		安定供給・リスクマネジメント	0	25	0%
		BCP(事業継続計画)	0	25	0%
	小計	0	100	0%	
透明性の高い企業活動、適切な情報公開		ステークホルダーへの情報開示	0	25	0%
		正確な製品・サービス情報の提供	0	25	0%
		小計	0	50	0%
法令・社会規範の遵守		競争法の遵守	0	25	0%
		腐敗防止	0	25	0%
		機密情報の管理・保護	0	25	0%
		反社会勢力の排除	0	25	0%
		適切な輸出取引管理 ※	0	25	0%
		知的財産の保護	0	25	0%
	小計	0	150	0%	
地域(コミュニティ)への貢献		社会貢献	0	20	0%
		従業員の社会貢献活動支援	0	20	0%
		小計	0	40	0%
サプライチェーンのCSR		サプライヤーのCSR活動推進	0	20	0%
		小計	0	20	0%
合計			0	600	0%
2. 診断を通じて気づいたこと 取引先様の強みや、改善が必要と考える取引先様を自由にご記入下さい。					
3. ご意見・ご要望 診断に対するご意見・ご要望を自由にご記入下さい。					

Countermeasures in response to suppliers found to have a significant impact on the environment

While there have not been any such cases up until now, in such a case we will hold direct discussions with supplier plants on improvement points, causes, and improvement measures, and then implement these measures. We will suspend transactions in cases where improvements are not seen after that, or malicious cases such as false reports are recognized.

Vision and targets

We started assessments with the new check sheet from 2017, and conducted self-check investigations of suppliers of main raw materials. Based on the results, we asked several suppliers to participate in workshops and carried out activities to deepen their understanding regarding CSR.

In the future, we will carry out self-check investigations of overseas suppliers and expand our activities.

Measures to pursue our vision

Study meetings have been held for the procurement representatives at domestic and overseas business locations of the Yokohama Rubber Group, and will be continued in the future, including the improvement of those activities.

With the advances in IT and other systems, we held internal discussions and preparations for holding CSR Supplier Study Meetings remotely that had been held face-to-face and in written-format in the past, with meetings made available from FY2022.

In fiscal 2022, we held Suppliers' Day for suppliers of natural rubber to call for their cooperation in CSR after explaining the sustainable natural rubber procurement policy. Additionally, we are now preparing to roll out a similar activity also for all other suppliers.

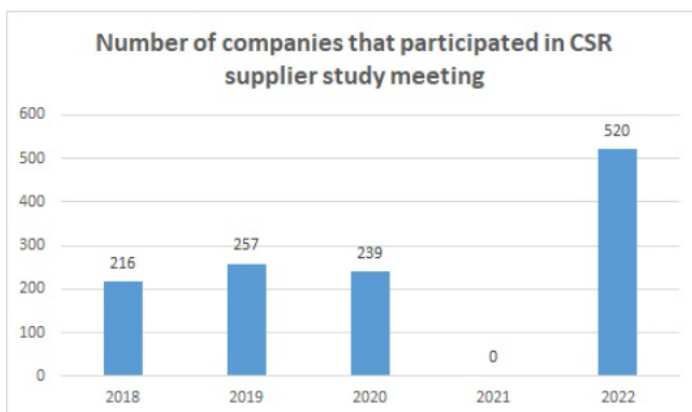
Y.T. Rubber Co., Ltd. (YTRC) of Thailand includes in basic trading contracts clauses on compliance including environmental protection and human rights, in an effort to promote CSR at natural rubber plantations.

Objectives related to sustainable procurement have been incorporated as performance evaluations with the Procurement Division.

Review of FY 2022 Activities

- Among all 58 new suppliers in Japan, there were no suppliers that caused an environmental impact.
- CSR Supplier Study Meetings were held in an online format by the Procurement Division four times in the spring of 2022, with 520 companies taking part.
- All members of the procurement department took compliance training courses (100%).

Number of companies that participated in CSR supplier study meeting



※Target companies: Companies that fall under items in our regulations

※Conducted: Confirmed in writing in FY2020, and will not be held in FY2021

Green procurement

Yokohama Rubber has been working on the development and usage of raw materials to contribute to the environment through the cooperation of our business partners with preservation of forest resources, control of global warming, usage of recycled raw materials, and expansion of non-petroleum raw materials as the main themes.

Furthermore, we manage parts procurement based on the "Yokohama Green Procurement Guidelines." We ask that all suppliers confirm whether products contain SOCs (substances of concern) and ask that they submit a statement of non-use. We began participating in SNR-i activities that aim for the sustainable economics of natural rubber advocated by the International Rubber Study Group (IRSG) from 2017.

In 2018, Yokohama Rubber joined the Platform for Sustainable Natural Rubber (GPSNR), which was established by the Tire Industry Project (TIP) of the World Business Council for Sustainable Development (WBCSD) as a founding member.

