

# 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.

#### WEB

Basic Corporate Governance Policy  
<https://www.y-yokohama.com/global/csr/governance/>



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 and Business Execution Structure

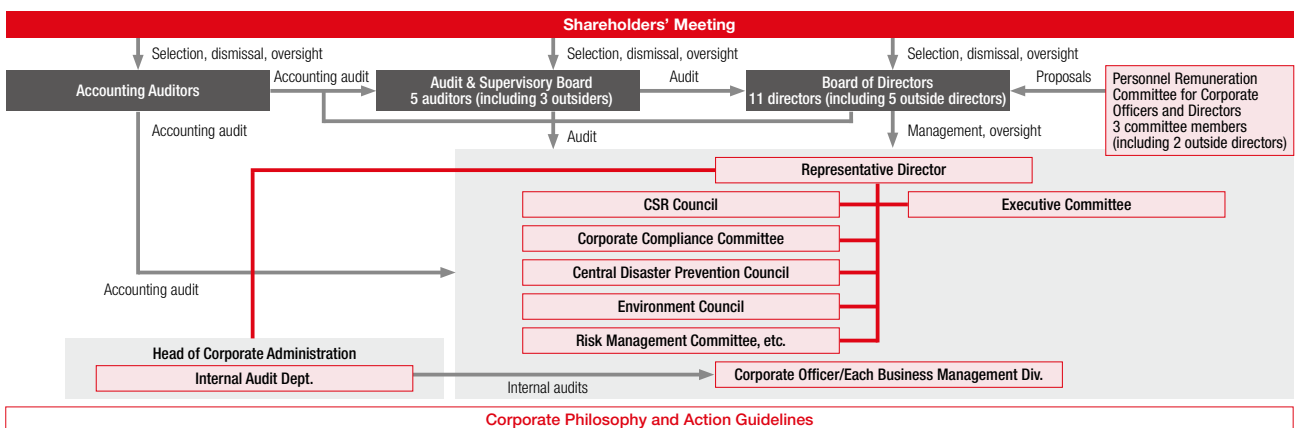
In addition to statutory bodies and positions required under the Companies Act (General Meeting of Shareholders, Directors, Board of Directors, Audit & Supervisory Board Members, Audit & Supervisory Board, Independent Public Accountants), under the current management structure we employ an executive officer system to clarify management oversight and business execution while thoroughly speeding up management decision making and business execution. Under this structure, the Board of Directors comprises 11 members in total, six internal directors (including directors who serve concurrently as executive officers) including the president, who holds the right to represent the Company, and five outside directors. In addition, there are 13 executive officers, excluding those who serve concurrently as directors. As the Company's management supervisory body, the Board of Directors has established a highly effective system of oversight for directors with the appointment of five outside directors. The President and Representative Member of the Board chairs the Board of Directors and does not serve concurrently as an executive officer.

### 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.

### Corporate Governance Support System



## Personnel Remuneration Committee for Corporate Officers and Directors

To ensure fairness and transparency in officer personnel affairs and remuneration, the Company has established the Personnel Remuneration Committee for Corporate Officers and Directors. Officer personnel matters and remuneration are decided by the Board of Directors following a review by the committee. The committee comprises three members, one representative director and two independent outside directors, ensuring that a majority of its members are inde-

pendent outside directors.

The committee convened four times in fiscal 2021, in which it deliberated officer personnel and remuneration matters that were then advised to the Board of Directors.

Name of Committee	Personnel Remuneration Committee for Corporate Officers and Directors
Committee members	3 members
Member of the Board (Internal)	Masataka Yamaishi
Member of the Board (Outside)	Hideichi Okada, Hirokazu Kono
Chairman	Masataka Yamaishi

## Remuneration for Corporate Officers and Directors

### 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.

Position	Number of persons
Representative Director	1
Member of the Board and Managing Officer	2
Member of the Board and Officer	3
Officer	13

### 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.

Cumulative consolidated business profit over the applicable period ÷ ¥180 billion × 100	Calculation method
120% or more	Monthly remuneration × 12 months × payment factor of 1.5
100% or more but less than 120%	Monthly remuneration × 12 months × payment factor of 1
Payment for less than 100%	No payment

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.

### Amount of Remuneration of Directors and Audit & Supervisory Board Members (fiscal 2021)

Category	Total remuneration (Millions of yen)	Total by type of remuneration (Millions of yen)				Number of applicable executives (persons)
		Basic remuneration	Performance-linked remuneration			
			Bonus	Restricted stock compensation	Medium-term performance-linked remuneration	
Member of the Board (excluding Member of the Board (Outside))	417	198	60	100	57	7
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Member (Outside))	63	45	17	—	—	3
Member of the Board (Outside) and Audit & Supervisory Board Member (Outside)	74	74	—	—	—	8

A breakdown of the names, positional categories and remuneration amounts are listed below for those officers whose total remuneration including consolidated remuneration exceeded ¥100 million for fiscal 2021.

Name	Consolidated total remuneration (Millions of yen)	Executive category	Company category	Total by type of remuneration (Millions of yen)			
				Basic remuneration	Bonus	Restricted stock compensation	Medium-term performance-linked remuneration
Masataka Yamaishi	146	Member of the Board	Reporting Company	56	21	50	18
Nitin Mantri	487	Member of the Board	Reporting Company	32	—	—	2
		Member of the Board	Consolidated Subsidiary ATC Tires Pvt. Ltd.	23	152	—	274