Editorial Policy

To date, Yokohama Rubber has published an annual report as a management and financial information tool for shareholders and investors, and a CSR report as a tool for communicating the Yokohama Rubber Group’s policies, action guidelines, CSR approach and direction and specific initiatives in an easy-to-understand format.

To give all stakeholders including shareholders and investors a proper understanding of the Yokohama Group’s management strategies and business activities in general, we believe it is important to systematically identify and explain non-financial information such as society, the environment, human resources and corporate governance in addition to financial information such as results, business overviews and management strategy. Based on this approach, we have endeavored to further enhance and integrate non-financial information, and starting this year have consolidated our annual report and CSR report into an integrated report. During the editing process, we have made use of reference sources including the International Integrated Reporting Framework from the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation from the Ministry of Economy, Trade and Industry, among other materials, as well as have made every effort to compile the report in a way that places an emphasis on the perspective of stakeholders.

Through this report, we hope to provide even more stakeholders with a deeper understanding of the Yokohama Group.

- **Reporting scope**  The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
- **Reporting period**  January 1, 2021 to December 31, 2021  
  *Information includes some activities which were conducted in or after January 2022
- **Month of issue**  October 2022

Cautionary Note Regarding Forward-Looking Statements

This report contains statements on the Yokohama Group's projections, targets, plans, strategies and other matters related to the future. These statements are based on determinations made from available information at the time this report was published. Be aware that the actual performance and other metrics may differ from these forward-looking statements due to a variety of factors.
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THE YOKOHAMA RUBBER CO., LTD.  Integrated Report 2022
Aiming to Enrich More People’s Lives and Contribute to Their Greater Happiness and Well-Being


The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities.

The Management Policies outline basic administrative principles for upper-level management to commit themselves to.

The Action Guidelines are the code of conduct for each employee to comply with.

Excellence by nature

CORPORATE SLOGAN
Due to the impact of the COVID-19 pandemic that began in 2020, the business environment surrounding the Yokohama Group has become very challenging, with a rapid decline in production by automobile manufacturers. Despite these harsh conditions we have maintained a steady hold and have continued making various improvements with regard to safety, quality and compliance.

We have placed a top priority on safety in our business operations, having learned from the fire that occurred at our production facility in the Philippines in 2017, and resolving never to allow any serious accidents again. In order to create a workplace where all employees can work safely and with peace of mind, we are making proactive investments to encourage risk assessment efforts, and providing thorough education in the workplace, to ensure that every employee stays mindful of safety in their work at all times.

In terms of quality, which is the essential foundation and framework for any manufacturer, we believe that it is important to maintain a stance of remaining ever mindful and never causing inconvenience to our customers based on the philosophy of quality, cost and delivery (QCD).

With regard to compliance, we seek to thoroughly reform an awareness of compliance issues via internal communication that the actions of one individual can have a major impact on the company.

Sustainable management is essential. By continuing to make daily improvements based on the key prerequisites of safety, quality and compliance, Yokohama aims to engage in management with a firm commitment to realizing our targets and results.

Our three-year medium-term management plan, Yokohama Transformation 2023 (YX2023), was announced in March 2021. During the plan, we will target growth into the next generation by pursuing the “Exploitation” of strengths in existing businesses while “Exploration” to create new value in the Midst of a Once in a Century Transformation. It is also an expression of my own words, incorporating 30 years of insights and experience developed at Yokohama Rubber and listening to various opinions.

If we consider the global tire market, within a market scale of around ¥20 trillion, the ratio of consumer tires (such as passenger car tires) to commercial tires (such as tires for trucks, buses and agricultural machinery) is around 1:1. In the future, as trends and developments such as Connected, Autonomous/Automated, Shared, Electric (CASE), Mobility as a Service (MaaS) and Digital

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**TOP MESSAGE**

**Working to Create Value for the Next 100 Years in the Midst of a Once in a Century Transformation**

Masataka Yamaishi
President, Chairman of the Board
Transformation (DX) continue to accelerate, it is expected that the number of privately owned vehicles will decrease and the number of (public) infrastructure vehicles that support the movement of people and goods will increase. Despite these market conditions, the Group’s sales composition ratio in the tire business is biased, with a 2:1 ratio of consumer tires to commercial tires. As the focus of customers shifts from individuals to businesses, and from consumer tires to commercial tires, the Group will advance a strategy based on two key approaches: “Exploitation” of its consumer tires and “Exploration” of commercial tires.

As for consumer tires, we aim to expand our sales ratio of high-value-added tires by focusing on three categories, specifically, ADVAN ultra-high-performance tires, GEOLANDAR for SUVs and pickup trucks and winter tires. By expanding original equipment (OE) use of ADVAN and GEOLANDAR brand tires on new vehicles, strengthening sales in the replacement market and expanding the size lineups of products including winter tires and enhancing sales measures tailored to each region, we will increase the percentage sales volume for these products from the current 40% to 50%, and aim to expand profits.

For commercial tires, we will explore market changes based on the themes of cost, services, DX and expanding product lineups. In particular, we would like to focus on our off-highway tire (OHT) business, which can be expected to generate stable high earnings by increasing food production and logistics and generate profits in this field.

In FY2021, the first year of our YX2023 plan, we achieved record sales and profits due to the fact that we achieved certain results in consumer tires, including OE installation of ADVAN and GEOLANDAR tires on premium cars, passenger cars, for van use and winter tires for trucks and buses, mainly in Japan and Europe. In commercial tires, we signed an agreement to purchase shares in Trelleborg Wheel Systems Holding AB, a Swedish manufacturer of tires for agricultural machinery and industrial vehicles. Through this acquisition, we believe that we have been able to build a network that covers major markets around the world, including North America, Japan (the Group’s key area of strength until now), Asia and now Europe, enabling us to gain a global foothold in the OHT business.

In the Multiple Business (MB) segment, in addition to restructuring through the transfer of the Hamatite business, we made capital investments to triple the production capacity of our plants in China in the hose & couplings business. In the industrial products business, we consolidated our marine hose production bases in Hiratsuka and Indonesia to strengthen and expand our business by focusing our resources.

For consumer tires, we are working continuously to maximize the ratio of high-value-added products in FY2022 by continuing to expand the OE use of our tires on premium cars, supplying ADVAN racing tires for motorsports activities and strengthening sales of the ADVAN brand in general.

For commercial tires, we have been supporting the transportation business with tire management system (TMS) and validating our business model through demonstration tests of our tire air pressure remote access system (TPRS) for passenger cars. We will collect and analyze data obtained through these initiatives as we seek to expand our services going forward. We will also advance the development of sensor tire products and strengthen our service network for customers who require tire services.

In the MB segment, in the hose & couplings business, following on from China, we will invest to increase the production capacity of our Ibaraki Plant and work to reorganize our production system for automotive hose couplings in North America. In the industrial products business, we will seek to maximize our share of the domestic market by investing in increased production of conveyor belts, while at the same time integrating the aerospace products business and industrial products business to accelerate structural reforms.

Through the strategic measures of YX2023, Yokohama is now starting to see the direction of our structure that can expect to achieve growth and earnings even in the face of market changes. What is crucial as a company is to increase sales and profits and to achieve sustainable growth with solid earnings. The tire business is now well positioned, with the right portfolio to grow more than our competitors. We will also create a system that enables us to cultivate our other businesses, aside from the tire business, through selection and concentration. As a culmination of these efforts, I believe it is my responsibility to put Yokohama on a growth trajectory for the future during the final 18 months leading up to 2023.
In addition to bolstering our business strategy, we are also working on a human resources strategy to strengthen our management base. We will reform our personnel system, expand the ratio of performance-linked remuneration for job-typed managers and appoint talented young human resources to managerial positions at an early stage. In particular, since overseas sales account for 60% of the Group’s overall sales, we believe that it is essential to secure and train management personnel who can carry the Group forward and ensure our survival against global competition. Out of around 33,000 Group employees, currently roughly 100 persons hold the position of department manager. We will first work to develop these human resources as future senior management candidates. In order to enhance our global competitiveness, it is necessary to delegate them business management as regional general managers, as well as have a well-governed organizational structure in which local human resources who are familiar with local languages and culture conduct business operations. We have already appointed local personnel as executive officers at Yokohama Europe, Yokohama Off-Highway Tires (YOHT) in India and in China.

We also plan to integrate our Shimbashi head office and Hiratsuka Factory by March 2023, with the aim of creating a stronger organization that can respond flexibly to major changes in the business environment. In addition to achieving speedier decision-making by unifying our planning, production, sales, technology and logistics bases, we will also continue to advance work style reforms for employees by establishing satellite offices with specific functions such as our sales division in Shinagawa, which will serve as a relay point between the two locations, and expanding remote work/telecommuting and flextime work. Through work styles that are not reliant on place or time, we will work to improve a work-life balance, actualize active participation and facilitate career development for female employees from the childbirth and child-raising generation(s) and seek to eliminate severances due to nursing and childcare commitments and spouse transfers.

Yokohama Rubber engages in environmental, social and governance (ESG) initiatives under the slogan of “Caring for the Future.” This also means taking responsibility for the future. To achieve sustainable growth, we must create a sound and profitable business model as a basis for working to actualize ESG initiatives. We believe that two-pronged management that emphasizes offense and defense is precisely what will lead us to success and what embodies the depth and exploration we are aiming for in YX2023.

It is our mission to steadily implement our current plans with an eye to the future direction of our business and contribute to the resolution of regional and social issues through ESG initiatives. I am confident that we can actualize ESG initiatives by incorporating this philosophy into our work activities and accumulating it as a source of organizational knowledge.

Our overarching mission of Yokohama Rubber—with its 100-year history—is to carry on a company as a company that can continue to thrive and survive for the next 100 years. YX2023 also highlights efforts to create new value with a view to the next 100 years as a key theme, and we will tackle the challenges of creating mechanisms that create value not only for customers but for all of our stakeholders. Our desire is for all of our stakeholders to understand these and other initiatives of the Group, and to look forward to our future growth.
Yokohama Rubber’s History

Established in 1917, the Yokohama Rubber Co., Ltd., opened its Hiranuma Plant in Yokohama in 1920 and began selling Japan’s first corded tire, the Hama Town Cord, a year later. After World War II, in 1950 Yokohama opened its Hiratsuka Factory, which remains one of the company’s core manufacturing facilities. Responding to diversifying needs during Japan’s postwar reconstruction, Yokohama developed not only tires and belts but a wide variety of products and grew into a comprehensive rubber products manufacturer. Yokohama has a history of pioneering that has kept it at the forefront of its industry throughout its more than 100-year history. Since its foundation, Yokohama has continually accepted new challenges, thus ensuring its position as an industry leader.

**Start of Radial Tire Development 1956-**

The history of radial tires in Japan began in 1956, when Yokohama developed the first wire radial tire for trucks and buses (that tire was eventually marketed as Japan’s first domestically produced radial tire in 1963). We also began developing radial tires for passenger cars, and in 1964, succeeded in trial production using a flat profile mold. In 1966, ahead of other tire makers, Yokohama opened Japan’s radial tire era when the company began marketing Japan’s first radial tire for passenger cars, the G.T. SPECIAL.

In 1971, launched sales of G.T. SPECIAL STEEL, Japan’s first steel radial tubeless tire.

**MB Operations Contributing to Social Infrastructure and Industrial Fields 1952-**

Yokohama’s pioneering spirit has not been limited to its tire business. Yokohama’s Multiple Business (MB) operations also have a long history of developing technologies and products that have contributed to social infrastructure and industrial fields. From industrial products, such as industrial and automotive hoses as well as conveyor belts, to marine products, such as pneumatic fenders and marine hoses, and even aerospace products, Yokohama has worked on a wide range of products, achieving a number of Japan and world first achievements.

In 1970, installed German-made equipment for producing a 3.2-meter wide steel cord conveyor belt at the Hiratsuka Factory.

**From ADVAN Driving Tires to a Global Strategic Brand 1978-**

In 1976, European tire product reviews stated that the wet performance of passenger car radial tires from Japan was poor. Yokohama accepted this technical challenge and developed the ADVAN-HF, a tire with the world’s highest level of wet performance, which was then introduced to the market in 1978. The first tire in the ADVAN series, the ADVAN-HF, was designed to provide superior grip in wet and dry conditions and became Japan’s first sports radial tire, opening up a new genre in Japan’s tire market.

In 2005, Yokohama began promoting ADVAN as its global strategic brand. Yokohama has continually enhanced the brand’s image by building an expansive brand lineup, promoting the tires’ use as original equipment in high-performance cars around the world and supplying the tires to cars competing in the world’s major motorsports events. As a result, ADVAN has become the company’s global flagship brand that represents high-performance, high quality, and high technologies for which Yokohama has become known.

In 1988, the high-performance passenger car tire YOKOHAMA A008P receives technical certification from Porsche.

In 2005, launched ADVAN Sport V103 worldwide, making ADVAN the global flagship brand.
PRGR, Pioneering the Use of Science in Golf Gear Design 1983-

In 1983, Yokohama entered the golf gear market with our PRGR brand. We have marketed a steady stream of unique golf gears, including drivers with carbon heads and carbon shafts that were developed using our specialty carbon and resin technologies. Yokohama’s PRGR golf gears have made golf more enjoyable by using science to maximize golfers’ power. As a result, PRGR have become popular with golfers and become a golf gear brand known for constantly coming up with innovative ideas.

Ahead of the Times, Developed Fuel-Efficient Tires Emphasizing Environmental Performance 1996-

In 1996, a project was launched to add further value to the image of “YOKOHAMA with excellent driving performance” established by ADVAN. This project was named the “DNA Project” because its goal was to develop tires that would become the new nucleus (DNA) of Yokohama. The DNA Project’s guiding phrase for tire development was “Environmental performance” ahead of the times. The top priority was to develop tires that would improve fuel efficiency and reduce CO₂ emissions. The result was the DNA series, Japan’s first fuel-efficient tires, which improved fuel efficiency by reducing rolling resistance without sacrificing grip performance, thus maintaining high standards for these two conflicting conditions.

“Caring for the Future” Yokohama’s CSR Activities 2007-

Yokohama’s initiatives are not limited to manufacturing. Our CSR activities are also expanding. Under YOKOHAMA Forever Forest Activities, we have been continuing with efforts based on a 2030 target of 1.3 million trees, including planted trees and saplings provided at 14 sites in Japan and 21 overseas sites in eight countries. The YOKOHAMA Magokoro Fund established in 2016 is made up of employees who wish to make donations as its members, and accumulates funds by deducting 100 yen per unit every month from the salaries of those employees. The funds raised are donated to provide financial support to NPOs and NGOs working on environmental conservation, the protection of human rights and other causes, and as relief donations in the wake of major disasters.
Value Creation Stories

Value Creation Process

Social Change and Issues

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

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

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

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

Management Capital

Financial Capital
- Consolidated total assets: ¥985 billion
- Ratio of equity attributable to owners of parent: 53.3%

Manufactured Capital
- Manufacturing sites: 40
- Capital expenditures: ¥38.8 billion

Intellectual Capital
- Patents: 6,009
- R&D expenses: ¥15.3 billion

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

Yokohama’s Business Activities

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

Products and Services Provided

- **Tires**
  (Consumer Tires)
  In addition to tires for passenger vehicles and motorsports, Yokohama produces and sells tire tubes, aluminum wheels and other automotive components.

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

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

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

Basic Philosophy

- Make life more fulfilling for people everywhere.
- Contribute to solving social issues through business activities.
- Lay a solid foundation for fulfilling social expectations.
- Build on each other’s strengths.
- Differentiate ourselves through superior quality.
- Create a workplace that values, improves and energizes people.
- Develop proprietary business fields to expand the scope of business.
- Take on the challenge of new technologies to produce new value.
- Deal fairly with society and value harmony with the environment.
- Energize people.

Economic Value

- **Financial Capital**
  - Consolidated total assets: ¥985 billion
  - Ratio of equity attributable to owners of parent: 53.3%

- **Manufactured Capital**
  - Manufacturing sites: 40
  - Capital expenditures: ¥38.8 billion

- **Intellectual Capital**
  - Patents: 6,009
  - R&D expenses: ¥15.3 billion

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

Social Value

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

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

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

- **Business Environment**
  - Decrease in the number of privately owned vehicles and increase in the number of infrastructure-related vehicles due to the expansion of CASE and MaaS
  - Distribution using electric vehicles and automation
  - Intensifying price competition for tires
Based on its basic philosophy, to enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products,” Yokohama Rubber is working on the exploitation and exploration of business and contributions to social issues linked to its business activities through the Yokohama Transformation 2023 (YX2023) Medium-Term Management Plan and striving to create diverse value.

Value Creation Initiatives

Medium-Term Management Plan: YX2023

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

Consumer Tires: Exploitation
• Raise high-value-added tire sales ratio
  ADVAN GEOLANDER WINTER
• Respond to market changes
  Costs Services Product lineup
  Hose and couplings<br> Industrial products<br> Business restructuring<br> Hamatite<br> Aerospace products<br> Structural reforms
• Strengthen and expand by utilizing<br> resources to core product areas
  Hose and couplings<br> Growth driver<br> Industrial products<br> State earnings
• MB Business: Focusing Resources in Areas of Strength
  • Hose and couplings (growth drivers)
  • Industrial products (stable earnings)

Commercial Tires: Exploration
• Strengthening cost competitiveness
• Strengthening our system of services (tire change and maintenance)
• Promoting Digital Transformation (DX) (IoT tires and TMS)
• Expanding our product lineup

Contribute to Solving Social Issues through Business Activities

CSR Slogan “Caring for the Future”
Make life more fulfilling for people everywhere.

Products
• Deliver fun and peace of mind.

