

CORPORATE PHILOSOPHY

CORPORATE SOCIAL RESPONSIBILITY

Corporate Philosophy

We at Yokohama abide by a formal Corporate Philosophy, which comprises our Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy outlines our vision for the kind of company that we are committed to becoming. The Management Policies articulate

the stance that our management team has adopted. The Action Guidelines are the code of conduct for each employee. Our slogan, "Excellence by nature," expresses our overall commitment to fulfilling all the elements of the Corporate Philosophy.

Corporate Philosophy (Launched in 1992)	
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	
Management Policies	
<ul style="list-style-type: none"> • Take on the challenge of new technologies to produce new value. • Develop proprietary business fields to expand the scope of business. 	<ul style="list-style-type: none"> • Create a workplace that values, improves and energizes people. • Deal fairly with society and value harmony with the environment.
Action Guidelines	
<ul style="list-style-type: none"> • Develop ourselves so that we may give our personal best. • Trust, challenge and improve one another. 	<ul style="list-style-type: none"> • Nurture a welcoming, open spirit.
Corporate Slogan	
Excellence by nature	

Corporate Social Responsibility

Fulfilling our corporate social responsibility (CSR) is fundamental to fulfilling our Corporate Philosophy, and that means building a trusted identity as a contributing member of the global community. In that spirit, we equate the notion of "corporate social responsibility" with "corporate social

reliability." The latter phrasing, we believe, makes the concept easier to understand and to put into practice in our daily operations. It evinces our continuing determination in our second century to serve the greater good of the world.

CSR Management Vision (Launched in 2008)	
To build a trusted identity as a contributing member of the global community	
CSR Action Guidelines	
<ul style="list-style-type: none"> • Identify continually changing social trends. • Ascertain the items that can contribute. 	<ul style="list-style-type: none"> • Act swiftly to earn firm trust. • Practice CSR in one's own work.

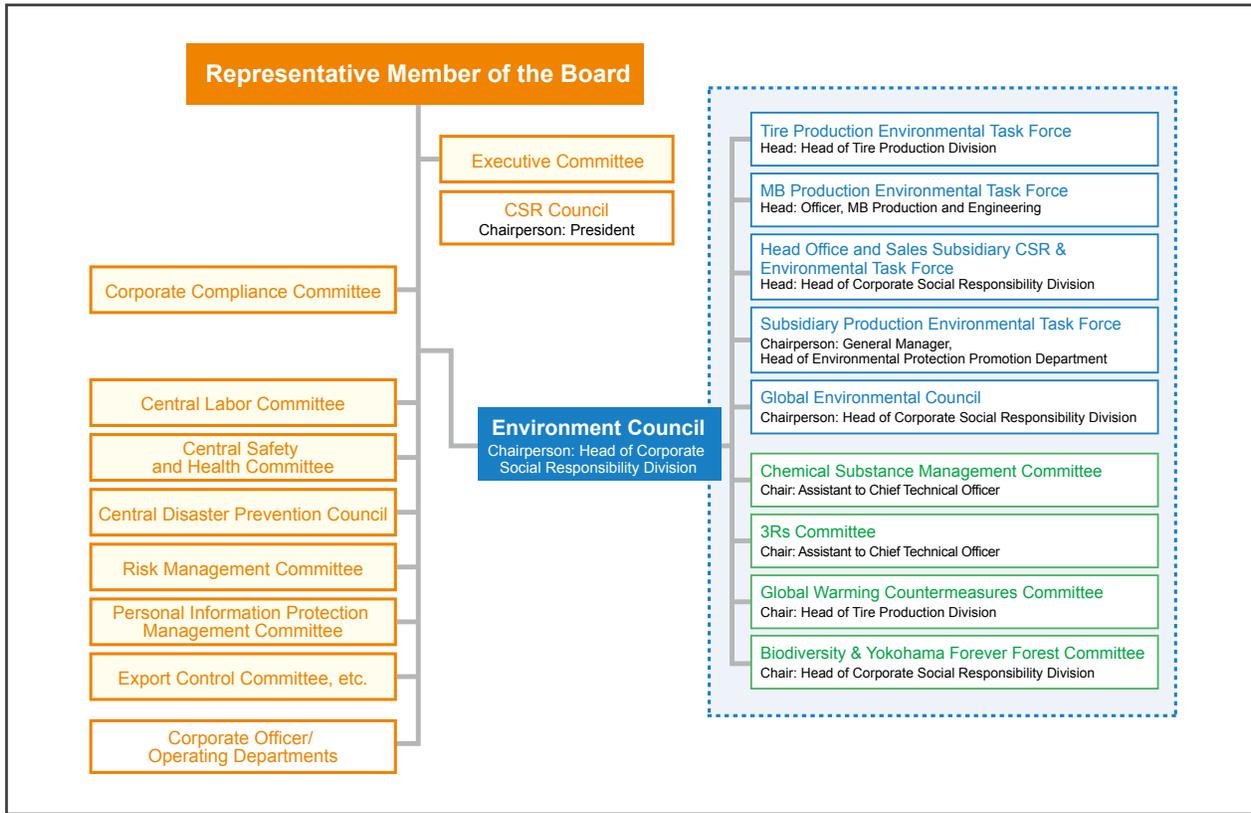
CSR and Environmental Management Promotion Framework

