

Risks and Opportunities in Sustainability Management

Materiality (Important Issues)	Issues to Be Recognized
 <div data-bbox="343 526 486 593">   </div> <p data-bbox="343 638 486 672">Products</p> <p data-bbox="343 683 638 705">Deliver fun and peace of mind.</p>	<ul data-bbox="813 515 1420 649" style="list-style-type: none"> • The spread of CASE*¹ and MaaS*² in the automotive industry • Innovation through the utilization of technology • Increasingly diverse customer needs (cost, performance, quality, environmental and social contributions) • The safety and security of customers <p data-bbox="813 728 1396 784"> <small>*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</small> </p>
 <div data-bbox="343 851 710 918">      </div> <p data-bbox="343 963 486 996">The Earth</p> <p data-bbox="343 1008 702 1064">Leave a sound environment to future generations.</p>	<ul data-bbox="813 884 1396 1041" style="list-style-type: none"> • Climate change issues • Achieving carbon neutrality • Promoting a circular economy • Preserving biodiversity • Sustainable use and management of natural resources • Prevention of pollution and chemical substance management
 <div data-bbox="343 1176 638 1243">     </div> <p data-bbox="343 1288 454 1321">People</p> <p data-bbox="343 1332 646 1355">Build on each other's strengths.</p>	<ul data-bbox="813 1220 1117 1355" style="list-style-type: none"> • Respect for human rights • Diversity & inclusion • Workstyle reforms • Human resources development • Occupational health and safety
 <div data-bbox="343 1500 710 1568">      </div> <p data-bbox="343 1612 518 1646">Community</p> <p data-bbox="343 1657 710 1680">Earn the confidence of our neighbors.</p>	<ul data-bbox="813 1523 1412 1702" style="list-style-type: none"> • Regional environmental issues, such as water and air pollution, and environmental destruction • Regional social issues such as respecting the land rights of indigenous peoples, human rights violations, disasters, healthcare, trading irregularities and conflict minerals • Revitalizing local communities, creating economic effects • Communication with local communities
 <div data-bbox="343 1825 566 1892">    </div> <p data-bbox="343 1937 694 1971">Corporate Governance</p> <p data-bbox="343 1982 678 2038">Lay a solid foundation for fulfilling social expectations.</p>	<ul data-bbox="813 1859 1420 2016" style="list-style-type: none"> • Maintenance and strengthening of foundation for proper organizational governance • Sustainable improvement of corporate value • Effectiveness and diversity of meeting bodies such as the Board of Directors and committees • Dialogue with stakeholders and disclosures

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		Yokohama Rubber's Initiatives and Vision
<p>Risks</p> <ul style="list-style-type: none"> ● Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value ● Decline in product demand due to changing customer needs ● Decrease in demand for winter tires due to decrease in snowfall ● Sharp rise in resource prices <p>Opportunities</p> <ul style="list-style-type: none"> ● New business opportunities through adapting to CASE and MaaS ● Responding to changing customer needs and stricter regulations at an early stage ● Improvements in competitiveness and profitability through reuse and recycling 		<ul style="list-style-type: none"> ● Manufacture and sale of tires and industrial materials with high levels of safety, quality and environmental performance ● Manufacture and sale of carbon neutral products ● Development of biomass rubber and promotion of retread tires ● Development of products and services that utilize AI and IoT technologies (wear detection, road surface detection, tire management, damage prediction) ● Manufacturing and selling tires for industrial and construction vehicles that support social infrastructure, agriculture and forestry machinery that contribute to sustainable production in the agriculture and forestry industry ● Manufacturing and selling industrial products that contribute to greenhouse gas reduction
<p>Risks</p> <ul style="list-style-type: none"> ● Environmental laws and regulations and litigation risks ● Impact on climate change and air pollution, increase in energy costs ● Environmental impact of waste and emissions ● Depletion and shortage of water resources <p>Opportunities</p> <ul style="list-style-type: none"> ● Reduction of energy costs by improving manufacturing process efficiency ● Reduction of resource price fluctuation risks and improvements in operational efficiency through reuse and recycling ● Reduction of environmental protection costs 		<ul style="list-style-type: none"> ● Achieve carbon neutrality in Yokohama activities by 2050 ● Sustainable material usage rate of 100% by 2050 ● Reach 1.3 million cumulative trees planted in YOKOHAMA Forever Forest Activities by 2030 ● Sustainable natural rubber procurement ● Coexistence and shared prosperity with agroforestry farming method promotion and rubber farmers ● Roll out activities to preserve biodiversity at production sites
<p>Risks</p> <ul style="list-style-type: none"> ● Human rights violations in the supply chain ● Losses and business impact due to occupational accidents, natural disasters, infectious diseases, etc. ● Work absences due to poor mental health, lost productivity due to decreased satisfaction <p>Opportunities</p> <ul style="list-style-type: none"> ● Work style reform emphasizing diversity and lifestyles ● Establishing traceability for the sustainable procurement of natural rubber ● Improving skills and developing pleasant workplaces through human resources development ● Retaining talented human resources through health and productivity management 		<ul style="list-style-type: none"> ● Prevent and mitigate the risk of human rights abuses through human rights due diligence ● Implementation of procurement in accordance with CSR procurement guidelines ● Strengthening activities in the Diversity Promotion Taskforce ● Expanding system for flexible workstyles ● Developing and selecting value-added human resources ● Strengthening of safety and disaster preparedness initiatives ● Health management initiatives
<p>Risks</p> <ul style="list-style-type: none"> ● Local community opposition to operations due to the environmental impact of waste and emissions ● Risk of legal action and reputational risks due to social issues such as human rights violations occurring <p>Opportunities</p> <ul style="list-style-type: none"> ● Revitalization of local communities by solving environmental and social issues ● Contributing to economic development by creating jobs in local communities ● Provision of products and services tailored to changes to mobility services in the era of an aging population, depopulated areas and the new normal 		<ul style="list-style-type: none"> ● Supporting biodiversity conservation activities, health-care and education in local communities ● Disaster prevention and disaster relief activities in local communities ● Collaboration with the YOKOHAMA Magokoro Fund and NPOs ● Implementation of procurement in accordance with CSR procurement guidelines ● Creation of employment in regions where our business is developed
<p>Risks</p> <ul style="list-style-type: none"> ● Compliance with laws and regulations, responding to systemic changes ● Social demands to strengthen corporate governance ● Violations of antitrust laws, bribery, price cartels, export controls, etc. <p>Opportunities</p> <ul style="list-style-type: none"> ● Practicing offensive management to enhance corporate value ● Strengthening the risk management system 		<ul style="list-style-type: none"> ● 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