For the Earth
• Leave a sound environment to future generations.

People
• Build on each other’s strengths.

Community
• Coexist and building trust

Corporate Governance
• Lay a solid foundation for fulfilling social expectations.

The Value We Create

Economic Value
(Medium-Term Management Plan Targets)

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

Social Value
(Value Provided to Stakeholders)

Delivering fun and peace of mind through driving
Making life more fulfilling for people everywhere

*As of December 31, 2021

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

Number of cases where rules and regulations or voluntary rules have been violated regarding safety of products, labeling, or supply/use of products (consolidated) 0

Shareholders and Investors
Grow businesses and enhance corporate value

Economic performance (Total, Non-consolidated basis) ¥354.9 billion

Employees
Create a workplace that values, improves and energizes people.

Rate of lost-worktime injuries (consolidated/1 million work hours) 0.20

Business Partners
Promote CSR activities throughout the value chain.

Number of companies that responded to the CSR procurement questionnaire 1,151/100%

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

Percentage of total production yielding environmentally friendly products (consolidated) 100%

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

Implementation percentage of community activities and dialogues at production sites (consolidated) 100%
Responding to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Yokohama 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 actively disclose information related to our action on climate change in line with the TCFD recommendations.

Governance

The CSR Council, which is chaired by the President, Chairman of the Board, convenes twice a year (in May and November), and is positioned to draft and consider challenges related to climate change mitigation and adaptation, as well as other CSR challenges to be tackled by the Yokohama Group. Regarding climate change mitigation and adaptation, an Environment Council has been established. Environmental activities are pursued with the establishment of two task forces, two councils and four committees as subordinate bodies to the Environment Council. With an officer in charge (head of the CSR Div.) as its chairperson, the Environment Council deliberates and makes decisions regarding various issues such as carbon neutrality and oversees the environmental activities of the Yokohama Group.

Strategy

We have classified climate-related risks into two categories, specifically 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 financial impacts to be affected and summarized the risks and opportunities for our business. In addition, we conducted scenario analysis using the scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) regarding temperature increase, and examined adaptation measures and financial impacts based on the risks and opportunities of the 1.5°C and 4°C scenarios, respectively. We will continue to examine risks and opportunities and refine our scenario analysis.

Major Risks and Opportunities Related to Climate Change

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<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition to a decarbonized society</td>
<td>Reduce energy costs by improving manufacturing process efficiency</td>
</tr>
<tr>
<td>Physical risks</td>
<td>Increase market share by responding quickly to changes in demand.</td>
</tr>
<tr>
<td>Intense climate change</td>
<td>Improve competitiveness and profitability by offering environmentally friendly products using renewable or recycled raw materials and fuel-efficient, low-carbon products</td>
</tr>
<tr>
<td>Acute equipment damage or shutdown due to extreme weather</td>
<td>Increase demand for services that support post-disaster mobility (CASE and MaaS compliance, new business opportunities through hydrogen utilization)</td>
</tr>
<tr>
<td>Intense weather disasters due to rising temperatures</td>
<td>Increased demand for products and services that contribute to disaster prevention, recovery, and rebuilding (e.g., tires, oil filters, etc.)</td>
</tr>
<tr>
<td>Change in demand due to rising temperatures</td>
<td>Climate change</td>
</tr>
<tr>
<td>Technology</td>
<td>Product selection based on evaluation of carbon emissions during manufacturing (competition within the same product)</td>
</tr>
<tr>
<td>Reputations</td>
<td>Decrease in demand for winter tires due to reduced winter use</td>
</tr>
<tr>
<td>Change in demand for products and services</td>
<td>Climate change due to a decarbonized society</td>
</tr>
<tr>
<td>Change in demand for products</td>
<td>Increase market share by responding quickly to changes in demand.</td>
</tr>
<tr>
<td>Products and Services</td>
<td>Improve competitiveness and profitability by offering environmentally friendly products using renewable or recycled raw materials and fuel-efficient, low-carbon products</td>
</tr>
</tbody>
</table>

Value Creation Stories

<table>
<thead>
<tr>
<th>Category</th>
<th>Material Factors</th>
<th>Potential Financial Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and Regulations</td>
<td>Introduction and rise of carbon pricing</td>
<td>Large</td>
</tr>
<tr>
<td>Markets</td>
<td>Non-renewable raw materials</td>
<td>Large</td>
</tr>
<tr>
<td>Technology</td>
<td>Increase in renewable energy and fuel prices (petroleum, natural gas)</td>
<td>Large</td>
</tr>
<tr>
<td>Reputation</td>
<td>Capital investment to improve manufacturing process efficiency</td>
<td>Medium</td>
</tr>
<tr>
<td>Markets</td>
<td>Impact on customer evaluation of emission reduction efforts and stance</td>
<td>Small</td>
</tr>
<tr>
<td>Products and Services</td>
<td>Response to the global movement to promote the use of renewable energy</td>
<td>Small</td>
</tr>
<tr>
<td>Change in demand for products and services</td>
<td>Products selection based on evaluation of CO2 emissions during manufacturing (competition within the same product)</td>
<td>Large</td>
</tr>
<tr>
<td>Markets</td>
<td>Change in demand for winter tires due to reduced winter use</td>
<td>Large</td>
</tr>
<tr>
<td>Acute</td>
<td>Reduction in demand for natural rubber (natural resources)</td>
<td>Large</td>
</tr>
<tr>
<td>Equipment damage or shutdown due to extreme weather</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Intense weather disasters due to rising temperatures</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Change in demand due to rising temperatures</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Intense climate change</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Change in demand for products and services</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Products and Services</td>
<td>Large</td>
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<tr>
<td>Products and Services</td>
<td>Large</td>
<td></td>
</tr>
</tbody>
</table>

* TCFD stands for 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 have on management.
Regarding risks related to climate change, subordinate organizations to the Environment Council, including the Carbon Neutrality Promotion Committee and other task forces, councils and committees identify and assess each risk and engage in activities to mitigate them. For the 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 working on disaster prevention and 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 that surround Yokohama and are appropriately evaluated and handled. The activities of the Risk Management Committee are regularly reported to the Board of Directors.

**Metrics and Targets**

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

**Medium-to-Long-term Environmental Target**

- **Carbon Neutrality**
  - Reduce CO2 emissions from company activities by 38% by 2030 compared to fiscal 2013
  - Achieve net zero CO2 emissions (carbon neutrality) in our activities by 2050

- **Circular Economy**
  - At least 30% renewable/recycled raw material usage by 2030
  - 100% sustainable raw materials usage by 2050

- **Coexistence with Nature**
  - Cumulative 1.3 million trees planted and saplings provided by 2030 as part of Forever Forest activities

In addition, the results of various metrics, including GHG emissions, water usage, waste volume, the Yokohama Forever Forest and biodiversity conservation activities are disclosed on the Yokohama CSR website. Please refer to the below link for data.

**WEB**

- Progress on Material Initiatives

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**Roadmap to Carbon Neutrality by 2050**

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 reduction targets</th>
<th>CO2 emissions reduction</th>
<th>Achievement of carbon neutrality</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>38% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>38% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>38% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2040</td>
<td>38% reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td>38% reduction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Roadmap to a Circular Economy**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of renewable/recycled raw materials used</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>27%</td>
</tr>
<tr>
<td>2025</td>
<td>30%</td>
</tr>
<tr>
<td>2030</td>
<td>100%</td>
</tr>
<tr>
<td>2040</td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td></td>
</tr>
</tbody>
</table>
Looking Back on Past Medium-Term Management Plans

Financial Results

Review of Past Medium-Term Management Plans

Promoting Global Expansion and Achieving Steady Growth across Four Phases and 12 years

Progress of Global Expansion
- Enhanced network of production, sales and technology sites
- Expanded overseas business of tires for new vehicles
- Enhanced global brand recognition (Partnership agreement with English Premier League Club Chelsea FC since 2015)

Improvements to Technologies That Contribute to the Environment
- Achieved a 100% ratio of products that contribute to the environment
- Global rollout of fuel efficient replacement tires
- Expanded adoption and delivery of fuel efficient tires for new vehicles

Strengthening of the Business Portfolio
- Tire manufacturer for agricultural machinery and construction vehicles
- Acquisition of Alliance Tire Group (ATG)
- Acquisition of Aichi Tire Industry, a manufacturer of tires for industrial vehicles

Entered into a partnership agreement with English Premier League Club Chelsea FC in 2015

Released the BluEarth AE-01 in 2010, the first iteration of the BluEarth series of fuel efficient tires for passenger vehicles

Value Creation Stories

Executing a Growth Strategy That Redefined the Strengths of Each Business

Consumer Tire Business
Expanding Our Presence in the Premium Tire Markets
- Premium tire strategy
- Winter tire strategy
- Hose & couplings business
- Communications strategy

Commercial Tire Business
Making Commercial Tires as a Pillar of Revenue in the Next Century
- ATG driving the business
- Improved supply from the North American TBR (truck and bus tires) plant

MB Business
Concentrating Resources in Fields of Expertise
- Automotive parts business
- Marine products business

Commercial tire business as a percentage of sales revenue

Commercial tires
Consumer tires
MB products

2020 Results

Position commercial tires as a pillar of growth

Advice V105, the global flagship tire used by Porsche's Cayenne, BMW's X3 and other premium vehicles

BluEarth-4S AW21 all-season tire
Medium-Term Management Plan—Yokohama Transformation 2023

Under the Yokohama Transformation 2023 (YX2023) Medium-Term Management Plan that runs to the fiscal year ended 2023, the Yokohama Rubber Group is tackling transformation aimed at next-generation growth. In this section we share an overview of YX2023, including a report on the progress made in fiscal 2021.

Target Pursuits: “Exploitation” & “Exploration”

The automotive industry is entering an era of great change, driven by the CASE, MaaS and DX trends. Under YX2023, we will aim for “Transformation” that targets growth into the next generation by pursuing the “Exploitation” of strengths in existing businesses as well as “Exploration” to create new value that meets the needs of this transformative era. Through this effort, we aim to achieve record highs for sales revenue of ¥700 billion and business profit of ¥70 billion in fiscal 2023. We also aim to achieve the goals originally envisioned in GD100 as the culmination of our first 100 years, specifically, sales of ¥770 billion and profit of ¥90 billion in fiscal 2025.

Progress in Fiscal 2021

Amid a tough management environment with sharply rising raw material prices and logistics costs, declining production among auto makers and the impact of the COVID-19 pandemic, as a result of responding in a timely fashion to regional demand swings, we achieved record highs for sales revenue of ¥670.8 billion and business profit of ¥62.2 billion in fiscal 2023. We also aim to achieve the goals originally envisioned in GD100 as the culmination of our first 100 years, specifically, sales of ¥770 billion and profit of ¥90 billion in fiscal 2025.

Key Viewpoint: Turning Consumer Tires into Commercial Tires

The consumer tire market centered on passenger car tires and the commercial tire market, which includes tires for trucks, buses, agricultural machinery and other commercial-use vehicles, are about equal in scale. However, we expect the CASE, MaaS and DX trends will decrease individual ownership of cars and increase the number of infrastructure-related vehicles devoted to moving people and goods, effectively turning many consumer tires into commercial tires. We plan to respond by “Exploitation” of our efforts to expand sales of our high-value-added consumer tires while “Exploration” for new opportunities created by market changes in the commercial tire business.
In the commercial tire business, we pursued “Exploration” of the value we provide as a way to capture major market changes such as CASE, MaaS and DX, and worked on the four themes of cost, services, DX and product lineups. We have also worked to strengthen the off-highway tire (OHT) business and truck and bus tire (TBR) business.

### Commercial Tires: Respond to Market Changes and Further Strengthen the Business

In the commercial tire business, we pursued “Exploration” of the value we provide as a way to capture major market changes such as CASE, MaaS and DX, and worked on the four themes of cost, services, DX and product lineups. We have also worked to strengthen the off-highway tire (OHT) business and truck and bus tire (TBR) business.

#### Cost Competitiveness

To meet the expected growth in demand for lower cost tires, we are positioning Yokohama India Pvt. Ltd.’s passenger car plant as the most cost-competitive passenger car plant in the Yokohama Group, as a first step in the revision of our production network with the aim of establishing a new low-cost model in tune with the tire market of the future. We also are considering using a similar low-cost model to increase output at our truck and bus tire plant in Thailand.

#### Service

With CASE and MaaS expected to increase corporate ownership of vehicles, we believe the value demanded from tire manufacturers will expand from the tires themselves to tire-related after-sales services, including tire replacement. We already have a sales and logistics network with locations in all of Japan’s 47 prefectures, and we will leverage this network to strengthen our services to corporate customers.

More specifically, we will expand our fleet of service vehicles, which we use to provide tire replacement, tire checkups and other tire management services to such corporate customers as car dealers and companies operating car-sharing businesses. Going forward, we aim to provide more flexible and mobile services.

#### DX: Digital Transformation

Applying digital technologies to tires to support enhanced information services is becoming an important trend. We are developing cutting-edge sensor-equipped tires and plan to add functions to the sensors to gradually increase the services and customers that can make use of these tires.

Toward that end, we are forming alliances with companies in different industries. For example, we are working with Alps Alpine and Zenrin on a trial operation of a system that links data obtained from tires equipped with a road surface detection system with map information. We are considering using this system to create a new tire-related business.

### Consumer Tires: “Raise High-Value-Added Tire Sales Ratio”

We will focus on the three categories of ultra-high-performance tires, tires for SUVs and pickups, and winter tires, seeking to exploit sales of our ADVAN, GEOLANDAR and WINTER tire series. In doing so, we will increase the sales of ADVAN, GEOLANDAR and WINTER tires as a percentage of total sales from the current 40% to more than 50%. To do so, we have worked on the three measures shown on the right.

#### Progress in Fiscal 2021

We have worked to expand the fitting of our tires on new premium cars, such as ADVAN for the Mercedes AMG GLB 35 4MATIC, and GEOLANDAR for the overseas specification Toyota Land Cruiser. In the replacement market, we positioned fiscal 2021 as the “YOKOHAMA Winter Offensive,” launching WINTER tires for passenger vehicles, vans, trucks and buses, primarily in Japan and Europe. As a result, high-value-added products in fiscal 2021 accounted for 41% of sales, demonstrating growth that outpaced fiscal 2019.

#### Cost Competitiveness

We will focus on the three categories of ultra-high-performance tires, tires for SUVs and pickups, and winter tires, seeking to exploit sales of our ADVAN, GEOLANDAR and WINTER tire series. In doing so, we will increase the sales of ADVAN, GEOLANDAR and WINTER tires as a percentage of total sales from the current 40% to more than 50%. To do so, we have worked on the three measures shown on the right.

1. Expand OE use of ADVAN and GEOLANDAR
2. Strengthen sales in the replacement market and expand tire sizes in each brand, including winter tires
3. Strengthen sales of tires suited to local market needs, via integrated “Product & Regional Strategies”
Product Lineup

Today, deliveries are made by drivers operating a range of vehicles, from large trailer trucks to small trucks and vans. However, as vehicles become electric and self-driving, the transport of goods over long and short distances as well as the last one mile to the recipient’s door could well be accomplished without drivers. The diverse lineup of vehicles to reach this in the future will need different types of tires. For example, last-mile vehicles may be fitted with puncture-resistant tires.

One of our strengths is being one of the few tire manufacturers that has a full lineup of tires, from truck and bus tires to airless resilient tires, which will be required by the expected change in the types of vehicles used to distribute goods in the future. Also, we will continue to broaden our product lineup to further strengthen this competitive advantage.

Expected transformation of vehicles used in each stage of the distribution process

- City to city
- With in city
- Last one mile

Driverless delivery

- ~100km/h
- ~40km/h
- ~20km/h

MB Business: “Shift Portfolio to Products with Highly Stable Earnings and Strong Growth Potential”

We will solidify the MB segment’s ability to generate stable earnings by concentrating resources in its two core product areas – Hose & Couplings and Industrial Products. We will improve the Hamatite business by focusing on its core product areas. In the Aerospace Products business, we will make structural reforms targeted at bringing the business more in line with today’s market.

Progress in Fiscal 2021

In the Hose & Couplings business, we will make capital investments to triple the production capacity of our plants in China. In the Industrial Products business, we have consolidated our marine hose production bases in Hiratsuka and Indonesia to strengthen and expand our business by focusing our resources. In November 2021, the Hamatite business was transferred to Sika AG and made steady progress on business restructuring.

Strengthening Management Foundations: “Human Resources Strategy” and “ESG Initiatives”

Human Resources Strategy

Personnel system reforms will strengthen management and administration at all levels, build a stronger organization and promote workstyle reforms.

ESG Initiatives

We engage in ESG initiatives under the slogan of “Caring for the Future.” In addition to eco-friendly products and carbon neutrality initiatives, we are also working on activities to support local communities, the strengthening of corporate governance and the development of comfortable workplaces.

Progress in Fiscal 2021

As part of our human resources strategy, we are looking to expand the ratio of performance-linked remuneration for job-typed managers and appointed talented young human resources to managerial positions at an early stage. With the integration of the head office and Hiratsuka scheduled for completion in March 2023, we aim to achieve speedy decision making by unifying production, sales, technology and logistics sites, and also promote workstyle reforms.