Overseeing our measures for fulfilling corporate social responsibility is our CSR Council, headed by our company president. Safeguarding the environment is a central emphasis, of course, in those measures, and we have established the Environmental Council, headed by the head of our Corporate Social Responsibility Division, to oversee our work in maintaining environmental quality. Each council meets twice yearly to establish priorities and to evaluate our progress in tackling those priorities. They evaluate our progress in reference to our

seven pillars of critical issues and issue instructions as appropriate for making improvements in our approach.

Fulfilling our corporate social responsibility is a global undertaking in the Yokohama Group, and representatives of group companies worldwide gather annually for a global environmental conference. In addition, we have been holding regional gatherings of the managers responsible for environmental protection at Yokohama Group companies since 2014.

CSR and Environmental Promotion Framework



CSR Slogan

Tackle ESG management under our medium-term management plan, Yokohama Transformation (YX2023), and create value

through business activities based on our CSR slogan, “Caring for the Future.”



- Corporate Governance**
Lay a solid foundation for supporting sustainable business activity in accordance with international norms.
- Products**
Deliver products and services that help people enjoy fulfilling lives with peace of mind.
- The Earth**
Address environmental concerns through our operations and help leave a sound natural environment to future generations.
- People**
Nurture values accommodating diversity in the workplace and in the community at large.
- Community**
Earn the confidence of our neighbors through robust community engagement.

CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

Tackling Carbon Neutrality through R&D on Raw Materials

Preventing climate change is an emphasis in the UN Sustainable Development Goals. Numerous nations have adopted the shared goal of eliminating net emissions of carbon dioxide by 2050. We at Yokohama have long been working to help achieve environmental sustainability by reducing carbon dioxide emissions throughout the sequence of raw material processing and tire manufacturing, usage, and disposal. Here, we examine some measures at Yokohama for increasing sustainability in a principal raw material for tires, synthetic rubber.

Studying Possibilities for Producing Synthetic Rubber from Biomass

■ Joint research with universities and research organizations

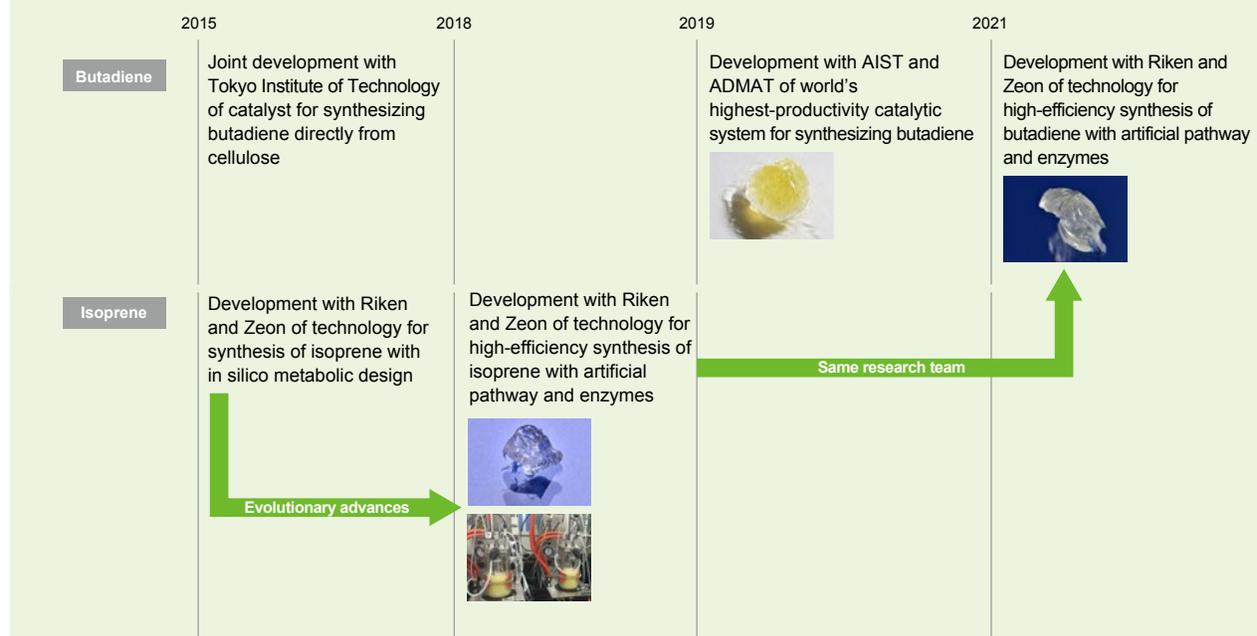
Synthetic rubber accounts for more than 20% of the material that goes into passenger car tires (example for reference here: size 195/65R15, weight 8.2 kg). Industrial production of the two principal raw materials in synthetic rubber relies on the pyrolysis of naphtha. We at Yokohama, with an eye to reducing dependence on petroleum and reducing emissions of carbon dioxide, have engaged in joint research on producing synthetic rubber from