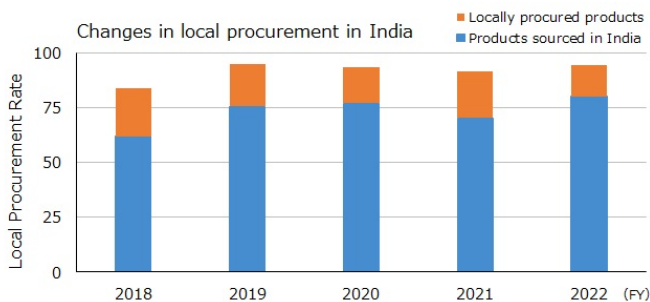
We began working on reporting member information (Reporting Requirements) from FY2022, and raised transparency of shared information.

We are also discussing with other member companies methods for enhancing traceability of suppliers.

Reductions in CO₂ emissions from shipment (promotion of local procurement adoption)

Following on from North America, we were able to switch from raw materials important from Japan to local procured goods at plants in China. We were also advancing with the adoption of local procured raw materials at plants in countries like India.

<Changes in local procurement in India>



Yokohama Green Procurement Guidelines


With the management of chemical substances contained in products as a form of entrance control, we ask that suppliers work towards environmental preservation and manage procurement items in accordance with our Green Procurement Guidelines. We also confirm that prohibited substances in international agreements such as the European ELV Directive, the revised RoHS (RoHS2) Directive, and REACH regulations are not included.

Furthermore, based on our "Green Procurement Policy," we purchase raw materials, outsourced items, and subsidiary materials in accordance with environmental footprint standards.

Expansion of agroforestry plantations in Thailand

Y.T. Rubber Co., Ltd. (YTRC), a natural rubber processing company located in Thailand, supports the agroforestry plantation methods advocated by Professor Sara of Songkla University. YTRC is expanding initiatives to introduce this method to rubber plantations owned by neighboring farmers and the families of employees to validate its effectiveness.

Agroforestry is a coined term from the words agriculture and forestry, referring to grazing livestock and cultivating crops between planted trees.

 Actions for Sustainable Natural Rubber Procurement

Expected benefits of agroforestry

Harvesting multiple types of crops such as fruits, herbs and wood in a natural rubber forest has many advantages, including a stable income and increased biodiversity in plantations. In particular, natural rubber is only produced for about 20 to 25 years after planting trees, after which the production progressively declines. This makes replanting necessary to ensure efficient production. However, para rubber trees do not produce natural rubber for five to six years after they are planted. Due to the loss of income during this period, rubber farmers may delay replanting or abandon their natural rubber business. Agroforestry is also an effective means for them to produce natural rubber in a sustainable manner. In addition to providing a supplemental income when para rubber tree saplings are too young to produce latex, agroforestry provides the following benefits. Natural rubber prices fluctuate greatly with the market. Even after natural rubber is ready to be harvested, various crops planted in the plantation will help to stabilize the income of natural rubber farmers.

Rubber trees experience a period called "wintering" every year, when the leaves of all rubber trees fall off at the same time before new leaves start to grow. Since rubber trees drop few leaves at other times of the year, so once the leaves that fell off during the wintering period have been decomposed by insects and microorganisms, etc., there is nothing left to cover the soil surface, as the result of which the soil can become gradually drier. However, if a variety of different plants are planted together, the ground surface will always be covered with fallen leaves, which prevents the soil from getting dry. Decomposition fallen leaves also serve as fertilizer for the rubber trees, contributing to the reduction of production costs. One of the diseases affecting rubber trees is called "white root disease (WRD)," the risk from which is considered to be highest in Southeast Asia. Once a rubber tree becomes infected with WRD, the disease can spread to other nearby trees very rapidly, and in the land where this happened, rubber trees cannot be planted for at least five years. Since natural rubber plantations practicing agroforestry are growing a wide variety of different plant species, the range of microorganisms in the soil is much more complex, which is believed to contribute to fostering a WRD-resistant environment.

Another benefit of having multiple types of plants in a rubber plantation instead of practicing monoculture to plant only para rubber trees is that this increases the number of insects and birds that use such plants, which also results in enriched biodiversity.