As part of ESG initiatives, we established medium-to-long-term environmental targets. In terms of carbon neutrality, we will reduce CO2 emissions by 38% compared with fiscal 2013 levels by 2030, and achieve net zero CO2 emissions by 2050. With regard to the circular economy, we will achieve at least 30% renewable/recycled raw material usage by 2030, and aim for 100% sustainable raw materials by 2050.
## Value Creation Stories

### Risks and Opportunities in Sustainability Management

<table>
<thead>
<tr>
<th>Materiality (Important Issues)</th>
<th>Issues to Be Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products</strong>&lt;br&gt;Deliver fun and peace of mind.</td>
<td>• The spread of CASE<em>1 and MaaS</em>2 in the automotive industry&lt;br&gt;• Innovation through the utilization of technology&lt;br&gt;• Increasingly diverse customer needs (cost, performance, quality, environmental and social contributions)&lt;br&gt;• The safety and security of customers</td>
</tr>
<tr>
<td><strong>The Earth</strong>&lt;br&gt;Leave a sound environment to future generations.</td>
<td>• Climate change issues&lt;br&gt;• Achieving carbon neutrality&lt;br&gt;• Promoting a circular economy&lt;br&gt;• Preserving biodiversity&lt;br&gt;• Sustainable use and management of natural resources&lt;br&gt;• Prevention of pollution and chemical substance management</td>
</tr>
<tr>
<td><strong>People</strong>&lt;br&gt;Build on each other’s strengths.</td>
<td>• Respect for human rights&lt;br&gt;• Diversity &amp; inclusion&lt;br&gt;• Workstyle reforms&lt;br&gt;• Human resources development&lt;br&gt;• Occupational health and safety</td>
</tr>
<tr>
<td><strong>Community</strong>&lt;br&gt;Earn the confidence of our neighbors.</td>
<td>• Regional environmental issues, such as water and air pollution, and environmental destruction&lt;br&gt;• Regional social issues such as respecting the land rights of indigenous peoples, human rights violations, disasters, healthcare, trading irregularities and conflict minerals&lt;br&gt;• Revitalizing local communities, creating economic effects&lt;br&gt;• Communication with local communities</td>
</tr>
<tr>
<td><strong>Corporate Governance</strong>&lt;br&gt;Lay a solid foundation for fulfilling social expectations.</td>
<td>• Maintenance and strengthening of foundation for proper organizational governance&lt;br&gt;• Sustainable improvement of corporate value&lt;br&gt;• Effectiveness and diversity of meeting bodies such as the Board of Directors and committees&lt;br&gt;• Dialogue with stakeholders and disclosures</td>
</tr>
</tbody>
</table>

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*1 CASE: An acronym for Connected, Autonomous, Shared & Services, and Electric
*2 MaaS: Mobility as a Service. A new concept of integrating various types of transportation services into one and providing them to users
While environmental destruction and social issues pose significant risks to business continuity, working to solve social issues can also lead to new business opportunities. Yokohama Rubber is aware of the risks and opportunities in sustainability and wishes to contribute to the richness of the earth and society through our business activities.

### Medium- and Long-Term Business Risks and Opportunities

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value</td>
<td>• Manufacture and sale of tires and industrial materials with high levels of safety, quality and environmental performance</td>
</tr>
<tr>
<td>• Decline in product demand due to changing customer needs</td>
<td>• Development of biomass rubber and promotion of retread tires</td>
</tr>
<tr>
<td>• Decrease in demand for winter tires due to decrease in snowfall</td>
<td>• Development of products and services that utilize AI and IoT technologies (wear detection, road surface detection, tire management, damage prediction)</td>
</tr>
<tr>
<td>• Sharp rise in resource prices</td>
<td>• Manufacturing and selling tires for industrial and construction vehicles that support social infrastructure, agriculture and forestry machinery that contribute to sustainable production in the agriculture and forestry industry</td>
</tr>
<tr>
<td>• New business opportunities through adapting to CASE and MaaS</td>
<td>• Manufacturing and selling industrial products that contribute to greenhouse gas reduction</td>
</tr>
<tr>
<td>• Responding to changing customer needs and stricter regulations at an early stage</td>
<td>• Improving skills and developing pleasant workplaces through human resources development</td>
</tr>
<tr>
<td>• Improvements in competitiveness and profitability through reuse and recycling</td>
<td>• Strengthening of safety and disaster preparedness management</td>
</tr>
</tbody>
</table>

### Yokohama Rubber’s Initiatives and Vision

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Environmental laws and regulations and litigation risks</td>
<td>• Prevent and mitigate the risk of human rights abuses through human rights due diligence</td>
</tr>
<tr>
<td>• Impact on climate change and air pollution, increase in energy costs</td>
<td>• Implementation of procurement in accordance with CSR procurement guidelines</td>
</tr>
<tr>
<td>• Environmental impact of waste and emissions</td>
<td>• Strengthening activities in the Diversity Promotion Taskforce</td>
</tr>
<tr>
<td>• Depletion and shortage of water resources</td>
<td>• Expanding system for flexible workstyles</td>
</tr>
<tr>
<td>• Reduction of energy costs by improving manufacturing process efficiency</td>
<td>• Developing and selecting value-added human resources</td>
</tr>
<tr>
<td>• Reduction of energy costs by improving manufacturing process efficiency</td>
<td>• Strengthening of safety and disaster preparedness initiatives</td>
</tr>
<tr>
<td>• Reduction of resource price fluctuation risks and improvements in operational efficiency through reuse and recycling</td>
<td>• Health management initiatives</td>
</tr>
<tr>
<td>• Reduction of environmental protection costs</td>
<td>• Supporting biodiversity conservation activities, healthcare and education in local communities</td>
</tr>
</tbody>
</table>

- **Medium- and Long-Term Initiatives of Sustainability**
  - Creation of employment in regions where our business is developed
  - Implementation of procurement in accordance with CSR procurement guidelines
  - NPOs
  - Disaster prevention and disaster relief activities in local communities
  - Collaboration with the YOKOHAMA Magokoro Fund and NPOs
  - Strengthening the governance system
  - Implementation of procurement in accordance with CSR procurement guidelines
  - Creation of employment in regions where our business is developed

- **Medium- and Long-Term Value Creation Stories**
  - Coexistence and shared prosperity with agroforestry farming method promotion and rubber farmers
  - Roll out activities to preserve biodiversity at production sites

- **Medium- and Long-Term Growth Strategies**
  - Manufacture and sale of tires and industrial materials with high levels of safety, quality and environmental performance
  - Development of biomass rubber and promotion of retread tires
  - Development of products and services that utilize AI and IoT technologies (wear detection, road surface detection, tire management, damage prediction)
  - Manufacturing and selling tires for industrial and construction vehicles that support social infrastructure, agriculture and forestry machinery that contribute to sustainable production in the agriculture and forestry industry
  - Manufacturing and selling industrial products that contribute to greenhouse gas reduction

- **Medium- and Long-Term Data Section**
  - Clarifying commitment to business plans through medium-term performance-linked compensation scheme
  - Diverse executive personnel with the skills necessary for management strategy
  - Strengthening the governance system
  - Strengthening business continuity plans (BCPs)
  - Developing systems to promote compliance
YOKOHAMA’s Initiatives Related to the Environmental Performance of Tires

Tateuchi I think YOKOHAMA began pursuing environmental initiatives quite early on compared with tire manufacturers in Japan and abroad. The Japan EV Club was established in 1994. We have received support for many years up to this point for annual events such as the Japan EV Festival, a major EV racing event, since 1995, and the Japan EV Rally Hakuba in Hakuba village in Nagano Prefecture since 2014.

20th Japan EV Festival (2014)
(Photograph courtesy of Japan Electric Vehicle Club, Photographer: Yasushi Miura)

The Future of the Automotive Society and Tires

How will the automotive society, the performance required of tires and their roles change due to the widespread adoption of electric vehicles (EVs)? We invited Mr. Tadashi Tateuchi, who has been dedicated to the development of EVs in Japan for around three decades, as a guest to speak with YOKOHAMA’s chief tire technical officer.

Mr. Tadashi Tateuchi
Managing Director of Japan Electric Vehicle Club and Motor Journalist
At YOKOHAMA, we have embraced the idea of pursuing environmental performance ahead of the times as a key concept and launched the DNA Project in 1996 to develop a new core tire that would lead to improved fuel efficiency and reduce CO₂ emissions. This was right about when the Japan Electric Vehicle Club was beginning its activities.

At the time, we had long been focused on reducing tires’ roll resistance without compromising their gripping force. The year 1998 saw the release of the DNA series, Japan’s first fuel-efficient tire which brought those two conflicting properties into balance.

What particularly impressed me was the 2001 Electric Charging Journey made using an EV-A class. For around half a year, we charged 621 times and managed to drive around Japan. We also received support from YOKOHAMA engineers and achieved the feat after a process of trial and error.

It was the DNA dB tires that were fitted on the EV-A class. YOKOHAMA has continued to promote technological development for EVs based on the themes of harmony between the joy of driving and the environment, and R&D into tires for EVs.

Shinji Seimiya

Member of the Board and Officer, Chief Technical Officer, in charge of Corporate Quality Assurance Div., Head of Tire Development Div.
In 2013, we developed the AERO-Y EV concept car and unveiled it at Tokyo Auto Salon 2013 with NAPAC. It was produced out of a desire to employ eco-friendly technologies in every aspect while offering the joy of intuitive driving to advance the growth of EV motorization. During the development process, we concentrated on reducing air resistance and adopted tire and body designs based on aerodynamics. We also combined the latest technologies from various departments that had been cultivated through the development of aerospace components and other products.

Tateuchi That year we took on the challenge of driving an EV around Japan only using rapid charging. It had been said that EVs will never take off because there is not a rapid charging infrastructure in place, but over the course of around two months, we covered a distance of 8,160 km with a cruising range of 80 km. This time we once again embarked on the journey with a vehicle fitted with YOKOHAMA’s eco tires.

Seimiya Up until around 20 years ago, the major development themes concerning the environmental performance of tires were roll resistance and lighter weight, but now all kinds of performance metrics need to be met. The features offered by a tire don’t change dramatically just because it is equipped on an EV, but the level of requirements connected with fuel economy (cruising range) have gotten very high. Also, since EVs characteristically generate a lot of torque, the tires need to exhibit sufficient abrasion resistance to withstand those forces. There are also requirements for quietness so that the quiet running sound of an EV is not disturbed.

Tateuchi Generally speaking, the issue of global warming gained attention in Japan following COP3 (Third Conference of the Parties to the UN Framework Convention on Climate Change) held in Kyoto in 1998, but around this time YOKOHAMA was already pursuing R&D into improved fuel economic and low CO₂ emissions, including the structure of the tires and the materials used in them. The insights accumulated during that time are connected with the products we have today.

Seimiya Now DNA has been inherited by the BluEarth brand, and we are achieving even more improved environmental performance. Recently, we have also been promoting tire development in cooperation with raw material manufacturers to increase the percentage of renewable or recycled raw materials used in our products.

The Bond of Motorsports Bringing Us Together

Seimiya I think the reason we have had such a good cooperative relationship over many years is because motorsports is rooted in our efforts. I of course love to drive, and I always wanted to learn about EVs while test driving them around a circuit. I think those things are what made us a good match.

Tateuchi I’m happy to hear that. Only your company would say something like that. In fact, my first encounter with YOKOHAMA dates back to the 1970s. At the time I was involved with the design of racing cars, and since our team was going to enter F2, YOKOHAMA provided the racing tires. That was the beginning of my relationship with YOKOHAMA. This was around the time that ADVANCE was coming on the scene with a lot of momentum.

It’s no exaggeration to say that motorsports are the lifeblood of cars. It was my starting point. In addition, there is huge potential in cars that can be charged with electricity to drive. By organizing races with EVs, we can improve EV recognition and communicate their potential to even more people. Driving, competing and having fun are at the heart of motorsports, and I believe they fulfill an important role in people’s lives.

Seimiya In the world of formula car racing, we have launched the SUPER FORMULA NEXT50 project to build a sustainable motorsports industry. Toward the goal of increasing the percentage of renewable raw materials used, YOKOHAMA is also taking on various challenges as it goes through these steps. Demonstration testing in the world of speeds exceeding 300 km/h is extremely valuable, and I think it plays a big part in moving technological development forward.

In the future, rather than testing existing things to take them to the next level, I feel that we need to discover entirely new things through motorsports. Of course, there is the problem of cost barriers to feeding those technologies back into commercial tires, but I hope the different teams can share their wisdom with each other.

Tateuchi I’m very glad that the people developing tires understand the essence of motorsports. I’m certain the tires YOKOHAMA has developed will save the world.
How Autonomous Driving and Car Sharing May Change the Role of Tires

**Tateuchi** In future society, I don’t think the phenomenon of vehicles driving through town will change that much, but due to autonomous driving, I think the concept of operating a vehicle may change. I also think the concept of owning a car may change due to car sharing. The terms “driving” and “family car” could become things of the past. Under such circumstances, can you imagine how tires may change?

**Seimiya** If autonomous driving and car sharing become widely adopted, I think tires for passenger vehicles will shift to being used like commercial tires in a sense. The elements of enjoyment with respect to tires would be reduced, but on the other hand, there would be needs for maintenance-free operation and sensing technologies, and that could lead to the development of tires based on data that has never been available until now. However, I still think there will continue to be users who own cars and who want to savor the joy of driving.

**Tateuchi** Those who operate vehicles in the future may become part of a privileged class. Those who drive on circuits could be a class of particularly lucky people. My personal view is that a society that loses the desire to move around will end in ruin. I think we must not lose the sense of excitement that comes from moving around.

Even so, tires will continue to be an integral component of vehicles. I believe that no matter how much cars change, shock absorbers, brakes and tires will be the three aspects that survive.

**Seimiya** In terms of commercial tires, even in the world of trucks and buses, the shift to EVs has advanced, and commercial tires will continue to change to respond to needs for improved fuel economy and environmental performance.

**Expectations of YOKOHAMA**

**Seimiya** Due to the COVID-19 pandemic, YOKOHAMA has also introduced remote work practices, but when it comes to manufacturing, it is important to see, touch and experience things in the field, and I think it is important to find a balance in working styles.

**Tateuchi** There’s nothing like touching a car or tires. In the Let’s Drive Electric Formula Cars!, EV classes for junior high school students run by the Japan Electric Vehicle Club, we disassemble and assemble two-passenger electric formula cars and test drive them on a circuit as part of hands-on classes. There are high barriers to doing this with an engine-powered car, but motor-driven cars are comparatively simple. How does YOKOHAMA feel about creating a sports EV?

**Seimiya** You mean creating a production car rather than a concept car?

**Tateuchi** The only manufacturer I know that is this passionate about energy and environmental issues related to cars is YOKOHAMA. In the future, it will be possible to create EVs without a factory, even for companies that are not traditional auto makers. By developing a sports EV equipped with ultra-high performance eco tires, you could challenge the eco-car category at the 24 Hours of Le Mans. I think it could spark dreams and courage in many children.

**Seimiya** So you’re saying we should be looking that far ahead in our work. As someone involved with cars, I feel that there is a great deal of potential in EVs, so that prospect is something I want to think positively about.
Research & Development

Yokohama Rubber engages in multi-faceted and comprehensive research and development activities from material design to product design, testing and evaluation along the themes of ingenuity, application and greater sophistication of technologies, and has pursued the possibilities of various technologies and products, including rubber polymer technologies.

In the development of tires, which play a vital role in safeguarding people’s lives, we always adopt a “people” perspective and engage in diligent research that accounts for every aspect, including safety, drivability and comfort. An enormous volume of data is obtained from testing facilities maintained by Yokohama including the Daigo Proving-ground and Research Center (D-PARC) comprehensive tire test course, Tire Test Center of Asia, the Tire Test Center of Hokkaido course for WINTER tires, and the Yokohama Test Center of Sweden. This data is instantly transmitted to the Research and Development Integrated Center (RADIC) within the Hiratsuka Factory located in Hiratsuka City, Kanagawa Prefecture, where it is used to improve tire performance and develop next-generation tires. In addition, outside the field of tires we use innovative ideas unconstrained by conventional thinking and cutting-edge technologies to pursue the development of new materials and the design of products with a view toward the next generation.

Major R&D Achievements of Recent Years

Winning an Award from the Society of Rubber Science and Technology, Japan (SRIJ) for Research and Development of Rubber Materials Using Sustainable Resources

In May 2022, two engineers from Yokohama won the 34th SRIJ Award from the Society of Rubber Science and Technology, Japan for research and development of rubber materials using sustainable resources. The research resulted from the Ultra High-Throughput Design and Prototyping Technology for Ultra Advanced Materials Development Project organized by the New Energy and Industrial Technology Development Organization (NEDO). In January 2022, the research was adopted under Development of Technology for Manufacturing Plastic Raw Materials Using CO2, a Green Innovation Fund Project and development of the technology is ongoing.

Hiromu Saito, President of SRIJ (professor of Tokyo University of Agriculture and Technology; pictured left) presents the commendation plaque to Yokohama employee Misao Hiza.

Development of a New Technology to Estimate the State of Wear Based on In-Tire Sensing Waveforms

In April 2022, we developed a new technology that detects the state of wear in a tire based on sensing waveforms in the tire while running. Visualizing the state of wear in a tire enables tire maintenance that takes into account safety, economy and the need to reduce environmental impact. The technology works by taking sensing waveforms obtained from a sensor affixed to the inner surface of the tire that was jointly developed with Alps Alpine Co., Ltd. and performing analysis using proprietary signal processing technologies.

In February 2021, Yokohama announced its SensorTire Technology Vision, its medium- and long-term technological development vision, and has conducted practical testing with various industries as a part of those activities.

Image of a sensor attached inside a tire (being developed with Alps Alpine)
Motorsports Activities

Yokohama takes part in a wide range of motorsports including races and rallies. We supply competition tires in Japan and overseas and have achieved spectacular results and outstanding achievements in each motorsport category.