biomass with the Tokyo Institute of Technology, Japan's national scientific research organization Riken, Zeon Corporation, the National Institute of Advanced Industrial Science and Technology (AIST), and the Research Association of High-Throughput Design and Development for Advanced Functional Materials (ADMAT). Below is a summary of our recent advances in that field.

World's first technology for synthesizing butadiene efficiently from biomass

Joint research on biomonomers by Yokohama Rubber, Japan's national scientific research organization Riken, and Zeon yielded a breakthrough in April 2021: the generation of cells that possess the capacity for synthesizing high-quality butadiene. The new technology uses an artificial pathway with enzymes and allows for using less-expensive intermediates than are required by the metabolic pathway now used widely. It promises to lower costs greatly in producing butadiene with fermentation. In 2018, our biomonomers research team used a first-of-its-kind artificial pathway and highly activated enzyme to generate cells capable of synthesizing isoprene.

Yokohama Landmarks in Deriving Synthetic Rubber from Biomass



High Regard in the Global Community

■ Repeat selection to Climate Change A List

The United Kingdom-based nonprofit organization CDP Global (formerly Carbon Disclosure Project) named Yokohama in December 2020 to its Climate Change A List 2020. CDP Global recognized us for our groupwide commitment to cutting

emissions, mitigating climate risks, and contributing to the development of the low-carbon economy. We are making our third appearance on CDP Global's Climate Change A List, having also appeared on the lists for 2016 and 2019.

■ Sixteenth consecutive selection to FTSE4Good Index Series

Yokohama is part of the FTSE4Good Index Series and the FTSE Blossom Japan Index. The FTSE4Good Index is an influential reference for investors who weigh environmental, social, and governance (ESG) performance heavily in allocating equity investment, and Yokohama has been part of that index

continuously since 2005. The FTSE Blossom Japan Index is one of four indexes that Japan's Government Pension Investment Fund administers as benchmarks for ESG performance, and Yokohama has been part of the index since its inception in 2017.

Diverse Efforts in the Public Interest

■ Support for Thai Growers of natural rubber in accordance with sustainable purchasing policy

Our natural rubber processing subsidiary Y.T. Rubber Co., Ltd., based in Surat Thani Province, provides growers with diverse support. It cosponsored a research symposium in December 2020 with the Rubber Authority of Thailand (RAOT) for sharing useful insights with growers. In addition, Y.T. Rubber has furnished growers with free fertilizer and, in the wake of severe flooding, supplied 360 grower households with rice and bottled water. RAOT experts call on growers in Surat Thani to examine the growers' stands of rubber plants and to offer guidance in dealing with problems. Y.T. Rubber cooperates with that activity in accordance with the principles of the rubber industry's Global Platform for Sustainable Natural Rubber initiative and Yokohama's Procurement Policy for Sustainable Natural Rubber.



Natural rubber growers with Yokohama representatives at a seminar

■ Recognition for contributions to reducing output of carbon dioxide through tire retreading

Yokohama Tire Retread Co., Ltd. received a Hokkaido Zero Emissions Award in March 2021, the first company in the tire industry to earn that recognition. Retreading tires for reuse

results in about 60% less output of carbon dioxide than producing new tires does, and it allows for recycling all of the rubber scrap that occurs in tire manufacturing.

