



Information Disclosure Based on TCFD Recommendations

| Relevant material issue | Initiatives |
|--|--|
|  Products | <ul style="list-style-type: none"> • Manufacture and sell tires and industrial materials with high levels of safety, quality, and environmental performance • Manufacture and sell carbon neutral products |
|  The Earth | <ul style="list-style-type: none"> • Achieve carbon neutrality in our own activities by 2050 • Sustainable material usage rate of 100% by 2050 |

In recent years, the effects of climate change have become more serious around the world, and companies are required to proactively respond to climate change through decarbonization and other efforts. The Group 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 proactively disclose information related to climate change efforts in line with TCFD recommendations.



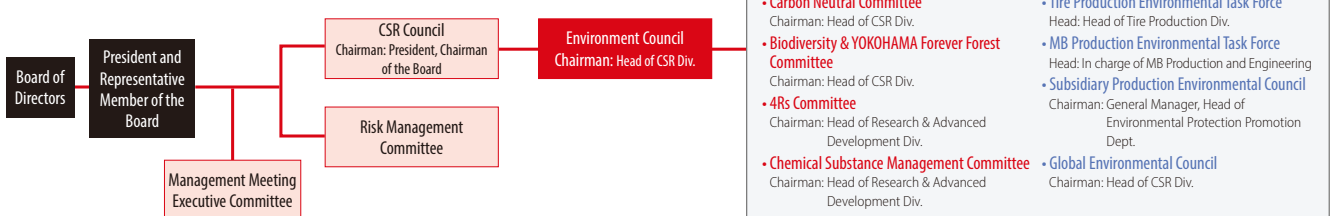
*Task Force on Climate-related Financial Disclosures. The TCFD was established in 2015 following a request from the G20 for the Financial Stability Board (FSB) to consider climate-related disclosures and actions to be taken by financial institutions. The TCFD recommends that companies and other organizations evaluate and disclose the financial impact that climate-related risks and opportunities could have on management.

Governance

The CSR Council, which is chaired by the President and Chairman of the Board, convenes twice a year (in May and November), and is positioned to draft and consider CSR challenges to be addressed by the Yokohama Rubber Group. Regarding climate change mitigation and adaptation, the Environment Council was established, with environmental activities promoted through the establishment of two

task forces, two councils, and four committees as bodies subordinate to the Environment Council. With an officer in charge (head of the CSR Div.) as the chairperson, the Environment Council deliberates and makes decisions regarding various issues and oversees the environmental activities of the Yokohama Rubber Group.

Climate Change-Related Governance Support System



Strategy

We have classified climate-related risks into two specific categories, 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 resulting financial impacts and summarized the risks and opportunities for our business. In addition, we conducted an analysis using

scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) regarding temperature increases, and examined adaptation measures and financial impacts based on the risks and opportunities of the 1.5°C and 4°C scenarios, respectively. Going forward, we will continue to examine risks and opportunities and refine our scenario analysis.

Risk Management

Regarding risks related to climate change, bodies subordinate to the Environment Council, including the Carbon Neutral Committee and other task forces, councils, and committees identify and assess each risk and engage in activities to mitigate them. For 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 engaged in

disaster prevention, 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 surrounding Yokohama Rubber and ensure appropriate evaluation and responses. The activities of the Risk Management Committee are regularly reported to the Board of Directors.