For example, YOKOHAMA tires have been fitted on both Toyota and Nissan entries in the SUPER GT GT500, we have competed in the Nürburgring 24 Hours with the Walkenhorst Motorsport BMW customer racing team, and in off-road racing we have competed in series held in North America and Asia in efforts to strengthen the ADVAN and GEOLANDAR brands.

These activities play a significant role in the development of high-performance consumer tires and in the development of technologies for future tires. Motorsports are truly a spectacular proving ground for tire development.

Circular Economy Initiatives Pursued through Participation in Motorsports

Development of Racing Tires Utilizing Sustainable Materials for the Japanese SUPER FORMULA Championship

Yokohama has been the supplier of the control tire for the Japanese SUPER FORMULA Championship series since 2016. For the 2023 series, Yokohama is pursuing development of a racing tire that uses sustainable materials. The newly developed tire utilizes naturally derived formulations such as silica produced from rice hulls and oil produced from oil palm fruit and orange peel, and also reuses rubber recycled from waste tires. By 2025, we aim for the percentage of sustainable materials used in our tires to be at least 35%.

Tires with Sustainable Specifications Used in Hill Climb Race in the US

At the 100th Pikes Peak International Hill Climb held in the United States in June 2022, the ADVAN A052 street sport tire which uses sustainable materials was used.

The rubber in the side walls of these tires, which undergo the most deformation during driving, have been switched to biomass-derived butadiene rubber from the conventional petroleum-derived butadiene rubber. Going forward, we will continue to accelerate the development of technologies that reduce environmental impact through actual participation in grueling hill climb races.
Our Strategy Is to Maximize the Percentage of High-Value-Added Products ADVAN, GEOLANDAR and WINTER Tires.

We aim to increase the percentage that our three major high-value-added product brands (ADVAN, GEOLANDAR and WINTER tires) account for from 40% in 2019 to 50% and are strengthening three initiatives to do so.

Takayoshi Omae  General Manager, Head of Consumer Tire Product Planning Dept.

Key Measures

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>Expanding the fitting of ADVAN and GEOLANDAR on new vehicles</td>
</tr>
<tr>
<td></td>
<td>• Promote the fitting of these tires on new premium cars, which appeals to strong brand power and technological capabilities, and produces high return effects in the replacement market.</td>
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<tr>
<td>2</td>
<td>Strengthening of return sales and update of products and sizes in the replacement market</td>
</tr>
<tr>
<td></td>
<td>• Strengthen return sales in the replacement market for delivered vehicles.</td>
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<tr>
<td></td>
<td>• Expand the size lineup of products including WINTER tires.</td>
</tr>
<tr>
<td>3</td>
<td>Product and regional business strategy</td>
</tr>
<tr>
<td></td>
<td>• Strengthen sales of products in line with market trends in each region. We will expand sales of high-value-added products that reflect the characteristics of each market, focusing on GEOLANDAR in North America, WINTER tires (studless tires) in Japan and ADVAN and WINTER tires in Europe.</td>
</tr>
</tbody>
</table>

Results in Fiscal 2021 and Future Measures (Challenges)

Results

In 2021, we strengthened sales of WINTER tires based on a “Winter Offensive” theme. In addition to WINTER tires, sales of ADVAN, GEOLANDAR and 18 inch plus size tires also grew, improving sales of AGW high-value-added products as a percentage of total sales.

- Japan: Release of iceGUARD 7 new studless tire for passenger vehicles
- Europe: Full rollout of BluEarth *WINTER V906 European winter tires for passenger vehicles
- Europe: Release of BluEarth-Van All Season FY61, a new tire for commercial vans
- Europe and Japan: Expanded the range of sizes for BluEarth-4S AW21 all-season tire for passenger vehicles

Future Measures (Challenges)

In 2022, we will work to strengthen sales of summer tires with a focus on ADVAN based on a “Summer Offensive” theme.

- Worldwide: Release of the global flagship tire ADVAN Sport V107
- Japan and other countries: Release of the high-performance street sport tire ADVAN NEOVA AD09
- Japan and other countries: Release of the dedicated minivan fuel efficient tire BluEarth-RV RV03 and the dedicated compact minivan and Kei tall wagon fuel efficient tire BluEarth-RV RV03CK

Main Products and Results in Fiscal 2021 and Fiscal 2022

Three Priority Product Lines
Equipping on New Premium Cars, SUVs and EVs

Premium Cars

(2021) BMW M3/M4:
ADVAN Sport V107

(2022) BMW X5/X6:
ADVAN Sport V107

SUVs

(2022) LEXUS LX:
GEOLANDAR X-CV

(2021) TOYOTA LAND CRUISER: GEOLANDAR X-CV,
GEOLANDAR A/T

EVs

(2022) GEOLANDAR A/T

(2022) TOYOTA bZ4X:
ADVAN V61

TOPICS

Release of iceGUARD 7 Studless Tire for Passenger Cars (2021)
Yokohama’s 7th generation studless tire, iceGUARD 7, further improves the performance on ice that has consistently been pursued through the synergistic effects of a special newly developed pattern and ultra water-absorbing compound, and in addition to tire’s well-established long-lasting effectiveness, performance on snow has also been improved. Performance on ice has been improved by 14%, and performance on snow has been increased by 3% compared with previous models.

Release of the Global Flagship Tire ADVAN Sport V107 (2022)
Products target three premium car categories: premium high-performance cars, premium high-performance SUVs and premium EVs. We have refined our tires through joint development with car manufacturers as well as at the Nürburgring circuit, to be called the most unforgiving test course in the world. We have already begun delivery for new vehicles, with a focus on special models for premium cars including the Mercedes AMG and BMW M, and will use this as a basis of development for the size expansion of replacement market.

Release of the High-Performance Street Sport Tire ADVAN NEova AD09 (2022)
Based on the concept of producing the strongest ADVAN street sport tire with roots in motorsports and circuit driving, the latest iteration carries over the series’ greatest feature of being “the fastest and most enjoyable,” producing a street tire that offers the ultimate in dry grip, controllability and anti-wear performance. The external appearance has also been focused on for custom tuning, producing a stylish and highly original design.
Making YOKOHAMA TBR an Indispensable Product Line
We Provide High-Quality Products and Services that Reflect Customer Needs.

TBR is a product line expected to enjoy stable growth. We will focus on improving supply capabilities to meet growth in demand while promoting the provision of solutions that utilize unique digital technologies.

Mitsuyuki Yumoto  Associate Officer, Head of TBR Tire Div.

Key Measures

<table>
<thead>
<tr>
<th></th>
<th>Providing solutions through unique digital technologies</th>
<th>Providing solutions through the expanded provision of the Tire Management System (TMS) that was revamped in 2020</th>
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<tbody>
<tr>
<td></td>
<td>Actively releasing new products to the market</td>
<td>• Solving customer issues through the expanded provision of the Tire Management System (TMS) that was revamped in 2020</td>
</tr>
<tr>
<td></td>
<td>Developing supply capabilities to meet vigorous demand</td>
<td>• Providing support for tire inspections using unique digital technologies to address the issues of safety, cost and labor shortages facing the transportation industry</td>
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<tr>
<td></td>
<td></td>
<td>• Continue to launch low fuel consumption tires with the best levels of low rolling resistance in the industry in domestic and overseas markets</td>
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<td></td>
<td></td>
<td>• Continue to double the number of new products launched for each category in three regions: Japan, North America and Europe</td>
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<td></td>
<td></td>
<td>• We will continue to expand supply volume from overseas plants to serve the North American and European markets, which are experiencing pronounced growth in demand</td>
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<td></td>
<td></td>
<td>• At plants in Japan, we will also invest in increased production for categories experiencing growth in demand</td>
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</table>

Results in Fiscal 2021 and Future Measures (Challenges)

Results

- Sales in Japan and overseas grew at an annual rate of over 8%, turning the business into one that can be profitable alongside growth.
- Through TMS, the number of vehicles undergoing tire inspections increased by over 300% year on year, showing success in resolving customer issues.
- For the domestic market, the new flagship Comprehensive Performance-centric Studless Tire 904W was released.

Future Measures (Challenges)

- We will maximize supply volume at existing plants in Japan and overseas using existing facilities, and also make investments in increased production based on rising demand.
- We will further incorporate the latest technologies such as AI and continue to make improvements to the tools for tire inspections through TMS.
- We will continue to release large-scaled products featuring studless design, fuel efficiency and high load resistance.

Major Commercial Tire Products

- BluEarth 711L, fuel efficiency and performance-oriented all-season tire for trucks
- Tire inspections through TMS
- Tires for construction and industrial vehicles and agricultural and forestry machinery
Off-Highway Tire Division

Leading Company's Growth as Key Revenue and Profit Driver

We have consistently grown by around 10% annually in Off-Highway Tire (OHT) after ATG acquisition in 2016. We are aiming to lead company's future growth continuously through our entrepreneurial culture, superior products and cost competitiveness.

Nitin Mantri  Member of the Board, Managing Officer, Head of OHT Div.

Key Measures

1. Continue high growth
   - Adding OHT production capacity (Early launch of new Visakhapatnam plant in India)
   - Strengthen customer relationships

2. Continuous quality improvement
   - Design quality (Review product planning and design process)
   - Production quality (Upgrade production machinery and implement various improvement initiatives)
   - Perceived quality (Improve product appearance etc.)

3. Business synergy realization
   - Multi-brand / multi channel strategy
   - Move to the top of the value brands

Results in Fiscal 2021 and Future Measures (Challenges)

Results
- Despite COVID-19 second wave in India where we have major production facilities, raw material cost increase and logistics disruption, we set new records for both sales and profit
- Integrated Yokohama's OHT business, ATG and Aichi tire under the name of Yokohama Off-Highway Tires

Future Measures (Challenges)
- Speedy production capacity increase to respond strong OHT demand
- Developing unique products to respond various customer needs and bringing into the market
- Response to raw material cost increase and logistics disruption
- Reaping synergies from OHT business integration

Acquisition of the Wheel Systems Business Producing and Selling Tires and Other Products for Agricultural Machinery and Industrial Vehicles from Trelleborg

In March 2022, we signed a share purchase agreement with Swedish company Trelleborg AB to acquire all of the shares it held in the Swedish company Trelleborg Wheel Systems Holding AB (TWS).

TWS operates a business manufacturing and selling tires and other products for agricultural machinery and industrial vehicles. At the time of the acquisition, TWS is estimated to have had a corporate value of 2.04 billion euros (approx. 265.2 billion yen at an exchange rate of 1 euro: 130 yen, using the performance-based earn-out method), with an EBITDA multiple of approximately 9x. The acquisition is expected to be completed in the second half of 2022.
Supporting Our Product and Regional Business Strategies and Efforts to Maximize the Ratio of High-Value-Added Products, We Will Build a Production and Logistics System that Is Resilient Against Environmental Changes and Fluctuations in Orders.

To supply good quality products at a low cost and in a timely fashion to customers in each region, we will exploit our strength in the multi-product lot production system while innovating production efficiency with the use of digital technologies such as IoT and AI and automation to supply highly competitive products worldwide.

Toru Nakamura  Head of Tire Production Div., Member of the Board and Officer

Key Measures

1. Maximizing production of high-value-added products ADVAN, GEOLANDAR and WINTER tires
   • Exploit our strength in the multi-product lot production system.
   • Minimize limitation on production integration constraints (capital investment).

2. Building a global production system in line with regional business strategies
   • Fully utilize the capabilities of plants in each location around the world to develop local production for local consumption.
   • Maximize domestic production capabilities and shift to high-value-added products.
   • Ensure stable production at the Mississippi TBR plant.

3. Promoting the digitization (IoT / AI) of manufacturing
   • Visualize operations and streamline improvements in the field, thoroughly eliminate waste and promote effective improvements and automation.

4. CSR management (plant operation)
   • Promote global education and accept foreign technical interns.
   • Promote social contribution activities and carbon neutrality.

Results in Fiscal 2021 and Future Measures (Challenges)

Results

• We maintained operations under the COVID-19 pandemic and logistics disruptions, achieving total target production volume.
• Amid restrictions on movement, we strengthened operations on-site at our domestic plants and made specific improvements (capital investment) to the size mix of high-value-added products.
• We responded to sharply rising raw material and energy costs, and achieved a record scrap ratio (down 23% year on year) by cutting down on material costs and reducing scrap produced from defects. Waste production and energy consumption was significantly reduced.

Future Measures (Challenges)

• We will maximize production capabilities at domestic plants and further promote the shift to high-value-added products.
• We will roll out the IoT/BI model established domestically to overseas plants in phases. Using this technology, we will reduce scrap produced from defects (industrial waste) even more thoroughly and promote reduced energy usage, analyze trouble and work to streamline and speed up development work and other operations to innovate operations.
• We will launch a plan aimed at achieving complete carbon neutrality at a model plant (Shinshiro-Minami Plant).
MB (Multiple Business) Business Strategy

Shift Portfolio to Products with Highly Stable Earnings and Strong Growth Potential.

Based on the strategy of shifting the portfolio to products with highly stable earnings and strong growth potential declared in the YX2023 Medium-Term Management Plan, we will drive the growth of the MB business and establish a structure that can ensure stable earnings by concentrating resources in the Hose and Couplings business and Industrial Products business.

Yasuo Nakayama  Head of MB Div., Member of the Board and Officer

Key Measures

<table>
<thead>
<tr>
<th></th>
<th>Hose and Couplings</th>
<th>Industrial Products</th>
<th>Aerospace Products</th>
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<tbody>
<tr>
<td>1</td>
<td>Hydraulic hoses: Further expand market presence.</td>
<td>Conveyor belts: Establish a dominant presence in core-strength markets.</td>
<td>Decisively implement structural reforms that reflect the business environment.</td>
</tr>
<tr>
<td></td>
<td>Automotive hoses: Drive growth with new technologies in response to CASE.</td>
<td>Marine products: Maintain high market share and strengthen production bases.</td>
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<tr>
<td></td>
<td>Strengthen efforts toward a hydrogen-based society (hydrogen dispenser hoses).</td>
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</table>

Results in Fiscal 2021 and Future Measures (Challenges)

### Results

**Hose and Couplings**
- To cater to brisk demand for hydraulic hoses in the Chinese market, we decided to invest in increased production at production sites in China.
- Sales of hydraulic hoses mainly for construction machinery were strong.
- We succeeded in significantly reducing the weight of automotive air conditioning hoses with the use of rubber and resin polymer alloys.

**Industrial Products**
- We released the Flame GUARD Super 100 flame retardant conveyor belt with high temperature heat resistance.
- Conveyor belt got increased sales due to the strengthening of domestic sales.

**Aerospace Products**
- The contract with Boeing to supply water tanks for drinking water was renewed.

**Hamatite**
- Transfer of the Hamatite business to the Sika Group was completed in November 2021.

### Future Measures (Challenges)

**Hose and Couplings**
- We decided to invest in increased production at the Ibaraki Plant to swiftly respond to further increases in demand for hydraulic hoses.
- We have restructured the production system for the automotive hose business in the United States and Mexico.

**Industrial Products**
- To respond to the changing market environment, we decided to increase production capacity for conveyor belts at the Hiratsuka Factory.
- We began field demonstration tests of sensing systems to be installed in conveyor belts and marine hoses.

**Aerospace Products**
- With the aim of securing stable earnings, this has been integrated with the Industrial Products Div., which is highly compatible in terms of technology and skills, and we are striving to create synergies.

Major Products of the MB Business

- Hydraulic hoses fitted to construction machinery
- Conveyor belts that demonstrate exceptional heat resistance performance and durability
- Marine hoses for oil transportation
- Water tanks installed in commercial aircraft
Growth Strategies

PRGR (Pro Gear) Business Strategy

We Provide Excellent Products and Services Grounded in a Customer Perspective so that People Can Experience the Fun and Joy of Golf.

To provide excellent products and services, we will strengthen marketing, explore new technologies and pursue business activities based on transparent health and safety and compliance, aiming to sustainably enhance corporate value to create a prosperous society.

Hiroyoshi Hibino  President of PRGR Co., Ltd.

Key Measures

1. Building a product lineup and enhancing product power
   - Building a product lineup that matches respective user needs domestically and overseas
   - Exploring user needs and achieving the required performance in products

2. Marketing activities
   - Strengthening promotion and services utilizing digital technologies
   - Expanding and enhancing unique services at directly operated stores and utilizing test hitting data in product planning and development

3. Improving profitability
   - Ongoing business cost optimization
   - Optimization of the number of products rolled out and inventory turnover rate
   - Improvements to fixed production costs and SG&A expenses through activities to eliminate waste

Major New Products

- **RS JUST Series**: Released in July 2022 for Athlete Golfers
  - Innovative design that pushes the limits and the 4-point concentrated face for higher initial velocity and optimum amount of spin achieves even further ball flight distance.
  - Lineup:
    - Drivers (three types),
    - Fairways (3W, 5W, 7W),
    - Utilities (#3, #4, #5)

- **PRGR IRONS Series**: Phased Release from August 2020 to March 2022 for Athlete to Average Golfers
  - The PRGR IRONS series thoroughly pursues the ease of stance, hitting feel, distance performance, controllability and forgiveness required of irons for each targeted golfer.
  - Released Models:
    - 00, 01, 02, 03, 05

- **LS Series**: Released in June 2021 for Average Golfers
  - At the head speed generated by average golfers (average 40 m/s), balls travel further due to a higher initial velocity from the precise design, and optimized amount of ball spin and hitting angle.
  - Lineup:
    - Driver, Fairways (3W, 5W),
    - Utilities (#4, #5)

- **Sweep Series**: Released in May 2022 for Female Golfers
  - Due to a club design developed especially for women, at the head speed generated by female golfers (average of 30 m/s), the ball can be hit gently and achieve greater distance.
  - Lineup:
    - Driver, Fairways (4W, 7W),
    - Utilities (#5, #6), Iron Set, Putter
Digital Strategy

To Enhance Our Corporate Value, We Will Drive Enhanced Customer Value, Sustainable Process Innovation and Reforms to Corporate Culture Aimed at Further Growth with the Use of Digital Technologies.