Natural rubber farm that practicing agroforestry

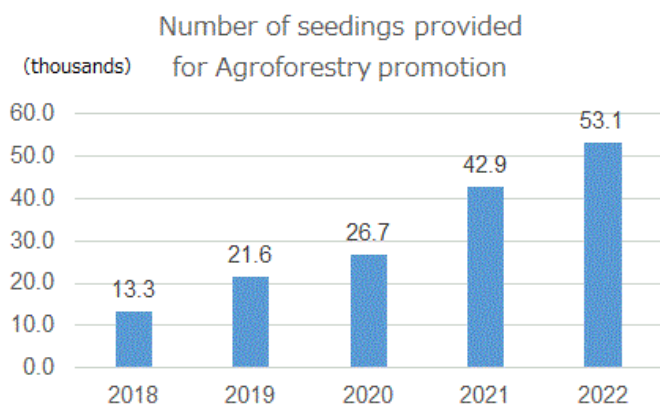


Professor Sara and the natural rubber farmers

<Theory behind Professor Sara's agroforestry method>

- The following synergistic effects will be achieved by planting different tree species between the rows of natural rubber trees grown at plantations.
- Other trees will promote the growth of natural rubber trees increasing yield, extending their life, and reducing the amount of chemical fertilizers used
- Products harvested from other trees, such as fruit, bamboo and wood, increases farmer income
- Compared to conventional rubber tree plantations, trees can be maintained in a state that is close to a natural forest

From 2016, YTRC worked together with Professor Sara to provide guidance to and conduct verification on experimental plantations nearby. In addition, YTRC regularly create organic fertilizer and supply it together with seedlings to nearby plantations and government agencies. In FY2022, YTRC provided 10,220 seedlings, supporting a cumulative total of 189 ha and 63 farms.



We are also conducting questionnaire surveys with natural rubber suppliers in Thailand to assess the state of natural rubber farmers and farms and to gather information on CSR activities that are being conducted.

Future challenges

With the expansion of our business, creating a database of supplier information including environmental impact is an urgent task due to the increasing number of suppliers.

In addition, we recognize keeping self-checks by suppliers uniform at a high level as an important issue, and accordingly we identify issues and use them as the main theme of study meetings as we work towards improvements. Furthermore, in order to promptly implement the above, we recognize the need to aim for further improvements in the level of procurement representatives at the domestic and overseas business locations of the Yokohama Rubber Group.

We also analyze the aggregated results of questionnaires with overseas suppliers of natural rubber, and consider counter.

Supplier Social Assessment

KPI

Item	FY 2021 results	FY 2022 results
Ratio of new suppliers that business was commenced with after conducting a social impact assessment	(Consolidated) 100% (46 companies) *Total Procurement Division	(Consolidated) 100% (58 companies) *Total Procurement Division
Negative impacts on societies in the supply chain and actions taken	Various surveys, studies and audits were performed on 46 companies that we did business with for the first time No specific suppliers were identified to have negative impacts on societies.	Various surveys, studies and audits were performed on 58 companies that we did business with for the first time No specific suppliers were identified to have negative impacts on societies.

Responsible Departments

Raw Materials Procurement Department, Indirect Materials Procurement Department, Procurement Division

Our position and Targets

Why is “Supplier Assessment for Impacts on Society” a critical issue to be addressed?

Explanation of the reason and background

The raw materials used in the major products of the Yokohama Rubber Group contain many petrochemical products (chemicals) including various types of synthetic rubber that can cause environmental pollution and the lack of communication with local residents that live near production plants could have a negative impact. In addition, if materials used at business locations are purchased from local suppliers, there could be cases of fair trade not being conducted or costs increasing resulting from delivery delays, defective parts, etc.

Materials used as natural capital include cobalt, glass (silica sand), graphite (natural), mica (isinglass), natural rubber, steel/iron, tin, and zinc.

In order to ensure stable and ethical procurement in the future, the development of a healthy and safe working environment for the people who work in the cultivation and collection of natural resources, and manufacturing of industrial products and processed goods that allows them to live safely together with their families is important. We cannot rule out the presence of risks related to human rights issues in certain regions of procurement. We recognize the importance of enforcing labor practices and evaluations of human rights.

In addition, in response to the possibility of profits from transactions involving minerals (tantalum, tin, tungsten, and gold) in conflict areas being used as funding for anti-social organizations, the Securities and Exchange Commission (USA) established the Dodd-Frank Act that calls for the identification of refiners. We have selected social impact assessments of suppliers as a critical issue to be addressed from both the perspective of the stable procurement of raw materials and the perspective of ethics.

Social impact assessment at the start of new business relationships

We conduct CSR questionnaires and request answers to questions concerning working conditions and human rights to confirm that there are no problems.

When newly adopting raw materials, we request suppliers to answer a questionnaire on (1) whether a framework for just and fair trade has been established, (2) external communication frameworks, and (3) what kind of activities they conduct. In addition, we also ask suppliers to participate in CSR Supplier Study Meetings and to cooperate with surveys on conflict mineral use.

Recognition of social impact in the supply chain

We recognize that depending on the country or region in which each of our offices is located, people may come to work from outside the country or region and may not be able to perform the same work under the same working conditions. In addition, there may be cases where employees come to work from outside the country or region, and we recognize the possibility that they may be treated or treated in a way that violates their human rights.