■ The Yokohama Magokoro Fund

Our Yokohama Magokoro (Sincere Heart) Fund, launched in 2016, is a philanthropic vehicle funded with voluntary contributions by employees and matching contributions by the company. The fund trustees allocate donations to organizations engaged in environmental protection, human rights advocacy, and other worthy causes and to emergency relief efforts. In 2020, the fund focused on supporting measures for addressing

the COVID-19 pandemic. It donated about ¥1,600,000 to such measures in eight Japanese prefectures. In addition, Yokohama donated tires for medical vehicles in Kanagawa Prefecture, and it donated masks and hand sanitizer to the city of Asahikawa, in Hokkaido. The fund also donated contributed cash support to organizations engaged in providing disaster relief, caring for the environment, and defending human rights.

CORPORATE GOVERNANCE

Basic Approach

We in the Yokohama 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.

Framework

Our management framework centers on governance entities prescribed by Japan's Company Act: the annual General Meeting of Shareholders, the representative member of the Board, the Board of Directors, the Audit and Supervisory Board, and an independent public accountancy. We supplement those entities with officers who are responsible for operational management to speed the process of making and implementing decisions. Our senior management team comprises 11 members of the Board, headed by the president, who serves concurrently as the chairman of the Board, and 14 officers, not including officers who serve concurrently as members of the Board. The members of the Board include 5 members who serve concurrently as officers and 5 nonexecutive members of the Board.

We reinforce our management framework with the Executive Committee, which comprises the chairman of the Board, other selected members of the Board, and other executives. That committee monitors our performance in fulfilling our business plans and deliberates on matters pertinent to our business strategy.

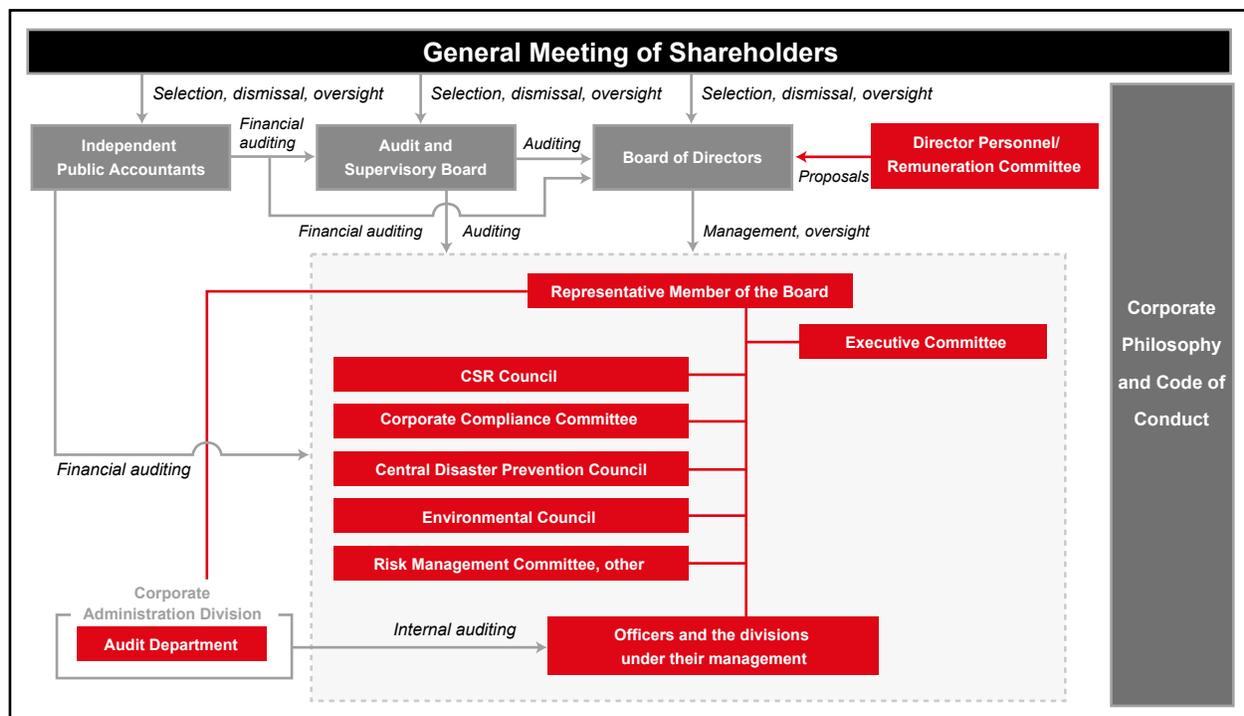
In the interest of clarifying management responsibility, we employ a one-year term for members of the Board. And we abide by the principles of transparency and fairness in personnel and remuneration decisions in regard to the Board. Our Director Personnel/Remuneration Committee, the members of which include one or more nonexecutive directors, reviews proposals for matters under its purview and makes recommendations to the Board of Directors, which makes the final decisions.