Based on the HAICoLaB* data utilization framework, we will make use of digital technologies to reform processes and strengthen competitiveness as “Exploitation,” and expand services, promote work style reforms and drive a transformation aimed at sustainable growth as “Exploration.”

* A coined term based on “Humans and AI collaborate for digital innovation,” which also implies a joint research laboratory made up of people and AI (data/digital).

Masaki Nakamura  Associate Officer, Head of IT & Management System Planning Div.

Key Measures

1. Exploitation: Process reforms to improve competitiveness
   • Digital technology transfer and greater sophistication in product development, and expansion of production improvement activities through the digitalization of manufacturing
   • Streamlining and labor saving through the promotion of logistics DX and structural reforms to domestic sales

2. Exploration: Creating customer value (services)
   • Utilizing the expertise cultivated with TMS to streamline tire inspections and expand unique inspection services utilizing big data
   • Providing the information gained through demonstration testing to drivers and various business operators, sustainably contributing to safe and secure driving

3. Promoting work style reforms
   • Taking advantage of the relocation of the head office to develop an environment that facilitates swift decision making and enables individuals and the organization to fully demonstrate their potential
   • Improving productivity and achieving a shift to value creation through automation, streamlining and more in-depth communication

Results in Fiscal 2021 and Future Measures (Challenges)

Results

• We have independently developed a compound development and tire development system equipped with an AI engine and begun its practical application in tire design.
• We have started to collect and analyze data from production equipment using IoT as part of process improvement efforts.
• We have accumulated data from the demonstration testing of TMS and TPRS and are promoting utilization of the data for new solutions.
• We have boosted productivity through RPA, workflow development, paper reduction and other initiatives, and are promoting the shift to working styles that utilize digital technologies.

Future Measures (Challenges)

• By rollout out warehouse management systems across the organization, we will achieve traceability throughout the domestic supply chain by 2023.
• We will create new product value by making use of digital technologies such as AI and IoT, while working to increase the speed and reduce the costs of development.
• Based on the results obtained from demonstration testing, we will work to establish business models that contribute to safety and economy and strive to expand and enhance our services.
• To coincide with the relocation of the head office, we will promote swift decision making and accommodate satellite office and home office schemes.

TMS Tire Management System

Since the TMS service was launched in 2003, it has been utilized by 3,000 companies for a total of 30,000 vehicles as of June 2022. Due to environmental changes in the transportation industry (labor-saving action, etc.), the number of customers using the service has increased. Regular improvements are made to ensure swift and accurate inspections, and this has also enabled suggestions for tire utilization based on data accumulated by Yokohama over many years. The data can be utilized not only to facilitate safe driving and optimize costs but also for measures to address environmental issues.
Growth Strategies

Message from the Chief Financial Officer

Yokohama Achieved Record Highs in Both Sales and Profit.

The Yokohama Rubber Group has made steady progress towards achieving the targets laid out in the Yokohama Transformation 2023 (YX2023) Medium-Term Management Plan.

Gota Matsuo  Member of the Board and Managing Officer
Chief Financial Officer, Head of Corporate Administration Div., in charge of Corporate Finance & Accounting Dept., Head of CSR Div., in charge of IT & Management System Planning Div., President of Yokohamagomu Finance Co., Ltd., in charge of PRGR

Record highs were achieved in every metric. Sales revenue for the Yokohama Group in fiscal 2021 on an ongoing business basis excluding the Hamatite business* was ¥670,809 million (an increase of 21.7% year on year). On the profit front, business profit stood at ¥62,162 million (up 73.3%), with operating profit of ¥83,636 million (up 132.4%) in part from recording a gain on the transfer of the head office building. Profit attributable to owners of parent amounted to ¥65,500 million (a 148.9% year-on-year increase). Our core tire business was impacted by various factors including sharply rising raw material prices and logistics expenses, disruptions to international logistics networks and the COVID-19 pandemic, but both sales and profit increased due to price hikes taking root mainly in North America, and the continuing weakening of the Japanese yen.

* Due to the signing of an agreement with the Swiss-based Sika AG on the transfer of the Hamatite business on April 28, 2021, the Hamatite business was classified as a discontinued operation, and the reclassification was also made retroactively for the same period of the previous year. The transfer of the Hamatite business was completed in accordance with the above agreement on November 1, 2021.

Financial & Non-Financial Highlights

Financial Highlights

Sales Revenue

¥670,809 million

Business Profit

¥62,162 million

Business Profit Margin

9.3%

Sales revenue increased 21.7% year on year to ¥670,809 million, reflecting price hikes taking root in the tire business primarily in North America, and the ongoing depreciation of the yen.

Business profit increased 68.9% year on year to ¥62,162 million, in part reflecting a gain on the transfer of the head office building, in addition to growth in overseas tire sales. The business profit margin rose 2.8 points year on year to 9.3%.
### Profit Attributable to Owners of Parent

**¥ 65,500 million**

**13.9 %**

(RoE (Return on Equity))

### Net Income per Share

**¥ 276.40**

### Cash Dividends per Share

**¥ 65.00**

### Consolidated Payout Ratio

**23.5 %**

### Total Assets

**¥ 984,988 million**

**7.1 %**

(RoA (Return on Assets))

### Total Equity Attributable to Owners of Parent

**¥ 525,312 million**

**53.3 %**

(Ratio of Equity Attributable to Owners of Parent)

### Interest-bearing Debt

**¥ 177,234 million**

**0.34 times**

(D/E Ratio (Debt-to-equity ratio))

### Cash Flows from Operating Activities

**¥ 68,303 million**

### Cash Flows from Investing Activities

**¥ –4,479 million**

### Free Cash Flows

**¥ 63,824 million**

### Cash Flows from Operating Activities

**¥ 68,303 million**

### Cash Flows from Investing Activities

**¥ –4,479 million**

### Free Cash Flows

**¥ 63,824 million**

### Notes:

1. **RoE (Return on equity)**: Profit attributable to owners of parent / Average total equity attributable to owners of the parent × 100

2. **Consolidated payout ratio**: Cash dividends per share / Net income per share

3. **RoA (Return on assets)**: Profit attributable to owners of parent / Average total assets × 100

4. **Ratio of equity attributable to owners of parent**: Total equity attributable to owners of parent / Total assets

5. **D/E ratio (Debt-to-equity ratio)**: Interest-bearing debt / Total equity attributable to owners of the parent

6. **Free cash flows**: Cash flows from operating activities - Cash flows from investing activities

- Net income per share was ¥276.40, an increase of ¥112.31 year on year.
- Cash dividends per share were ¥65.0, a ¥1 year-on-year increase.
- The consolidated payout ratio was 23.5%, a year-on-year decrease of 15.5 points.
- Net cash provided by operating activities was ¥68,303 million, mainly due to an increase in profit before tax. Net cash used in investing activities was ¥4,479 million, chiefly due to purchases of property, plant and equipment. Free cash flows stood at ¥63,824 million.
Non-Financial Highlights

Greenhouse Gas Emissions (Scope 1-2) (Consolidated)

1,099 tons

Environmental factors
- Greenhouse gas emissions (Scope 1 and Scope 2) increased year on year, with Scope 1 emissions rising 15% and Scope 2 emissions rising 8% due to growth in production and sales overseas in particular. Emissions per unit of sales improved 8% year on year for Scope 1 + Scope 2.

Greenhouse Gas Emissions (Scope 3) (Consolidated)

25,701 tons

Environmental factors
- Greenhouse gas emissions (Scope 3) increased 14% year on year due to growth in production and sales overseas in particular. Emissions per unit of sales improved 6% year on year.

Total Energy Consumption (Consolidated)

1,858,043 MWh

Environmental factors
- Total energy consumption rose 11% year on year, due to growth in production and sales overseas in particular. Consumption per unit of sales improved significantly by 9% year on year.

Total Water Intake (Consolidated)

8,494 thousand m³

Environmental factors
- Total water intake rose 6% year on year due to growth in production and sales overseas in particular. Water intake per unit of sales improved 13% year on year.

Total Waste Volume (Consolidated)

52,558 thousand tons

Environmental factors
- Total waste volume rose 9% year on year. Waste volume per unit of sales improved significantly by 11% year on year due to improved yield from truck and bus tires.

Biodiversity Conservation Activity Implementation Rate at Production Sites

50%

Environmental factors
- The percentage of production sites implementing biodiversity conservation activities improved 1 point year on year.

Number of Production Sites Implementing Biodiversity Conservation Activities

21 sites

Environmental factors
- The number of production sites remains unchanged year on year partly due to the consolidation of production sites.
Cumulative Number of Trees Planted or Saplings Provided under YOKOHAMA Forever Forest Activities

1,089,655 trees

Cumulative CO2 Absorption and Fixation Volume

1,576 tons

The cumulative number of trees planted or saplings provided through YOKOHAMA Forever Forest activities increased 5% year on year to 1,089,655. CO2 absorption and fixation volume rose 16% year on year to a cumulative 1,576 tons.

As a result of promoting the hiring of people with disabilities, the employment rate of persons with disabilities (domestic) rose 0.05 point year on year.

Percentage of Women Employed in Comprehensive Work Positions (Non-Consolidated)

41 %

The percentage of women employed in comprehensive work positions (non-consolidated) improved 16 points year on year.

Cumulative Number of Trees Planted or Saplings Provided under YOKOHAMA Forever Forest Activities

Cumulative CO2 Absorption and Fixation Volume

The percentage of female employees (consolidated) declined 0.1 point year on year. The percentage of managerial positions filled by women (consolidated) increased 1.17 points year on year.

The practice of taking Child Care Leave B which can be taken starting from one day has taken root among male employees, and the number of employees who took child care leave totaled 237.

As a result of ongoing efforts to reduce the rate of lost-worktime injuries globally, the rate was maintained at 0.20.

Rate of Lost-Worktime Injuries (Consolidated)

0.20 million hours

Employment Rate of People with Disabilities (Domestic)*7

2.59 %

As a result of promoting the hiring of people with disabilities, the employment rate of persons with disabilities (domestic) rose 0.05 point year on year.

*7 Four companies, The Yokohama Rubber Co., Ltd., Yokohama Peer Support Co., Ltd., Yokohama Tire Japan Co., Ltd., Yokohama Industrial Products Japan Co., Ltd.
In 2008, Yokohama Rubber developed the CSR Management Vision and CSR Action Guidelines to promote CSR and sustainability management, and established the CSR Div. as the responsible division, as well as the CSR and Environmental Promotion Council (currently the CSR Council) chaired by the President, Chairman of the Board, to oversee CSR management. In 2014, based on the four areas and 10 principles of the United Nations Global Compact* and other international norms, we established the Yokohama Rubber Group Action Guideline, identified themes that have a significant impact on or are of high interest to both Yokohama and its stakeholders as material issues and iterated on the PDCA cycle while making continuous improvements to achieve those goals. In 2017, our 100th anniversary, we developed a CSR slogan, and have been aiming to achieve sustainable growth over the next 100 years in order to contribute to the realization of a sustainable society through our business activities.

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

Yokohama Rubber’s Sustainability

Process for Identifying Important Issues (Materiality)

Towards complying with Version 4 of the Global Reporting Initiative Guidelines (G4), the international guidelines for sustainability reporting, in 2014 Yokohama identified important issues (material aspects) in light of internal discussion and stakeholder feedback. Reviews of these important issues were undertaken in 2017 and 2020 in response to environmental changes and other developments, and we will continue to make revisions as needed in the future.

STEP 1 | G4 Gap Analysis
We referenced the G4 demands in relation to current information disclosure levels in CSR Report 2013 and ascertained the current status of compliant and non-compliant items. (Implemented January 2014)

STEP 2 | Prioritizing Issues
An analysis was conducted in accordance with the industries, business sectors and regions in which Yokohama operates. Following the analysis, priorities were assigned to the issues at Yokohama through discussions with related business units. (Implemented January to February 2014)

STEP 3 | Reflecting External Perspectives in the Priority of Issues
Interviews were conducted with five stakeholders. Based on the results of the interviews, priorities were determined from each aspect. (Implemented February to March 2014)

STEP 4 | Determining Important Issues
In light of the priority analysis conducted in steps 2 and 3, the important issues were determined in 2014.

Important Issues (Materiality) (Determined in 2014, Revised in 2017 and 2020)

| 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. |
## CSR and Sustainability Promotion System

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

### CSR and Sustainability Promotion Structure

- **Board of Directors**
  - President, Chairman of the Board
  - Management Meeting
  - Risk Management Committee (Chairman: Head of Corporate Administration Div.)
  - CSR Council (Chairman: President, Chairman of the Board)
  - Environment Council (Chairman: Head of CSR Div.)
  - Central Safety and Health Committee (Chairman: Head of CSR Div.)
  - Central Disaster Prevention Council (Chairman: Head of CSR Div.)
  - Corporate Compliance Committee (Chairman: Officer of CSR Div.)

## Material Issues (Materiality) and Improving Medium-to-Long-Term Corporate Value

Based on its CSR slogan of “Caring for the Future,” Yokohama links the five Material Issues of “Products,” “The Earth,” “People,” “Community” and “Corporate Governance” with its business strategy, and in keeping with its Basic Philosophy, “To enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.”

In addition to initiatives aimed at carbon neutrality and the circular economy, we tackle all important issues under ESG, including biodiversity, social contribution, coexistence with local communities, respect for human rights, diversity and corporate governance, and link these efforts with the sustainable improvement of corporate value.

### Basic Philosophy:

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

#### The Earth
- Leave a sound environment to future generations
  - Biodiversity conservation
  - Corporate contribution

#### Community
- Earn the confidence of our neighbors
  - Respect for human rights
  - Diversity & inclusion
  - Work-style reforms

#### Products
- Deliver fun and peace of mind
  - Zero CO2 emissions from the production of OE tires
  - Circular economy
  - Expand use of sustainable materials in motorsports tires
  - Coexistence with nature
  - YOKOHAMA Forever Forest
  - Support for sustainable naturel rubber procurement

#### People
- Build on each other’s strengths
  - Respect for human rights
  - Diversity & inclusion
  - Work-style reforms
  - Staff training
  - Employees’ health & safety

#### Corporate Governance
- Lay a solid foundation for fulfilling social expectations
  - Medium-term performance-linked remuneration system
  - Diverse Board of Directors
  - Stronger risk management
  - Stronger compliance system

### Selected as a Constituent Stock of the FTSE Blossom Japan Sector Relative Index

Yokohama was selected as a constituent stock of the FTSE Blossom Japan Sector Relative Index, an equity index designed to reflect the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices. This index has been selected by Japan’s Government Pension Investment Fund (GPIF) as one of the indices that guide its ESG-based investments.

Yokohama is also a constituent stock in two other ESG indices used by the GPIF to guide its investment in Japanese companies—the FTSE Blossom Japan Index, in which Yokohama has been a constituent for five straight years, and the S&P/JPX Carbon Efficient Index. The Company’s stock has also been included in the FTSE4Good Index Series, a global family of ESG-based investment indices, for 17 consecutive years.
Initiatives of Sustainability

People I (Respect for Human Rights, Diversity & Inclusion)

Yokohama Rubber respects human rights both internally and externally and develops employee-friendly environments in which everyone can be safe and secure. We aim to be a company in which people can fully demonstrate their abilities, regardless of gender, nationality, age or other attributes.

Respect for Human Rights

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 are 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 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 taking into consideration the scope of such impact. Accordingly, we have established the Yokohama Rubber Group Action Guidelines to indicate our internal and external efforts to respect human rights and to define the actions to be taken by our employees.

Furthermore, based on the United Nations Guiding Principles on Business and Human Rights*, 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 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.

Respect for International Human Rights Norms

The Yokohama Group supports and respects the International Bill of Human Rights, which includes the United Nations Universal Declaration of Human Rights that stipulates the fundamental human rights equally entitled to; the Guiding Principles on Business and Human Rights; the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, which stipulates fundamental labor 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).

Note that 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 (Established on April 2022)

1. Positioning of the Human Rights Policy
2. Respect Human Rights
3. Implementation of Human Rights Due Diligence
4. Issues Related to Human Rights
5. Grievance Mechanisms
6. Education
7. Information Disclosure

WEB

The Yokohama Rubber Group Human Rights Policy

Major Human Rights Issues

1. Discrimination
The Yokohama Group does not, under any circumstances, engage in any form of discrimination on the basis of nationality, race, ethnicity, gender, age, disability, social background, gender identity, sexual orientation, political views or otherwise.

2. Harassment
The Yokohama Group does not tolerate conduct that unreasonably harms the dignity of workers or any form of harassment, whether mental or physical.

3. Forced labor and child labor
The Yokohama Group does not tolerate any form of modern slavery in its business activities in any country or region, including child labor below the working age stipulated by the laws of the relevant country, forced labor and human trafficking.

4. Freedom of association and right to collective bargaining
The Yokohama Group respects the rights granted to workers including freedom of association and the right to collective bargaining, and endeavors to build, maintain and improve trust and healthy cooperative relationships through a dialogue between labor and management.

5. Occupational health and safety
We regard health and safety as the basis of everything we do, and make every effort to prevent occupational accidents and create a workplace that is healthy and comfortable both mentally and physically.