We recognize that in some countries and regions where our business locations are located there is the possibility of corruption related to commercial transactions, compliance, or anti-competitive behavior occurring due in part to the impact of culture or customs.

Countermeasures in response to suppliers found to have a significant impact on the environment

We request that corrective action is taken by suppliers that are found to have a significant impact, and promote improvements together. In malicious cases, we inform the suppliers that penalties such as suspension of transactions may be applied, and respond according to the situation.

For example, we deem the impact to be significant in cases such as child labor (that results in children not going to school, etc.) and forced labor (long working hours, lack of appropriate breaks, low wages, etc.).

Vision and targets

We aim for the creation of a framework that ensures assessments are conducted in every case of procurement of local raw materials at the time of industry reorganization or expansion into new countries and regions so that contracts are entered after confirming local conditions.

As production sites expand on a global level going forwards, we aim to conduct appropriate procurement in each country and region and increase the ratio of appropriate procurement. To that end, to confirm there are no issues in advance, we will begin checking the details of business partner surveys and self-check sheet responses by suppliers.

Measures to pursue our vision

We will check that our employees are reliably conducting assessments of new suppliers in accordance with the action guidelines and procurement code of conduct.

We hold CSR Supplier Study Meetings to share information on matters including trends in transaction rationalization and initiatives.

In addition, we ask suppliers that provide raw materials used in the Yokohama Group's products to investigate and confirm their materials do not contain conflict minerals. Objectives related to sustainable procurement have been incorporated as performance evaluations with the Procurement Division.

Responding to conflict minerals

At the Yokohama Rubber Group, we endeavor to take into consideration human rights, society, and the environment in our global procurement activities.

To this end, we use the conflict minerals reporting template (CMRT) and the extended minerals reporting template (EMRT) to identify the presence of various minerals included in raw materials and collect information on refineries every year.

As a result, we do not intentionally use ores (conflict minerals: tantalum, tin, gold, and tungsten) from conflict areas in the Congo.

We do the same for cobalt and mica, and do not intentionally use minerals from conflict zones.

Review of FY 2022 Activities

We conducted various questionnaires, survey, and audits with 58 companies that we commenced businesses with during fiscal year 2022, and there were no items that required improvement.

For products delivered to customers that are listed on the stock market in the US, there were no raw materials that used minerals (tantalum, tin, tungsten, and gold) coming from conflict areas.

In preparation for the CSR Supplier Workshop to be held in an online (webinar) format in the future, we held numerous discussions on how to proceed and possible problems to anticipate (held on May 29 and June 2, 2023).

The Subcontractor Guideline Study Group is designed to help employees of the Yokohama Rubber Group understand the Act against Delay in Payment of Subcontractor Charges (Subcontractor Law) and prevent violations.

Following on from the previous year, the format continued to be an online briefing session. Including participants from our group companies, a total of 149 people participated in the basic and practical sessions.

We also conducted field surveys of 53 supplier companies in FY2022 (100% of initial plans).

Future challenges

We recognize the continual acquisition and management without exception of results of surveys and assessment on the social impact of suppliers of raw materials used in the products of the Yokohama Rubber Group as an important issue.

With regard to supplier labor practices, we will promote the operation of a management system in order to share information across the Group on conditions in countries and regions we expand our business into in the future.

We also analyze the aggregated results of questionnaires targeting overseas suppliers, and consider countermeasures.

Management

Our position

Our business activities impact the local communities where we are active in various ways. It is extremely important to communicate with local communities to ensure that their expectations are met in order to ensure sustainable business activities. In addition, we recognize that we have shared interests with the community as a stakeholder in the region, and for this reason we would like to work towards community development.

This stance is declared in the Stakeholder Policy, and the actions that should be taken by employees are stipulated in the Yokohama Rubber Group Action Guidelines.

Policy

Local communities

As a globally active business, we relate to local communities in a number of domains - the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

Yokohama Rubber Group Action Guidelines (Excerpt)

We shall aspire to harmony and prosperity with local communities.

<Basic stance of the Yokohama Rubber Group>

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

<To put our basic stance into practice — our action>

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

Message from a manager

We recognize that aiming for harmony with local communities where we conduct business is of the utmost importance, in order to achieve both social trust and business management, and to provide sustainable value as a global company. In fiscal 2020, due to the spread of the COVID-19, contact with people was restricted and various activities had to be cancelled or postponed. Even in such an environment, we have continued our activities with ingenuity, for example, to have a "Biodiversity Panel Discussion" using Webinar to communicate with local residents.

In addition, as part of our support for disaster affected areas, we made donations to the affected areas in Japan and provided relief supplies such as water and food to local residents overseas.