Yokohama adopted a stock compensation plan in March 2018 for members of the Board, not including the nonexecutive members. That plan, subject to restrictions on selling shares, is a measure for instilling a shareholder perspective on share-price movement and for strengthening the motivation to maximize Yokohama's corporate value and share valuation.

Audit and Supervisory Board Members

Auditing at Yokohama is a tripartite undertaking by our Audit and Supervisory Board, which monitors management; an

The Yokohama Framework of Corporate Governance



independent public accounting firm, which monitors the company's financial accounting; and our Audit Department, which conducts operational and financial auditing of the parent company and its principal subsidiaries and affiliates. We reinforce the auditing function by maintaining autonomy among those units.

The Audit and Supervisory Board comprises five members, including three recruited from outside the company to help ensure objectivity in the auditing function. Its deliberative responsibility centers on preparing audit reports, handling the appointment and dismissal of standing auditors, determining auditing policy and audit plans, determining the methodology for investigating the status of the company's business and finances, and deciding other matters pertinent to the auditing function. The Audit and Supervisory Board members obtain important information from the independent public accounting firm and from the 17-member Audit Department. We deploy full-time staff to help the Audit and Supervisory Board carry out their work smoothly and effectively.

Nonexecutive Members of the Board and Independent Audit and Supervisory Board Members

Our Board and our Audit and Supervisory Board each include,

as noted, members recruited from outside the company. In appointing the nonexecutive members of the Board and the independent Audit and Supervisory Board members, we refer to guidelines established by the Tokyo Stock Exchange for ensuring independence.

The nonexecutive members of the Board receive reports from the Audit Department about the results of internal audits and about the maintenance and operation of our framework of internal controls. They also receive regular reports from the Audit and Supervisory Board members about pertinent matters. The nonexecutive members of the Board thereby secure a grasp of the status of the Yokohama Group and of issues faced by the Group, and they express their views on matters of importance to their fellow members of the Board as they deem appropriate.

Our independent Audit and Supervisory Board members receive reports in the same manner as the nonexecutive members of the Board. They further fortify their capacity for conducting audits efficiently and effectively by exchanging information with the independent public accounting firm, with our Audit Department, and with the corporate auditors at Yokohama subsidiaries.

Internal Controls

The Board of Directors adopted a basic policy for internal controls based on Japan's Company Law in May 2006. It has subsequently adopted a series of measures for safeguarding the company against risk and for ensuring compliance with rigorous standards of ethical behavior.

Risk Management

Spearheading risk-preparedness measures at Yokohama is our Risk Management Committee, chaired by the director responsible for risk management. That committee evaluates risk from a cross-sector perspective and devises precautionary measures. We have also established committees to manage risk, respond to incidents, establish guidelines, and distribute manuals in regard to ethical compliance, safety, disaster preparedness, environmental quality, information security, personal information management, and exports. Our Board of Directors, Executive Committee, and CSR Council receive timely reports from all of those committees.

Corporate Compliance Committee and Corporate Compliance Department

A member of the Board who discovers evidence of a serious legal or regulatory breach or of any other serious misconduct

reports his or her suspicion to the chairman of our Corporate Compliance Committee, who is the director responsible for ethical compliance, and to the Audit and Supervisory Board members. Responsible for enforcing ethical compliance is our Corporate Compliance Department. That department establishes guidelines for ethical behavior in the Yokohama Group and conducts training and awareness-raising activities in regard to ethical compliance for the members of the Board, our officers, and our employees.

Enforcement at subsidiaries and affiliates

Each principal Yokohama subsidiary and affiliate has prepared and observes ethical guidelines based on the action guidelines established by the Corporate Compliance Committee. The Corporate Compliance Department and compliance officers designated by that department at our Japanese subsidiaries and affiliates share information and develop a common grasp of issues. In addition, the Corporate Compliance Department reports regularly to the CSR Council about the status of ethical compliance in the Yokohama Group. The Audit Department, meanwhile, systematically monitors the auditing functions for accounting, operations, and ethical compliance at the subsidiaries and affiliates and reports its findings to the members of the Board, to the pertinent divisions, and to the Audit and Supervisory Board members.