6. Impact on local communities
The Yokohama Group acknowledges that there are matters concerning land rights, water management, the rights of indigenous peoples and other issues in the local communities that are affected by its business activities. In the local communities in which we operate, we will fulfill our responsibilities to respect human rights and aim to make sustainable contributions to the community.
Diversity & Inclusion

Basic Approach
Yokohama aims to create an employee-friendly environment where employees can fully demonstrate their abilities, regardless of gender, nationality, age or other factors. In 2016, we established the Women’s Participation and Advancement Taskforce, and in 2019 it was renamed as the Diversity Promotion Taskforce to coincide with an expanded scope of activities. Through activities to raise awareness of diversity and inclusion (D&I), the task force works to create a corporate culture in which a diverse range of human resources can succeed while accepting and respecting one another, and strives to create new value beyond conventional boundaries.

Specifically, we promote the advancement of women, provide support for child and family caregivers, conduct seminars to facilitate the acceptance and understanding of people with disabilities and LGBTQ+*, and promote the development of workplace environment that is comfortable for a diverse range of human resources.

* LGBTQ+: An umbrella term describing sexual minorities including those who identify as lesbian, gay, bisexual, transgender, transsexual or questioning.

D&I Measures
To achieve our vision, we have implemented the following measures.

Recruitment from Many Sources
We recruit new graduates on a stable basis reflecting a long-term perspective. Based on our business needs, we also recruit experienced talent (mid-career hires). In addition, we promote and assign the most appropriate human resources for each job from various perspectives, including older human resources and early internal appointments.

Employment of Persons with Disabilities
In the employment of persons with disabilities, to date we have focused on jobs in which people can succeed regardless of disabilities within our existing operations, and have periodically accepted new graduates at each business site. Going forward, we will continue to develop new business operations as we broaden the scope of employing persons with disabilities.

Employment of Older Human Resources
Yokohama Business Association Co., Ltd., a wholly owned subsidiary of Yokohama Rubber, rehires staff members who have reached mandatory retirement age and dispatches them to Yokohama. This provides an opportunity for employees with a strong willingness to work to continue to flourish utilizing their extensive knowledge and experience until they reach age 70.

Support through Seminars and Other Activities
We conduct various seminars designed to support the successes of a diverse range of human resources, including seminars to strengthen diversity management capabilities, career development support seminars designed to promote female advancement, exchange sessions between employees balancing their careers with child-rearing and health seminars (mental health measures, harassment prevention measures, breast cancer, uterine cancer, menopause, sleep disorders, etc.).

Participation in work with Pride 2021
Yokohama was one of the companies participating in the work with the Pride 2021 Organizing Committee formed by work with Pride, a voluntary group that supports the promotion and instilment of diversity management relating to sexual minorities such as LGBTQA+ at the workplaces of companies, groups and other entities. The committee conducted activities to plan and operate a conference about LGBTQA+ and the workplace.

Future Tasks
• Global Diversity
At the Yokohama Group, where overseas sales account for 60% of all sales, we recognize the need for organizational structures in which local human resources well versed in the local language and culture operate business as regional managers in order to prevail amid global competition. We will also do more to develop workplace environments that enable foreign nationals working at our domestic sites to succeed.

• Improving the Percentage of Managerial Positions Filled by Women
As of December 31, 2021, the percentage of managerial positions filled by women at Yokohama was 1.12% (8.53% Groupwide). However, since fiscal 2007 when the percentage of new graduate hires who were female surpassed 20% for the first time, the employees who have joined Yokohama are increasingly candidates for managerial positions, and going forward, we expect the number of female employees in managerial positions to increase. We also utilize an early promotion system with the aim of further facilitating the success of female management personnel.

• Employing People with Disabilities through Yokohama Peer Support Co., Ltd.
Yokohama Peer Support is a special subsidiary of Yokohama Rubber and was established in 2012 to create opportunities to employ persons with disabilities. The services performed by its employees include the cleaning of more than 160 locations in the Hiratsuka Factory such as restrooms, various meeting rooms and break areas, greening work, the sorting and dispatching of postal and internal mail, and the creation of business cards. Recruitment has continued periodically each year since the company’s establishment, and as of December 2021, the company employs 43 people, mainly those with intellectual disabilities.

By having instructors who mainly comprise past employees of Yokohama who carefully guide these employees each day, we strive to create a workplace environment in which each person can go about their duties with peace of mind. Additionally, not only offering regular consultations but also individual interviews twice a year, we endeavor to stay abreast of employees’ career goals, requests or concerns and improve the employee retention rate.
Yokohama Rubber respects diverse styles of working and supports its employees in finding a healthy balance between work and home life. We also strive to enhance the value of human capital by developing and selecting added-value talent, assigning the right people to the right jobs, and creating a pleasant workplace where people can work in good health.

**People II (Workstyle Reforms, Human Resources Development, Occupational Health and Safety)**

Yokohama Rubber respects diverse styles of working and supports its employees in finding a healthy balance between work and home life. We also strive to enhance the value of human capital by developing and selecting added-value talent, assigning the right people to the right jobs, and creating a pleasant workplace where people can work in good health.

**Workstyle Reforms**

Integration of the Head Office and Hiratsuka Factory

In March 2023, we plan to integrate the Head Office and Hiratsuka Factory. By doing so, we will achieve the unified operation of planning, production, sales, technology and distribution, and enable speedy decision making.

- Achieving Speedy Decision Making through Site Integration

Executing Operations Regardless of Time or Location

Today, as we seek ways to “New Normal of living with COVID-19,” Yokohama will use the integration of the Head Office and Hiratsuka Factory as an opportunity to introduce home office and satellite office schemes, upgrade work-at-home and flex work systems, and drive other workstyle reforms that will allow people to continue working regardless of time or location, and even when undergoing various life events.

**Specific Measures**

Home Office Scheme

Following the integration of the Head Office and Hiratsuka Factory, we will introduce a Home Office Scheme where employees who end up having to commute long distances will have offices developed at their homes at Yokohama’s cost and will basically work from home without maintaining a fixed desk at the office.

Establishment of Tokyo Office and Satellite Offices

In connection with the integration of the Head Office and Hiratsuka Factory, a Tokyo Office at Shinagawa Intercity and satellite offices will be established.

Upgrading of Work-from-Home and Flexible Work Systems

By making enhancements to working systems, such as removing the upper limit on the number of days that can be used with the work-from-home system, instituting a flex-time system that eliminates core hours and offering a flex-time system with shortened working hours, we will further improve employees’ work-life balance and put in place systems that enable them to produce work results regardless of time or location.

**Human Resources Development**

Basic Approach

For the global Yokohama Rubber Group, assigning “professional human resources” who maintain a strong willingness to achieve 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 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.

Developing and Selecting Value-Added Human Resources

We will develop young employees as value-added human resources, and quickly promote selected human resources to important positions on an irregular basis with a focus on performance.

Assigning the Right People to Important Positions

We will assign the right people to important positions based on their achievements, and when the right person cannot be found internally, actively hire high-level staff from outside.

Linking Compensation with Duties and Performance

We will introduce a job-based system for managerial positions and adopt a compensation structure where salary is paid based on duties, and bonuses are paid based on performance.

Message from the Officer in Charge of Human Resources

Shingo Ishimitsu

Officer, Head of HR Dept.

To achieve the YX2023 business strategies and technology strategy, we must create an environment in which a diverse range of human resources can leverage their individual strengths and succeed to the fullest. To do so, I believe the important challenge we face is eliminating prejudices based on gender, LGBTQ+, disabilities and other attributes, as well as fostering a corporate culture where a diverse range of human resources can mutually respect their wide variety of working styles.

While COVID-19 has brought significant changes to the way we work, we will adapt to these changes and develop environments to ensure that all employees can succeed even more. We will also create workplaces where employees can continue to work with peace of mind as we balance comprehensive measures to prevent the spread of infection with business continuity. All of our activities are rooted in the health of our employees, and we will continue with diligent health promotion efforts.
### Occupational Health and Safety

#### Basic Approach

Occupational accidents within the Yokohama 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 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.

#### Measures for Achieving Our Vision

We will implement the following seven measures to create workplaces that enable employees to work in a safe and healthy manner.

1. **Strengthening safety measures for equipment and work**
   - Implement risk assessments for all equipment and work, and create facilities so that sources of danger cannot reach or be reached by human bodies, and for the prevention of recurrence of similar accidents.

2. **Developing safety-conscious human resources**
   - Conduct One-on-One education to develop safe personnel. Reinforce Step-Call-Wait procedure and countermeasures in response to risk causes. Implement KYT (Kiken Yochi Training/hazard prediction training), sampling and improvement of near-miss incidents, and hazard demonstration training in order to improve sensitivity towards risks.

3. **Development of standard work manuals**
   - Identify unsafe places and unsafe behaviors and review standard work through open work observation.

4. **Promoting both physical and mental health**
   - Strengthen mental health countermeasures (management of working hours, face-to-face guidance and work improvement suggestions for employees working long hours, education for improving communication skills through attentive listening training classes and conducting stress checks).

5. **Improvements in workplaces**
   - Carry out chemical substances risk assessment, improvements in personal protective equipment and facilities, development and working methods, and thoroughly enforce the 5Ss (seiri [tidiness], seiton [being organized], seiso [cleanliness], seiketsu [hygiene], and shitsuke [discipline]) and improve of high temperature work environment.

6. **Prevention of traffic accidents**
   - Conduct accident prevention activities and identify risk points on commuting routes in order to achieve the target of zero accidents resulting in injury or death.

7. **Establishment of a safety and health platform**
   - Ensure continuation and spiral up of Occupational Health and Safety Management System, development of training system for each level, enhancement of the checking function through top management diagnosis, safety patrols, safety diagnosis and diagnostic follow-up.

#### Future Tasks

**Creating a Zero-Risk Workplace**

We continually conduct risk assessments on all facilities and tasks and implement safety measures for equipment that place a particular emphasis on “isolation from hazard sources.”

By implementing ongoing safety education, conducting risk prediction training, introducing a certification system for hazardous work and through other efforts, we develop safety-conscious human resources who have a sensitivity toward risks and aim to create a zero-risk workplace.

**Improving the Environment at Manufacturing Sites, including Measures to Deal with Heat**

As many Yokohama sites use heat in the manufacturing process, measures to deal with heat are one of the most important challenges. In addition, to create a healthy and comfortable workplace, we also take measures to improve hygiene and the quality of cafeterias, as well as to save on labor and lighten workloads.

**Promoting Health and Productivity Management**

To create a workplace where employees can work for a long time in good health, we tackle health and productivity management through Collaborative Health* in conjunction with health insurance societies and promote improved health and physical fitness.

* Collaborative Health: An approach where insurance providers and business operators 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.

### Health and Productivity Management Structure

- **System for Safety and Health Management**
  - Safety and Health Management Dept.
  - Central Safety and Health Committee
  - Safety and Health Committee in each site
  - Health and Safety Subcommittee
- **Collaborative Health**
  - Health Insurance Societies
  - HR Dept.
  - Industrial Physicians
  - Public health nurses
- **All workers**
Initiatives of Sustainability

Community

The business activities of the Yokohama Rubber Group impact various aspects of the local communities in which we operate. To continue our business activities, it is of the utmost importance that we meet the expectations of local communities by communicating with them, and recognizing the issues they face and how the Yokohama Group impacts them. We recognize that the Yokohama Group itself is a stakeholder in these regions in which it operates and has a shared interest with those local communities. We therefore want to make every effort to solve issues in these local communities and contribute to their development.

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 Group endeavors to build good relationships with local communities in terms of the environment, laws, culture, customs and the economy.

YOKOHAMA Magokoro Fund
• Giving shape to the sincerity (Magokoro) of employees
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 yen per month), and makes donations to support groups tackling social issues or as relief funds in the wake of disasters. Yokohama has also introduced a system to match any donations made by the fund yen-for-yen.

As of December 31, 2021, around 44% of employees are enrolled as members of the fund.

YOKOHAMA Magokoro Fund

• Support provided in fiscal 2021
In 2021, support provided by the fund totaled 4,898,000 yen (including disaster relief funds).

The main recipients of support were as follows.

• Japan Hair Donation & Charity Nonprofit Organization
• Public interest incorporated association Chance for Children
• 2021 Izusan Landslide (Atami-shi, Shizuoka Prefecture)

Initiatives at Domestic Sites
• Medical assistance in response to the COVID-19 pandemic
In March 2021, the Hiratsuka Factory donated 100 passenger vehicle tires to Kanagawa Prefecture. The donated tires were fitted to the dedicated vehicles used to transport COVID-19 patients used at 21 health department facilities throughout the prefecture. The YOKOHAMA Magokoro Fund also provided support in the amount of 100,000 yen to cover some of the costs of changing tires.

In June 2021, the Mie Plant donated 40 passenger vehicle tires to Mie Prefecture. The donated tires were fitted to government vehicles used to transport COVID-19 vaccines procured by Mie Prefecture to vaccination sites such as hospitals and public health centers.
Initiatives at Overseas Sites

• Support for the Laojunshan Project (China)
Yokohama Rubber (China) Co., Ltd. (Y-CH), the controlling subsidiary 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 a unique effort 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.

Y-CH supports the project in coordination with the Lijiang Health and Environment Research Center, and has established a “Village Bank” to provide the loans necessary to convert to agricultural and livestock production, donated equipment, launched a sales organization and established mechanisms enabling village residents to turn their produce into revenue, including support for youth education. There is also a focus on passing on the folk culture of the Lisu people, an ethnic minority living in the Laojun Mountain area. The project provides tools for making traditional textiles and musical instruments, conducts workshops and donates ethnic musical instruments.

The Yokohama Group will continue to support the Laojunshan Project and efforts to pass on the culture of ethnic groups while facilitating efforts to establish a good cycle of the environment, economy and culture.

• Educational support for schools (India)
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.

• Disaster relief (Thailand)
Y.T. Rubber Co., Ltd. (YTRC), a Thailand-based natural rubber processing subsidiary, has been supporting the residents of nearby villages who were affected by flooding in 2021 by providing rice and fresh water.

Completion of tree planting for forest tide embankment

Utilizing the expertise in tree planting gained from YOKOHAMA The Forever Forest Activities, in April 2022 the development of forest tide embankments along the Kozuchi River in Otsuchi, Iwate Prefecture, which started in 2012, was completed as part of relief activities in the wake of the Great East Japan Earthquake.

Tree planting activities have been held nine times, between interruptions due to the COVID-19 pandemic, attracting local residents of Otsuchi, students of Otsuchi Gakuen and employees of Yokohama as volunteers. Seedlings grown and planted from seedlings collected from the local Otsuchi area and Tohoku region numbered 25,000 in total along a stretch roughly 300 meters long, and seedlings planted in 2012 when the last children to take part in the tree planting efforts were born have grown to a height of five meters, rising to a height that provides thick shade from the sun.

The forest tide embankment, given the name “Heisei Forest,” features trees that are approximately five meters high and around 15 meters in width, with rubble from the earthquake spread out as a foundation and covered with soil. In addition to the interest of biodiversity preservation, growing the trees to large sizes is expected to sap the energy of tsunami waves. Yokohama will continue to work with local volunteers to conduct weeding and improve the environment.
THE YOKOHAMA RUBBER CO., LTD.   Integrated Report 2022

The Earth

Yokohama 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. Yokohama will accelerate efforts towards a decarbonized society while conducting research and development into sustainable materials and expanding their usage percentage, and contribute to the realization of a sustainable society through biodiversity preservation activities.

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 YX2023 medium-term management plan, we have established the slogan of “Caring for the Future” and pursue activities based on the following three pillars.

<table>
<thead>
<tr>
<th>Medium-to-Long-Term Goals and the Road Map for Achieving Them</th>
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</thead>
<tbody>
<tr>
<td><strong>Carbon Neutrality</strong></td>
</tr>
<tr>
<td>• 2030: 38% reduction (compared with 2013 levels) in CO2 emissions from our own activities</td>
</tr>
<tr>
<td>• 2050: Net zero CO2 emissions from our activities</td>
</tr>
<tr>
<td><strong>Circular Economy</strong></td>
</tr>
<tr>
<td>• 2030: At least 30% renewable/recycled raw material usage</td>
</tr>
<tr>
<td>• 2050: 100% sustainable raw materials</td>
</tr>
<tr>
<td><strong>Coexistence with Nature</strong></td>
</tr>
<tr>
<td>• YOKOHAMA Forever Forest Activities: 1.3 million cumulative trees planted and saplings provided by 2030</td>
</tr>
<tr>
<td>• Promotion of sustainable natural rubber procurement</td>
</tr>
<tr>
<td>• Biodiversity preservation activities compatible with local ecosystems</td>
</tr>
</tbody>
</table>

Initiatives to Achieve Carbon Neutrality

We aim to reduce CO2 emissions from our own activities by 38% compared with 2013 levels by 2030, and achieve net zero CO2 emissions by 2050. At our production sites, we will use the Shinshiro-Minami Plant as a model plant for achieving carbon neutrality by 2030, roll out that know-how to other plants in Japan and overseas and strive to achieve carbon neutrality across all plants by 2050. As a company-wide activity beyond manufacturing sites, we will continue to implement 1% annual in-house improvement activities that promote improvements and revisions to facilities, equipment and transportation processes, and aim to achieve carbon neutrality.

Initiatives to Tackle the Circular Economy

We will strive to make the raw materials we use 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.
**Initiatives Promoting Coexistence with Nature**

**YOKOHAMA Forever Forest Activities**

YOKOHAMA Forever Forest Activities were started in 2007 as an effort to plant 500,000 saplings utilizing potential natural vegetation at production and sales-related sites in Japan and overseas by 2017, the 100th anniversary of Yokohama. Starting with tree planting activities implemented on November 11, 2007 at the Hiratsuka Factory, we planted trees at 14 sites in Japan and 21 overseas sites in eight countries, reaching the target of 500,000 trees in September 2017. By the end of 2021 we had planted 628,000 trees and provided 462,000 saplings, for a combined number of 1.09 million. We will promote these activities at each site in Japan and overseas as an ongoing effort, and continue with activities to reach our combined target of 1.3 million trees planted and saplings provided by 2030.