In fiscal 2020, the YOKOHAMA Magokoro (Sincere Heart) Fund a social contribution fund established by employees, provided support to three organizations active in fields such as environmental protection and social welfare, as well as three donations for disaster relief and medical support for the fight against the COVID-19.

After the COVID-19 is under control, we will participate as volunteers in activities such as supporting disaster affected areas or conducting environmental conservation activities, and we will continue to work together with local communities to identify and resolve social issues and problems.

We will continue to strive to become a company and office that realizes our CSR slogan, "Caring for the Future".

Yosuke Todaka,

General Manager, CSR Planning Department, CSR Division

Vision for FY 2023

- Building a trusted identity together with local communities
To achieve this, we will use various forms of engagement and focus on issues and development in the local communities.
- A worldwide system is in place to apply what stake holders have to say.
- The total number of trees planted and saplings provided in Japan and overseas reached 1.15 million.

Community Involvement and Development grievance mechanisms

As a general rule, we hold meetings with local residents twice a year for the purpose of community communication, but from the perspective of preventing the spread of the COVID-19, we basically stopped holding these meetings.

There were no complaints regarding social impact to the formal grievance mechanism. Each of our sites has established a consultation services to receive feedback from the local community. We have also set up an inquiry form on our corporate website. (<https://www.y-yokohama.com/global/contact/>)

Priority action items to be addressed

The following items have been established as the main action items that the Yokohama Rubber Group will address first, taking into account the level of impact of business activities and the level of social interest.

Local
Communities >

Market
Presence >

Local Communities

KPI

Item	FY 2021 results	FY 2022 results
Implementation rate of community activities and dialogs	(Consolidated) 100%	(Consolidated) 100%
Businesses with a negative impact on the local community	(Consolidated) 0%	(Consolidated) 0%

Responsible Departments

Each business location

※The Corporate Social Responsibility Planning Department and Environmental Protection Promotion Department serves as a secretariat for the deployment of policies and sharing information.

Our position and Targets

Why is “Engagement with Local Communities” a critical issue to be addressed?

Explanation of the reason and background

The Yokohama Rubber Group currently conducts production activities in 12 countries. If the Group commenced operations or withdrawals from any region, it will have a social impact on the community in terms of the environmental impact, employment, etc. Because that impact varies depending on the circumstance of each region, we believe that it is extremely important for the Group's sustainable management to consider how to expand the positive impact and reduce the negative impact while engaging with local communities, and to then take action accordingly.

Vision and targets

As a globally active business, we relate to local communities in a number of domains - the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices. The following three points are aimed for as the vision for 2023.

- Building a trusted identity together with local communities
To achieve this, we will use various forms of engagement and focus on issues and development in the local communities.
- A worldwide system is in place to apply what stake holders have to say.
- We have planted a total of 1.19 million trees and saplings worldwide

Measures for vision achievement

The following approaches will be considered from various perspective to achieve our vision.

- Social gatherings with local residents as a form of communication in local communities will be held twice a year as a general rule.
- WWe are conducting activities in cooperation with local NGOs at production and R&D bases in Japan* where biodiversity conservation activities are being commenced. We conduct biological monitoring while receiving instructions on matters such as the names and ecology of wild birds and aquatic organisms from chapters of the Wild Bird Society of Japan and nature conservation organizations.
 - • • Review of FY 2022 activities (1)
- At ThinkEco Hiratsuka, an environmental event held at Hiratsuka Factory, we held a panel discussion on biodiversity and discussed together with local residents how Yokohama Rubber can protect and improve area waterways.
 - • • Review of FY 2022 activities (2)
- Seedlings raised as part of the YOKOHAMA Forever Forest Project activities are provided to schools, social welfare facilities, NPOs, etc. that conduct tree planting activities in the region.
 - • • Review of FY 2022 activities (3)
- As the disaster area reconstruction support in response to the Great East Japan Earthquake, we have conducted tree planting activities in an embankment called the "Heisei Forest" from 2012 to 2015, in order to support the creation of a "Forest That Protect Lives", which is one of reconstruction plans of Otsuchi Town, Shimohei County, Iwate Prefecture. Since 2014, we have also supported forest development and afforestation activities as part of the Furusato Class programed at Otsuchi Gakuen (including the former Otsuchi Elementary School).
 - • • Review of FY 2022 activities (4)
- The Social Contribution Support Program and Volunteer Leave Program have been established to support volunteer activities by employees.
 - • • Review of FY 2022 activities (5)
- The Yokohama Magokoro Fund launched in May 2016 enables employees to put aside funds from their monthly salary which can be donated to organizations including NPOs, NGOs, or social welfare corporations in support of their efforts in social welfare, educational support in poverty regions, and environmental conservation activities; or to disaster relief funds in the event of a natural disaster. Yokohama Rubber provides support through matching gifts contributing the same amount of the money done by the fund.
 - • • Review of FY 2022 activities (6)
- We support the maintenance of infrastructure and services in various countries and regions in which we operate sites. We support volunteer efforts for restoring areas affected by flooded rivers, manufacture school play equipment and toilets, and supply devices for cleaning rain water.