Leveraging the knowledge we have accumulated to:

**Sustainable natural rubber procurement**

Natural rubber accounts for around 20% of the raw materials used by the Yokohama Group, and as a raw material it is essential for us to provide customers with our products without interruption. To fulfill our responsibility as a global tire manufacturer, Yokohama takes part as a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR)*1, which was launched at the initiative of the Tire Industry Project (TIP)*2 as part of the World Business Council for Sustainable Development (WBCSD)*3.

In October of the same year, we also formulated our own Procurement Policy for Sustainable Natural Rubber.

**Activities to preserve biodiversity**

The Yokohama Group strives to preserve biodiversity from a long-term perspective, based on the recognition that it uses biological resources such as natural rubber and that its business activities impact biodiversity.

At our plants, we create biotopes, engage in the Forever Forest activities in coordination with local residents and date, we hope to contribute to efforts to curb global warming and preserve biodiversity by continuing with this initiative through tree planting activities at factories and other sites, and the provision of seedlings and tree planting expertise.

Based on the Procurement Policy for Sustainable Natural Rubber, the Yokohama Group works to establish traceable system, protect human rights, labor and the environment, and engage in related activities. The Yokohama Group also engages in its own unique initiatives, including agroforestry efforts where our subsidiary Y.T.RUBBER CO.,LTD.(YTRC) provides support for widespread adoption to neighboring farms, and the provision of expertise cultivated through YOKOHAMA Forever Forest Activities.

*1 GPSNR: Global Platform for Sustainable Natural Rubber
*2 TIP: Tire Industry Project
*3 WBCSD: World Business Council for Sustainable Development

Conduct monitoring to assess our business impact through surveys of living creatures. A total of five sites (Hiratsuka Factory, Onomichi Plant, Ibaraki Plant, Mie Plant and Shinshiro Plant) have obtained Office in Harmony with Nature® certification (ABINC certification) from the Association for Business Innovation in Harmony with Nature and Community (ABINC).

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**Engagement Events with Suppliers**

As a part of activities to procure sustainable natural rubber, Yokohama conducts many engagement events around the world, including seminars and Suppliers’ Day activities for natural rubber suppliers.

The Suppliers’ Day in May 2022 was held in an online format, but 180 representatives from natural rubber producers, trading firms and other organizations took part from around the world. We have asked suppliers for cooperation on specific initiatives as part of our sustainable natural rubber procurement activities, deepened shared understanding with suppliers and strengthened partnerships by recognizing suppliers that have made particular contributions.

In June, as a part of our farm support activities, we conducted seminar events on improving the quality and productivity of natural rubber for natural rubber farmers in Thailand. The natural rubber farmers that took part have also helped in conducting follow-up surveys on natural rubber properties and productivity.

Trophies presented to supplier award winners

Natural rubber farmers who took part in the seminar event
Corporative Governance

Senior Management  As of July 1, 2022

Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Masataka Yamaishi</td>
<td>President, Chairman of the Board</td>
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<tr>
<td>Gota Matsuo</td>
<td>Member of the Board and Managing Officer</td>
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Directors and Auditors with the Skills Needed for Implementing Management Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Corp mgt</th>
<th>Mgt strategy</th>
<th>HR policies &amp; development</th>
<th>Overseas knowledge</th>
<th>IT business</th>
<th>Tech development &amp; quality</th>
<th>Procurement/ Pkg/ Proc/ technology</th>
<th>SCM</th>
<th>Finance &amp; accounting</th>
<th>Governance</th>
<th>Internal controls</th>
<th>ESG/CSR</th>
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Note: ● entered for maximum of 4 skills or areas of specialization for each director and auditor, chart does not indicate all the skills or professional knowledge possessed by the directors and auditors.
Audit & Supervisory Board Members

Osamu Mikami
Audit & Supervisory Board Member

Hisao Uchida
Audit & Supervisory Board Member

Atsushi Kamei
Audit & Supervisory Board Member (Subsidiary)

Megumi Shimizu
Audit & Supervisory Board Member (Subsidiary)

Hiroki Kimura
Audit & Supervisory Board Member (Subsidiary)

Officers

Shinichi Takimoto
Senior Managing Officer, President and CEO of Yokohama Corporation of North America, Chairman of Yokohama Tire Corporation, CEO of Yokohama Tire (Canada) Inc., CEO of Yokohama Tire Mexico, S. de R.L. de C.V.

Jeff Barna
Senior Managing Officer, President and CEO of Yokohama Tire Corporation

Tadaharu Yamamoto
Managing Officer, Assistant to President, Head of Tire Logistics Div.

Tomooji Miyamoto
Managing Officer, Head of Japan Replacement Tire Sales & Marketing Div., Member of the Board of Yokohama Tire Japan Co., Ltd.

Katsuhiko Yahata
Managing Officer, President of Yokohama Tire Japan Co., Ltd., Deputy Head of Japan Replacement Tire Sales & Marketing Div.

Yoshikuni Nakamura
Managing Officer, Head of Tire Overseas Sales & Marketing Div., Chairman of Yokohama Asia Co., Ltd.

Masahiro Yuki
Officer, Chairman of Yokohama Rubber (China) Co., Ltd., Chairman of Yokohama Tire Sales (Shanghai) Co., Ltd., Chairman of Hangzhou Yokohama Tire Co., Ltd., Chairman of Suzhou Yokohama Tire Co., Ltd., Chairman of Yokohama Industrial Products - Hangzhou Co., Ltd., Chairman of Yokohama Industrial Products Sales - Shanghai Co., Ltd., Vice Chairman of Shandong Yokohama Rubber Industrial Products Co., Ltd.

Hiroyuki Shioiri
Officer, Chairman of Yokohama Europe GmbH, Chairman of Yokohama Scandinavia AB, Chairman of Yokohama H.P.T. Ltd., Chairman of Yokohama Iberia S.A., Chairman of Yokohama France S.A.S., President of Yokohama Danmark A/S, President of Yokohama Suisse SA, President of Yokohama CEE Špolká z.o.o.

Satoshi Fujitsu
Officer, Head of O.E. Tire Sales & Marketing Div.

Kazuhiro Yanadori
Officer, Head of Procurement Div., President of Yokohama Rubber Singapore Pte. Ltd.

Hiroyuki Narabayashi
Officer, Head of Corporate Quality Assurance Div.

Takehisa Morimoto
Officer, Chairman and President of Yokohama Tire Manufacturing Mississippi, LLC.

Shingo Ishimitsu
Officer, Head of HR Dept., President of Yokohama Peer Support Co., Ltd., President of Yokohama Rubber Health Insurance Society., President of Yokohama Rubber Co-op.
Corporate Governance

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

Corporate Governance Policy and Structure

- Basic Corporate Governance Policy
  1. Ensuring shareholders’ rights and equality
  2. Appropriate collaboration with stakeholders other than shareholders
  3. Ensuring appropriate information disclosure and transparency
  4. Responsibilities of the Board of Directors
  5. Dialogue with shareholders

* Only items listed. See the Yokohama website for details.

In addition, to strengthen the strategic functioning of top management, we have established an Executive Committee on which directors serve as key members. The committee monitors the achievement status of business plans and deliberates matters concerning business strategy. Important matters discussed at the Executive Committee are reported to the Board of Directors together with a summary of such matters, and those of the highest priority (as stipulated by the Board of Directors Regulations) are also discussed by the Board of Directors.

Management Audit Oversight

The Company has an Audit & Supervisory Board that serves as an audit function for management, and consists of five members in total, two internal Audit & Supervisory Board members, and three outside Audit & Supervisory Board members. A system has been established for Audit & Supervisory Board members to learn of the state of business execution by attending important meetings and committees including the Executive Committee. The auditing structure comprises audits conducted by Audit & Supervisory Board members to audit directors in the performance of their duties, financial auditing conducted by independent public accountants as outside audits and financial and business audits of each executive department and Group company conducted by the Internal Audit Dept.

These activities maintain independence from each other and serve to establish a three-way audit structure. At the same time, Audit & Supervisory Board members receive information from independent public accountants and the Internal Audit Dept. as appropriate in an effort to strengthen audit functions.
Overview of Officer Remuneration
Traditionally, Yokohama has paid directors (excluding outside directors) basic remuneration and annual bonuses as monetary remuneration under a system where the annual bonuses fluctuate according to Company-wide performance in each fiscal year and the attainment level of individual results for each director.

In addition, with the aim of ensuring the sustainable improvement of corporate value and greater sharing of value with shareholders, the Ordinary General Meeting of Shareholders held in 2018 resolved to introduce a restricted stock compensation system for directors (excluding outside directors). This system was extended to executive officers from 2020.

Starting in 2021, a medium-term performance-linked remuneration system was introduced for directors (excluding outside directors) and executive officers, with the aim of further incentivizing the achievement of quantitative targets in the Medium-Term Management Plan.

Eligibility for Medium-Term Performance-Linked Remuneration

The officers eligible for medium-term performance-linked remuneration as of March 30, 2022 are as follows.

<table>
<thead>
<tr>
<th>Position</th>
<th>Number of persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative Director</td>
<td>1</td>
</tr>
<tr>
<td>Member of the Board and Managing Officer</td>
<td>2</td>
</tr>
<tr>
<td>Member of the Board and Officer</td>
<td>3</td>
</tr>
<tr>
<td>Officer</td>
<td>13</td>
</tr>
</tbody>
</table>

Method for Calculating Medium-Term Performance-Linked Remuneration

The applicable period is the three years from fiscal 2021 to fiscal 2023 that represent the quantitative target of the Group’s Medium-Term Management Plan. The standard is set at a cumulative consolidated business profit of ¥180 billion in total, with the remuneration calculated for all eligible persons according to the following formula.

Monthly remuneration is the remuneration set for each position in April 2021, and if a position changes part way through the applicable period, the calculation is to be made based on the monthly remuneration in the month the new position was assumed. For eligible persons, an individual monetary limit of ¥84.78 million is set.

Medium-term performance-linked remuneration will be paid in cash within one month of the day following that day on which the cumulative consolidated business profit during the applicable period has been finalized at the first Ordinary General Meeting of Shareholders held after the end of the applicable period.

<table>
<thead>
<tr>
<th>Cumulative consolidated business profit over the applicable period</th>
<th>Calculation method</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥100 billion or more</td>
<td>Monthly remuneration × 12 months × payment factor of 1.5</td>
</tr>
<tr>
<td>70% or more but less than 100%</td>
<td>Monthly remuneration × 12 months × payment factor of 1.5</td>
</tr>
<tr>
<td>Payment for less than 70%</td>
<td>No payment</td>
</tr>
</tbody>
</table>

A breakdown of the names, positional categories and remuneration amounts are listed below for those officers whose total remuneration including consolidated remuneration exceeded ¥150 million for fiscal 2021.
I believe that the key in corporate management is to properly recognize the company’s strengths as well as issues and to determine the direction that the company should aim for. While it is necessary to individually respond to recent business keywords such as environmental issues, sustainability, compliance, governance, IoT, and digital transformation (DX), the starting point is the ability to concretely envisage the ideal and target image of the company from a long-term perspective, and the attitude of leaders themselves to visit worksites and grasp the current situation.

With regard to governance and compliance, it is my opinion that Yokohama Rubber comprehends socio-economic trends accurately and implements swift responses. On the other hand, there is still room for improvements in terms of safety and quality. In order to thoroughly ensure the very basics of safety and quality in the workplace, I believe that Yokohama should enhance functional and human resources that connect the head office with worksites. I expect that the relocation of the head office from Tokyo to Hiratsuka will act as one key catalyst for such enhancement.

In terms of business development, Yokohama is swiftly implementing new growth initiatives such as reorganizing part of the MB segment to consolidate management resources and focusing on the commercial tire business. Nevertheless, I feel that there is still room for a higher level of QCD improvement capabilities at the production sites. Although the diversifying production mix will make it even more difficult to continue improvement activities, it is important to pursue a process to produce good products while ensuring safety at the production sites and make steady improvements. Such activities will be linked to supply chain management (SCM) and manufacturing-sales collaboration, combining the capabilities in human resources development and IT. I would like to contribute to these initiatives by making use of my own expertise.

At meetings of the Board of Directors, I speak frankly on issues such as production and supply matters and human resources development. However, there are difficulties in covering every and all issues and practicing a worksite-focused approach merely by attending meetings. In the future, I would like to take more opportunities of activities that involve visiting workplaces and thinking together with workers.

FY2021 was the first year of the Yokohama Transformation 2023 (YX2023) medium-term management plan. While the achievement of the goals set in the YX2023 has great significance and responsibility, it is also important to value the sense of achievement and motivation of workers in every department who underpin daily corporate activities. How can Yokohama enhance not only our output as a result indicator, but also the fulfillment of functions such as production, sales, R&D and management? I would like to continue to make proposals from an objective perspective.

For the benefit of stakeholders, it is essential to appropriately communicate Yokohama’s raison d’être including its responses to issues in the local environment, enhance its corporate value, and return profits. I hope to contribute to the two-way communication with stakeholders.
As an Audit & Supervisory Board Member (Outside) with a background as a lawyer, I place a primary emphasis on our “defensive function” and endeavor to monitor whether the Company’s management makes key management decisions based on due consideration of possible risks from multiple perspectives.

At last year’s Board of Directors meetings, efforts were made to deepen the understanding of outside officers with regard to the Company’s business and its issues, such as by allocating time to provide detailed explanations of business plans for each division and sharing materials from the Business Strategy Meeting. This makes me feel that management expects useful advice from us as outside officers.

The Company’s senior management team is taking a proactive stance in terms of business plans and strategies, as demonstrated by the currently ongoing acquisition of Trelleborg Wheel Systems Holding AB (TWS, Sweden). In order for Yokohama Rubber to achieve sustainable growth as a listed company and enhance corporate value over the medium to long term, I believe that the importance of management with an emphasis on compliance-based sustainability will continue to increase.

With regard to compliance, even now, in-depth analyses are being conducted and serious discussions are being held on every issue reported at meetings of the Board of Directors and the Audit & Supervisory Board based on thorough observations made by outside officers, with a view to preventing recurrences. In addition to instilling an awareness of the importance of compliance at all levels within the Company, it is essential to establish a system in which the appropriate departments and points of contact are promptly consulted (or given reports), and corrective measures are taken whenever an incident that could constitute a breach of compliance occurs or is discovered.

The Company currently has overseas bases in 27 countries, and overseas business sales in the fiscal year ended December 31, 2021 accounted for 64.6% of total sales. When the acquisition of TWS is completed, the ratio of overseas business activities will increase further, so it will be important to establish an effective group governance system, including overseas bases, and to operate it appropriately. I intend to pay close attention to the efforts of the Company’s management to enhance global governance.

With regard to sustainability, we are tackling issues related to the environment and society in product development and business activities. In order to support Yokohama’s sustainable growth and increase corporate value, it will be also important to ensure the diversity of human resources who will serve as the foundation for these efforts. The ratio of female managers within the Company is still low at present, so I hope that we will continue working to raise this ratio while implementing work style reforms, so that all employees can play active roles with job satisfaction while achieving a healthy balance with life events, regardless of gender.
Compliance

Basic Approach
The Yokohama Rubber Group Action Guidelines define the actions to be taken by members of the Yokohama Group not only to comply with laws and regulations but also to observe social norms.

In addition, to respond to expanding risks due to globalization, in July 2017 the Yokohama Rubber Group Competition Law Compliance Policy and Anti-Corruption Policy were established by approval of the Board of Directors. By declaring these policies in Japan and abroad, defining regulations and guidelines that embody them, and presenting these requirements to members of the Yokohama Group, we have put in place a system that prevents violations of competition law and corruption.

By combining the Global Whistle-Blowing System introduced from February 2018 with these initiatives and expanding them to our subsidiaries in each country and region, we aim to further raise the level of compliance in the Yokohama Group.

Compliance System
Yokohama Rubber has established a Corporate Compliance Committee chaired by the director in charge of the CSR Div. and a Corporate Compliance Dept. as the department that handles implementation. The committee meets four times a year for ongoing implementation of various measures related to the Yokohama Group’s compliance, and to report on its activities to the Board of Directors and the Audit & Supervisory Board. The Corporate Compliance Dept. also plans and promotes compliance training for Group members, distributes educational materials depending on the recipients and information required, and conducts group learning and training activities at workplaces.

In addition, by assigning a person from each division to be a concurrent member of the Corporate Compliance Dept., and Compliance Promotion Managers at affiliated subsidiaries, we have established a network connecting compliance-related complaints and consultations to the Corporate Compliance Dept. The Yokohama Group’s Corporate Philosophy and Code of Conduct have been disseminated to all Group companies, including those overseas, and serve as guidelines for the execution of duties by the directors and employees of each company.

Whistle-Blowing System
In Japan, we have established two types of whistleblowing and consultation services, the Corporate Compliance Hotline and the General Counseling Room. Contact details (telephone numbers, email addresses) for these services are disseminated through Corporate Compliance Cards distributed among all members of the Yokohama Group to respond to the need for employees to make whistleblowing reports or seek consultation.

There are two Compliance Hotlines, one internal and one external. All reports are treated as anonymous in accordance with the Whistle-Blower Protection Act. The external Compliance Hotline is set up at a law firm to ensure independence.