※Mie Plant, Shinshiro Plant, Mishima Plant, Onomichi Plant, Ibaraki Plant, Nagano Plant, Hiratsuka Factory, Yokohama Tire Retread Hokkaido Office, Saitama Office, and Nagoya Office, D-PARC, Aichi Tire

Review of FY 2022 Activities

The following measures were conducted during FY2022.

(1) Biodiversity conservation activities were conducted at 12 domestic and 9 overseas production sites. Due to the spread of the COVID-19, we reduced the number of times and the number of participants in surveys of living creatures (monitoring), removal of invasive alien species (uprooting, etc.), beach clean-ups compared to previous years, in the same way as FY2022.

(2) The 8th Biodiversity Panel Discussion was held online under the theme of "Biodiversity Conservation for Watershed Protection." Taking advantage of the merits of holding the event online, this time many stakeholders, including governments, local residents, environmental NPOs, and other groups related to production sites in Japan, participated in the discussion.

Mr. Masato Ohno, Director of the Conservation Department of the Nature Conservation Society of Japan, gave a keynote speech on the theme of "What is the 'linkage' to consider biodiversity in a watershed?" He introduced the initiatives through the Miyagawa River watershed at the Mie Plant, and panelists discussed the significance of companies protecting nature.

(3) In the YOKOHAMA Forever Forest Project, 37,036 seedlings were provided during 2022, for a cumulative total of 498,664 seedlings.

(4) Tree planting has been postponed for two years due to the spread of COVID-19 infection, but on April 28, 2022, together with 79 children from Otsuchi Gakuen (4th grade elementary school) in Otsuchi Town, Kamihei District, Iwate Prefecture, we planted approximately 530 seedlings in the "Heisei no Mori" mound at the Otsuchi Sewage Treatment Center after learning the meaning of tree planting. This was the final tree planting at the Heisei-no-Mori mound, which began in 2012. From FY2022, we began weeding activities of tree mounds that were planted by children together with the Otsuchi NPO and volunteer organization council members. We will be working with the local community for mound maintenance for three years, when weeding activities are no longer required.

(5) We supported 13 volunteer activities by our employees through the "Social Contribution Activity Support Program". Key activities included support (9 cases) for sending clothing and school supplies collected by employees to NPOs involved in donating clothing and school supplies to regions in the Philippines affected by poverty, and volunteers taking part in tree-planting events in various regions (4 cases, 13 participants).

(6) Various sites supported the maintenance of infrastructure and services in various regions.

- An example of this is Shandong Yokohama Rubber Industrial Products Co., Ltd. (YRSC), which took part in disaster-prevention training run by the local municipality (Ministry of Agricultural and Rural Affairs) to prepare against large typhoons. Training was run over a two-day period, and included filling sandbags, closing off flooded areas, and drainage training in the event that flooding affects farmland.



Yokohama Magokoro(Sincere Heart) Fund

The Foundation and the company made donations as matching gifts to organizations in Japan and abroad that provide assistance in times of disaster, environmental conservation, and child welfare support. In 2022, the foundation and the company made 13 donations.



The total amount of donations was approximately 51.12 million yen. From March this year, we began providing support for the Ukraine humanitarian crisis for the first time. Yokohama Rubber donated 49 million yen and the "YOKOHAMA Magokoro (Sincere Heart) Fund" donated 1 million yen to efforts run by the The Japanese Red Cross Society and the National Federation of UNESCO Associations in JAPAN.

Under the Yokohama Magokoro Fund, contributions (from 100 yen to the desired amount per month) are collected from employees (members) who support the fund, members recommend an organization they would like to support, and a Fund Steering Committee composed of member representatives then screens the recommended organizations and decides whether to make a donation.

In addition to donating to various approved organizations, Yokohama Rubber also adopted a system called a "matching gift" where it contributes the same amount to the fund. Currently, about 44.2% of the employees are participating in the fund, and each employee feels it is important for the company as a whole to contribute to society through the fund.

(Major Supporting Organizations)

Approved Specified Nonprofit Corporation Florence

Kanagawa Myoelectric Prosthetic Hand Bank (Kanagawa Rehabilitation Center)

Public Interest Incorporated Association "Chance for Children"

(Major disaster relief efforts)

Humanitarian aid for Ukraine

March 4, 2022: Area affected by Fukushima earthquake

Area affected by Typhoon No. 15 in 2022

Introduction of Initiatives

Support for prosthetic hand assistance activities in Kanagawa Prefecture and regions in Eastern Japan

As part of efforts to provide support to people requiring prosthetic hands*¹, we provided donations from fund-raising activities to the Kanagawa Myoelectric Prosthetic Hand Bank.

The "Kanagawa Myoelectric Prosthetic Hand Bank" was established in April 2022 by the Social Welfare Corporation "Kanagawa Rehabilitation Center" that provides comprehensive rehabilitation services for enabling people with disabilities to take part in social activities.

In addition to providing myoelectric prosthetic hands for training at rehabilitation facilities, funds are used for supporting the increased uptake of myoelectric prosthetic hands in Kanagawa Prefecture and regions in Eastern Japan.

※1 An electric prosthetic hand that allows the user to move their fingers at will by using the small amount of muscle potential generated when muscles contract.



Y.T. Rubber Co, Ltd. (YTRC) (Thailand)

Y.T. Rubber Co., Ltd., a natural rubber processing company of Yokohama Rubber, took part in meetings between local communities and official bodies (schools, hospitals, temples) in the Surat Thani district of Thailand, exchanged information and participated in donation drives to facilitate regional development. As part of relief efforts amidst the COVID-19 pandemic, we provided emergency food packages to elderly care facilities. When flooding affected villages adjacent to our plants, we provided drinking water and rice to all households in two nearby villages, which was greatly appreciated.



Donation of YOKOHAMA tires to local emergency services



Support for drinking water at school sports days

Yokohama Tire Manufacturing (Thailand) Co., Ltd. (YTMT) (Thailand)

The following activities for local communities were carried out.

- Environmental response activities, including tree planting, biodiversity education, and fish stocking
- Activities to strengthen relations with local communities, including participation in local events
- Cultural preservation activities, including the protection of temples
- Social contribution activities such as volunteer activities and donations



We are continuing to provide support for people affected by COVID-19 in FY2022, by focusing on local donations and support of supplies like drinking water and survival packages.

Yokohama Tire Philippines, Inc. (YTPI) (Philippines)

Support for Victims of Typhoon No. 22

YTPI donated 100 bags of rice as part of support to more than 300 households in the Province of Bulacan affected by Super Typhoon Paeng. Some 50 bags of rice worth the equivalent of 50,000 pesos was also delivered to assist with recovery efforts by people affected by earthquakes in the Province of Abra.



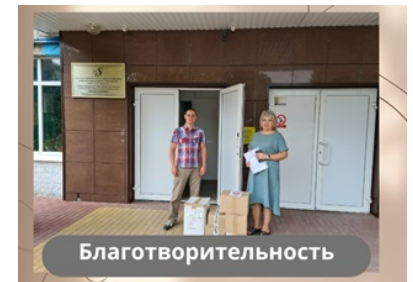
Yokohama Tyre Vietnam Inc. (YTVI) (Vietnam)

While these efforts were small in scale, we provided assistance to local communities, such as visiting and donating to facilities for disabled people and orphanages.



LLC Yokohama R.P.Z. (YRPZ) (Russia)

YRPZ continued to support the Dobrye Kryshechki ("Kind caps") environmental charity project. This project collects plastic bottle caps with the aim of reducing plastic waste and supporting disabled children with donations. It also supported charity efforts toward educational facilities for local children requiring special needs education.



Yokohama Tire México, S de RL de CV (YTMX) (Mexico)

We donated hygiene and health products to the "San Francisco de Asis" elderly care facility.

We also focused on diagnosis programs for CSR certification models for encouraging CSR activities with the aim of making business sites better.



Future challenges

As for environmental impact assessments through biological monitoring, the framework for the PDCA cycle including communication with local residents was completed, and biodiversity conservation activities have begun. We have developed guidelines for conducting activities while taking precautions against infection by COVID-19, and we will consider how to apply the results of our activities to the local communication.

In addition, in order to solve social issues in the community, we will promote volunteer activities that can be carried out at Corona Perfection and activities through the YOKOHAMA Magokoro (Sincere Heart) Fund.

Market Presence

KPI

Item	FY 2021 results	FY 2022 results
Ratio of business locations that have made salary payments exceeding the minimum wage	(Consolidated) 100%	(Consolidated) 100%
Percentage of senior managers hired from the local community	(Consolidated) 37.5%	(Consolidated) 34.1%

Responsible Departments

Each business location and HR Department

Our position and Targets

Why is "Market Presence" a critical issue to be addressed?

Explanation of the reason and background

As a large automotive market shifts overseas going forward, production and sales at each business location must be conducted for products that respond to the demands of each country and region. Furthermore, there will be no growth if business activities are not conducted in line with the unique cultures and customs of each country and region. For this reason, we recognize the importance of employing employees from the region of business locations, promoting these employees to management positions, conducting business activities, and producing economic benefits in these regions.