The General Counseling Room has been set up as a service for anyone to consult over doubts regarding compliance, and as a general rule is not treated as anonymous. In fiscal 2021, the Compliance Hotline and General Counseling Room fielded 149 reports or consultations in total.

For overseas subsidiaries, a Global Whistle-Blowing System where the Compliance Dept. directly ascertains violations of competition law or bribery through the external Compliance Hotline has been set up. Coordinating with local law firms and companies that provide whistleblowing systems, phased introduction has been completed in China, the Philippines, Thailand, North America and Europe. Going forward, introduction will also be pursued for production sites in Vietnam and Indonesia.

Compliance Workplace Training Themes (2021)
The Yokohama Group uses its own educational materials to conduct group training on compliance at each workplace monthly. In fiscal 2021, the following themes were covered.

- January: Revisions to the whistleblowing regulations
- February: Sexual harassment
- March: Power harassment
- April: Misappropriation of company assets
- May: Human rights
- June: The Antimonopoly Act
- July: Reverse power harassment
- August: Power harassment of affiliate companies and suppliers
- September: Protection of personal information
- October: Paid leave
- November: Improper conduct regarding quality
- December: Giving and receiving parting gifts, gifts of thanks, etc.
Risk Management

Basic Approach
To establish a solid defense system against the various risks surrounding the Company, we have established the Risk Management Committee, which is chaired by the director in charge of risk management. The committee manages the risks that could have a serious impact on management in a cross-sectoral manner, and assesses and responds to those risks appropriately.

We have also established various bodies including the Corporate Compliance Committee, Central Safety and Health Committee, Central Disaster Prevention Council, Environment Council, Information Securities Committee, Personal Information Protection Management Committee and the Export Control Committee, each of which creates and maintains regulations, guidelines and manuals to manage each risk, while conducting education and training activities. When a committee or council deems a matter to be serious and require urgency, an Extraordinary Risk Management Committee Meeting is convened at the request of the relevant committee or council as part of the system in place to assess and respond appropriately to such matters.

The activities of the Risk Management Committee are regularly reported to the Board of Directors. The activities of meeting bodies other than those above are reported to the Executive Committee as appropriate, and to the Board of Directors when deemed necessary.

Cross-Shareholdings

Basic Approach
In the interests of corporate expansion and sustainable development, the Company believes it is essential to maintain cooperative ties with various companies. We adopt a medium-to-long-term perspective for enhancing the Company’s corporate value, and follow a policy of holding shares deemed strategically necessary after comprehensively accounting for strategic ties with the companies with whom we maintain important cooperative relationships, cooperative business-related ties with supplier, and other factors.

Verifying the Appropriateness of Cross-Shareholdings
Once a year, the Company verifies, in both qualitative and quantitative terms, the benefits and risks associated with its individual cross-shareholdings from a medium-to-long-term perspective, also taking into account nature and scale of transactions, among other factors. These findings are reported to the Board of Directors.

In fiscal 2021, the Company sold all shares held in three companies in light of verification by the Board of Directors in February 2021.

Number of Issuers and Amount on Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Number of issuers</th>
<th>Total balance sheet amount (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted shares</td>
<td>37</td>
<td>484</td>
</tr>
<tr>
<td>Shares other than unlisted shares</td>
<td>64</td>
<td>100,391</td>
</tr>
</tbody>
</table>

(Stocks which saw an increase in the number of shares in fiscal 2021)

<table>
<thead>
<tr>
<th></th>
<th>Number of issuers</th>
<th>Total balance sheet amount (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted shares</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Shares other than unlisted shares</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

(Stocks which saw a decrease in the number of shares in fiscal 2021)
## Financial Data

<table>
<thead>
<tr>
<th></th>
<th>Unit FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit and Loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales revenue</td>
<td>(Billions of yen)</td>
<td>465.1</td>
<td>559.7</td>
<td>601.6</td>
</tr>
<tr>
<td>Business profit</td>
<td>(Billions of yen)</td>
<td>26.3</td>
<td>49.7</td>
<td>56.6</td>
</tr>
<tr>
<td>Business profit margin</td>
<td>(%)</td>
<td>5.7</td>
<td>8.9</td>
<td>9.4</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>(Billions of yen)</td>
<td>11.6</td>
<td>32.6</td>
<td>35.0</td>
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<tr>
<td><strong>Financial Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>(Billions of yen)</td>
<td>501.8</td>
<td>543.8</td>
<td>653.6</td>
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<tr>
<td>Interest-bearing debt</td>
<td>(Billions of yen)</td>
<td>162.0</td>
<td>146.3</td>
<td>175.3</td>
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<tr>
<td>Equity attributable to owners of the parent</td>
<td>(Billions of yen)</td>
<td>162.2</td>
<td>204.2</td>
<td>270.8</td>
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<tr>
<td><strong>Management Indicators</strong></td>
<td>(%)</td>
<td>32.3</td>
<td>37.5</td>
<td>41.4</td>
</tr>
<tr>
<td>Ratio of equity attributable to owners of parent</td>
<td>(%)</td>
<td>2.4</td>
<td>6.2</td>
<td>5.8</td>
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<tr>
<td>Return on equity</td>
<td>(%)</td>
<td>7.1</td>
<td>17.8</td>
<td>14.7</td>
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<tr>
<td>D/E ratio</td>
<td>(Times)</td>
<td>1.00</td>
<td>0.72</td>
<td>0.65</td>
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<tr>
<td><strong>Cash Flows</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>(Billions of yen)</td>
<td>8.1</td>
<td>59.2</td>
<td>46.7</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(Billions of yen)</td>
<td>26.7</td>
<td>30.0</td>
<td>44.6</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>(Billions of yen)</td>
<td>18.5</td>
<td>28.6</td>
<td>2.1</td>
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<tr>
<td>Cash flows from financing activities</td>
<td>(Billions of yen)</td>
<td>12.8</td>
<td>30.7</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(Billions of yen)</td>
<td>22.4</td>
<td>28.1</td>
<td>33.5</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(Billions of yen)</td>
<td>19.9</td>
<td>25.0</td>
<td>24.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>(Billions of yen)</td>
<td>9.3</td>
<td>12.8</td>
<td>12.6</td>
</tr>
<tr>
<td>Return on Invested Capital</td>
<td>(%)</td>
<td>4.8</td>
<td>8.7</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>Dividends per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>(yen)</td>
<td>7</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>(%)</td>
<td>20.19</td>
<td>20.44</td>
<td>20.31</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>(yen)</td>
<td>34.68</td>
<td>97.87</td>
<td>108.32</td>
</tr>
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</table>

## Non-financial Data

<table>
<thead>
<tr>
<th></th>
<th>Unit FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
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<tbody>
<tr>
<td><strong>Business</strong></td>
<td></td>
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<tr>
<td>Patents</td>
<td>3,817</td>
<td>4,223</td>
<td>4,599</td>
<td>4,868</td>
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<tr>
<td>Tire production volume</td>
<td>(thousand tons)</td>
<td>644</td>
<td>602</td>
<td>596</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions of greenhouse gases Scope 1-2</td>
<td>(thousand tons)</td>
<td>642</td>
<td>617</td>
<td>610</td>
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<tr>
<td>Emissions of greenhouse gases Scope 3*</td>
<td>(thousand tons)</td>
<td>23,381</td>
<td>30,844</td>
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<tr>
<td>Total energy consumption*</td>
<td>(MWh)</td>
<td>9</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Total amount of waste (consolidated)</td>
<td>(thousand tons)</td>
<td>32,070</td>
<td>26,757</td>
<td>18,165</td>
</tr>
<tr>
<td>Recycling rate (consolidated)</td>
<td>(%)</td>
<td>96</td>
<td>97</td>
<td>93</td>
</tr>
<tr>
<td>Total water withdrawal (consolidated)</td>
<td>(thousand m3)</td>
<td>9,011</td>
<td>8,380</td>
<td>8,525</td>
</tr>
<tr>
<td>Biodiversity preservation activity implementation rate at production sites (%)</td>
<td>(%)</td>
<td>8</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>Number of production sites implementing biodiversity preservation activities</td>
<td>2</td>
<td>4</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Cumulative number of trees planted and saplings provided under YOKOHAMA Forever Forest Activities</td>
<td>308,879</td>
<td>391,371</td>
<td>487,388</td>
<td>602,232</td>
</tr>
<tr>
<td>Cumulative CO2 absorption and fixation volume [tons]</td>
<td>(tons)</td>
<td>143</td>
<td>228</td>
<td>329</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of employees (consolidated)</td>
<td>19,272</td>
<td>19,412</td>
<td>19,770</td>
<td>21,441</td>
</tr>
<tr>
<td>Total number of employees (non-consolidated)</td>
<td>5,488</td>
<td>5,428</td>
<td>5,336</td>
<td>5,316</td>
</tr>
<tr>
<td>Percentage of female employees (non-consolidated)</td>
<td>(%)</td>
<td>5.8</td>
<td>5.9</td>
<td>6.3</td>
</tr>
<tr>
<td>Percentage of persons with disabilities (domestic)*</td>
<td>(%)</td>
<td>1.8</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Number of employees taking childcare leave (non-consolidated)</td>
<td>10</td>
<td>12</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Rate of lost-worktime injuries (consolidated)**</td>
<td>0.36</td>
<td>0.44</td>
<td>0.59</td>
<td>0.08</td>
</tr>
</tbody>
</table>
### Employees

<table>
<thead>
<tr>
<th></th>
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</tr>
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<td>Total number of employees (consolidated)</td>
<td>19,272</td>
<td>19,412</td>
<td>19,770</td>
<td>21,441</td>
<td>21,242</td>
<td>21,394</td>
<td>21,256</td>
<td>21,183</td>
<td>21,242</td>
<td>21,242</td>
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### Environment

<table>
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<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Rate of lost-worktime injuries (consolidated)*14</td>
<td>0.36</td>
<td>0.44</td>
<td>0.59</td>
<td>0.08</td>
<td>0.20</td>
<td>0.26</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
</tr>
<tr>
<td>Number of employees taking childcare leave (non-consolidated)</td>
<td>10</td>
<td>12</td>
<td>10</td>
<td>15</td>
<td>17</td>
<td>20</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Percentage of persons with disabilities (domestic)*13 (%)</td>
<td>1.8</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Cumulative CO2 absorption and fixation volume (tons) (tons)</td>
<td>143</td>
<td>228</td>
<td>329</td>
<td>447</td>
<td>500</td>
<td>610</td>
<td>690</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Number of production sites implementing biodiversity preservation activities</td>
<td>2</td>
<td>4</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total water withdrawal (consolidated) (thousand m3)</td>
<td>9,011</td>
<td>8,380</td>
<td>8,525</td>
<td>8,660</td>
<td>8,730</td>
<td>8,800</td>
<td>8,850</td>
<td>8,900</td>
<td>8,950</td>
<td>8,950</td>
<td>8,950</td>
</tr>
<tr>
<td>Recycling rate (consolidated) (%)</td>
<td>96</td>
<td>97</td>
<td>93</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Total amount of waste (consolidated) (thousand tons)</td>
<td>32,070</td>
<td>26,757</td>
<td>18,165</td>
<td>30,967</td>
<td>30,967</td>
<td>30,967</td>
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</tr>
<tr>
<td>Total energy consumption*12 (MWh)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,231,611</td>
<td>1,231,611</td>
<td>1,231,611</td>
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<td>1,231,611</td>
</tr>
<tr>
<td>Emissions of greenhouse gases Scope 3*11 (thousand tons)</td>
<td>—</td>
<td>—</td>
<td>23,301</td>
<td>30,844</td>
<td>30,844</td>
<td>30,844</td>
<td>30,844</td>
<td>30,844</td>
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<td>30,844</td>
</tr>
<tr>
<td>Tire production volume*10 (thousand tons)</td>
<td>644</td>
<td>602</td>
<td>596</td>
<td>668</td>
<td>668</td>
<td>668</td>
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</tbody>
</table>

### Business

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Return on Invested Capital (%)</td>
<td>4.8</td>
<td>8.7</td>
<td>7.2</td>
<td>8.1</td>
<td>8.1</td>
<td>8.1</td>
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<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td>R&amp;D expenses (Billions of yen)</td>
<td>9.3</td>
<td>12.8</td>
<td>12.6</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization*5 (Billions of yen)</td>
<td>19.9</td>
<td>25.0</td>
<td>24.0</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
<td>27.4</td>
</tr>
<tr>
<td>Cash flows from financing activities (Billions of yen)</td>
<td>12.8</td>
<td>(30.7)</td>
<td>8.5</td>
<td>(0.1)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Free cash flows (Billions of yen)</td>
<td>(18.5)</td>
<td>28.6</td>
<td>2.1</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>Cash flows from investing activities (Billions of yen)</td>
<td>(26.7)</td>
<td>(30.5)</td>
<td>(44.6)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
<td>(53.7)</td>
</tr>
<tr>
<td>D/E ratio*4 (Times)</td>
<td>1.00</td>
<td>0.72</td>
<td>0.65</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
<td>0.57</td>
</tr>
<tr>
<td>Interest-bearing debt (Billions of yen)</td>
<td>162.0</td>
<td>146.3</td>
<td>175.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
<td>184.3</td>
</tr>
<tr>
<td>Profit attributable to owners of parent (Billions of yen)</td>
<td>11.6</td>
<td>32.6</td>
<td>35.0</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
<td>40.5</td>
</tr>
<tr>
<td>Business profit (Billions of yen)</td>
<td>26.3</td>
<td>49.7</td>
<td>56.6</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
<td>59.1</td>
</tr>
<tr>
<td>Sales revenue (Billions of yen)</td>
<td>465.1</td>
<td>559.7</td>
<td>601.6</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
<td>625.2</td>
</tr>
</tbody>
</table>

### Financial & Non-Financial Highlights

- **Japan GAAP**: Statement-based financial and non-financial highlights for the years ending March 31, unless otherwise indicated.
- **IFRS**: International Financial Reporting Standards-based highlights for the years ending March 31, unless otherwise indicated.
- **YOKOHAMA Forever Forest Activities**: Contributions to sustainability initiatives, measured in thousands of yen.
## Corporate Data

<table>
<thead>
<tr>
<th>Company Name</th>
<th>The Yokohama Rubber Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>October 13, 1917</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>¥38,909 million</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>¥670,809 million (Consolidated basis)</td>
</tr>
<tr>
<td>Fiscal Year-end</td>
<td>December 31</td>
</tr>
<tr>
<td>President, Chairman of the Board</td>
<td>Masataka Yamaishi</td>
</tr>
<tr>
<td>Head Office</td>
<td>36-11, Shimbashi 5-chome, Minato-ku, Tokyo 105-8685, Japan</td>
</tr>
<tr>
<td>Mainstay Products</td>
<td>Tires</td>
</tr>
<tr>
<td></td>
<td>Tires for passenger cars, trucks and buses, light trucks, mining and construction equipment, industrial vehicles and agricultural and forestry machinery, aluminum alloy wheels and automobile-related components</td>
</tr>
<tr>
<td></td>
<td>Multiple Business</td>
</tr>
<tr>
<td></td>
<td>High pressure and resin hoses, couplings, conveyor belts, fenders, marine hoses, aircraft components (water tanks), etc.</td>
</tr>
<tr>
<td></td>
<td>Others</td>
</tr>
<tr>
<td></td>
<td>Golf-related products, Information processing services, and others</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>5,257 (Non-consolidated basis)</td>
</tr>
<tr>
<td></td>
<td>27,222 (Consolidated basis)</td>
</tr>
</tbody>
</table>

## Group Sites

### Major regions of operation

- **Europe**
  - Major sites: 13
  - Personnel: 1,064
- **Asia**
  - Major sites: 39
  - Personnel: 13,374
- **North America**
  - Major sites: 19
  - Personnel: 2,871
- **South America**
  - Major sites: 3
  - Personnel: 212

### Business operations:

- Countries: 28
Share Information (as of December 31, 2021)

Basic Information

- Sector: Rubber products
- Stock exchange listing: Prime Market of the Tokyo Stock Exchange
- Stock code: 5101
- Fiscal Year-end: December 31
- Record dates: December 31 (June 30 for interim dividends)
- Trading unit: 100 shares
- Authorized number of shares: 400,000,000
- Number of shares issued and outstanding: 169,549,081
- Number of shareholders: 17,486

Shareholder Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of shareholders</th>
<th>Holdings (hundreds)</th>
<th>Percentage of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals and others</td>
<td>16,671</td>
<td>148,188</td>
<td>8.74</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>83</td>
<td>808,715</td>
<td>47.69</td>
</tr>
<tr>
<td>Other domestic companies</td>
<td>264</td>
<td>276,509</td>
<td>16.31</td>
</tr>
<tr>
<td>Foreign entities</td>
<td>406</td>
<td>289,400</td>
<td>17.06</td>
</tr>
<tr>
<td>Security companies</td>
<td>61</td>
<td>83,337</td>
<td>4.91</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>1</td>
<td>89,339</td>
<td>5.26</td>
</tr>
<tr>
<td>Total</td>
<td>17,486</td>
<td>1,695,490</td>
<td>100</td>
</tr>
</tbody>
</table>

Largest Shareholders

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Holdings (hundreds)</th>
<th>Percentage of total (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>241,630</td>
<td>15.04</td>
</tr>
<tr>
<td>Zeon Corporation</td>
<td>162,700</td>
<td>10.12</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>110,197</td>
<td>6.86</td>
</tr>
<tr>
<td>Asahi Mutual Life Insurance Company</td>
<td>109,055</td>
<td>6.78</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>61,300</td>
<td>3.81</td>
</tr>
</tbody>
</table>

* Percentage of total is calculated based on total shares outstanding excluding treasury stock.