Vision and targets

In the tire business, we will promote the "Product and Regional Business Strategy" to expand sales of products in line with market trends in each region. The Group will review its existing production system and consider increasing production at its overseas tire plants in line with future market trends.

To this end, we will conduct employment in the countries and regions where business locations are located, promote these employees to management positions, rotate these employees on a global level, and conduct training programs to accumulate knowledge.

Measures for vision achievement

- Employment of local human resources for operations at each business location, development of management candidates
- Development and training for global human resources, global rotation of human resources

Review of FY 2022 Activities

The salaries for operations for local employees at overseas business locations are set in consideration of the wage provisions set by law in that country and region. In addition, a salary system has been developed based on skills improvements and position assignments.

We aim to achieve a harmonious existence with local communities, where key business sites focus on sourcing raw materials and resources from local suppliers.

Examples of the ratio of local procurement at overseas sites include 58.62% in Russia (43.2% within Russia) and 94.6% in India (80.1% within India) (initiatives have ended in China). We are also focusing on local procurement of natural rubber in the Philippines (54% in FY2022).

Yokohama Tire Vietnam Inc. (YTYI) (Vietnam)

We have 7 Japanese employees out of a total of 608, and we encourage the appointment of women to management positions (General manager class). Three of our ten managers are currently women. Our operation is supported by the success of women in leadership positions.

Hangzhou Yokohama Tire Co., Ltd. (YIPHZ) (China)

Of the 141 employees, six are Japanese and eight management positions are held by local staff. Of the total number of employees, 30% are women. The number of female managers at the section manager level and above is almost 50%, and there are equal opportunities for advancement and promotion for both men and women. We have a system that allows employees to take maternity leave as needed, and we also recruit widely from the Hangzhou area to provide equal hiring opportunities and fair promotion and advancement within the company without discrimination based on gender or region of origin.



10-year service employee commendation

Yokohama India Pvt. Ltd. (YIN) (India)

With the full-scale introduction of a management system with local employees, we are building an organization with a sense of unity in production and sales, as well as a sense of speed in decision-making, and to support this, we are regularly reviewing business procedures and job authority regulations, and revamping our personnel system. In hiring, assigning, and evaluating employees, we do not discriminate on the basis of race, religion, gender, age, or any other factors, and we operate fairly and consistently without any preconditions in accordance with our policies. We also ensure that all employees are familiarized with this policy through training at the time of hiring and periodic refresher courses. We also follow a clear policy on unethical behavior and harassment in the workplace.

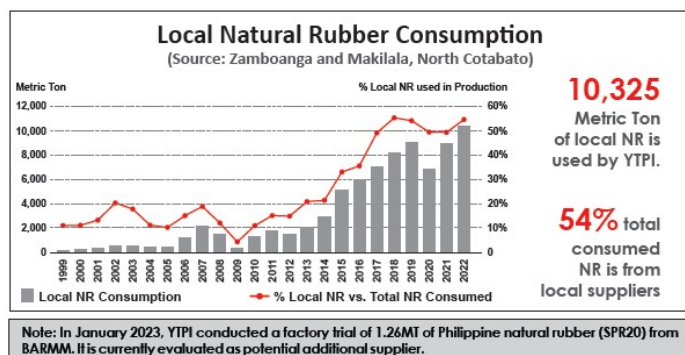
On the other hand, based on the Code of Conduct for employee, which contains clear criteria and procedures for decision-making, we operate disciplinary and grievance mechanism for employees, as well as an objection system, in a fair manner. Of the 825 employees, three are Japanese and 54 are in management positions, all of whom are local staff, one of whom is female.

Suzhou Yokohama Tire Co., Ltd. (CSZY) (China)

As part of efforts to hiring personnel from local communities, management positions are not only filled with internal promotions, but also hiring from outside the company. Of the 25 management positions, four are Japanese and other members are local staff. We also have one female General Manager and four Section Managers. Gender plays no role in the hiring, compensation and other conditions for employees. Of our total 830 employees (as of the end of December 2022), 122 are females.

Yokohama Tire Philippines, Inc. (YTPI) (Philippines)

We are focusing on raising the ratio of expenditure towards local suppliers for key business sites. In the Philippines, efforts have expanded since 2014 toward local production and local consumption of natural rubber. In FY2022, this ratio was 54%.



For other initiatives, please refer to [Fair Operating Practices > Promoting Local Procurement Adoption](#).

Future challenges

Together with the expansion of operations at business locations overseas, we will instill the Action Guidelines among employees newly joining the Yokohama Rubber Group. In addition, the establishment of a structure that makes cooperative activities aimed at the resolution of social problems that communities face is an issue, in addition to the economic effect associated with business activities.