➤ Major risks and opportunities related to climate change

| | Material factors | Category | Potential financial impact | Financial impact | Future countermeasures | |
|---------------|--|---|--|--|---|---|
| Risks | Transition to a decarbonized society | Policies and regulations | Introduction and rise of carbon pricing | Large | <ul style="list-style-type: none"> Formulate and implement a roadmap to carbon neutrality Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.) Expand use of renewable energy Introduce new energy technologies | |
| | | Markets | Resource (raw material) price hikes and supply instability | Large | | |
| | | Technologies | Increase in renewable energy and fuel prices (crude oil, natural gas) | Large | | |
| | | Reputation | Capital investment to improve manufacturing process efficiency | Medium | | |
| | Change in demand for products and services | Markets | Impact on customer evaluation of emission reduction efforts and stance, and on stock prices | Small | | |
| | | | Response to the global movement to promote the use of renewable energy (reputation among stakeholders) | Small | | |
| Risks | Change in demand for products and services | Markets | Product selection based on evaluation of CO ₂ emissions during manufacturing (competition within the same products) | Large | <ul style="list-style-type: none"> Promote carbon neutral manufacturing sites to achieve zero CO₂ emissions during production | |
| | | | Response to changes in the automotive industry | Decline in car sales due to MaaS | | Large |
| | Physical risks | Intensification of weather disasters due to rising temperatures | Acute | Raw material procurement difficulties and higher procurement costs due to supply chain disruptions | Large | <ul style="list-style-type: none"> Diversify suppliers and raw material production sites Strengthen manufacturing sites against windstorms, floods, and earthquakes, formulate BCP Strengthen sustainable raw materials research and development Develop and launch sales of all-season tires Promote joint R&D with business partners |
| | | | | Equipment damage or shutdown due to extreme weather | Large | |
| | | Intensification of climate change | Chronic | Depletion of natural rubber (natural resources) due to climate change, making procurement difficult | Large | |
| | | | | Decline in demand for winter tires due to reduced snowfall, etc. | Large | |
| Opportunities | Transition to a decarbonized society | Energy sources | Reduce energy costs by improving manufacturing process efficiency | Medium | <ul style="list-style-type: none"> Promote "activities to reduce energy consumption by 1% per year" (improve equipment efficiency, optimize operations, review processing specifications, etc.) Increase installation of EV-compatible tires on new vehicles Expand sales of "E+" mark EV-compatible tires Expand sales of tires and rubber products using renewable/recycled raw materials Expand sales of fuel-efficient tires with superior environmental performance Expand sales of tires and rubber products with zero CO₂ emissions during manufacturing Sell sensor tires (IoT tires) Strengthen tire solution services Expand sales of off-highway tires (OHT) Expand sales of rubber products such as conveyor belts that are highly resistant to impacts and heat | |
| | | Products and services | Increase market share by responding quickly to changes in demand (carbon neutral compliance and performance requirements for electric vehicle (EV) installation) and stricter regulations. | Large | | |
| | Change in demand for products and services | Products and services | Improve competitiveness and profitability by offering environmentally friendly products using renewable/recycled raw materials and fuel-efficient, low-carbon products | Large | | |
| | | | Response to changes in the automotive industry | Increased demand for products and services that support next-generation mobility (CASE and MaaS compliance, new business opportunities through hydrogen utilization) | | Large |
| | Climate change | Products and services | Increased demand for products and services that contribute to disaster prevention, recovery, temperature change, food and nature (for example, tires and other products that contribute to crop and forest growth) | Large | | |

➤ Summary of scenario analysis results

| Scenario Conditions | | 1.5°C Scenario | 4°C Scenario |
|---------------------|------------------|---|---|
| Scenario overview | | Limits the increase in global average temperature to 1.5°C above pre-industrial levels by 2100 through stringent climate policies and technological innovations for sustainable development. | Failure of strict climate policies and technological innovation, and rapid intensification of the physical effects of climate change, resulting in a 4°C increase in average temperature by 2100 relative to pre-industrial levels. |
| Reference scenarios | Transition risks | IEA Net Zero Emissions by 2050 Scenario (NZE) | IEA World Energy Outlook 2021 (WEO2021) |
| | Physical risks | IPCC 6th Report SSP1-1.9 | IPCC 6th Report SSP5-8.5 |
| Analysis results | | <p>Mainly transition risks/opportunities are manifested.</p> <p>[Risks] Increased energy costs and capital investment to improve manufacturing process efficiency required to comply with strict climate change regulations, renewable energy procurement, and the introduction of carbon pricing</p> <p>Increased R&D and procurement costs for renewable/recycled raw materials due to an increase in the number of products with lower environmental impact</p> <p>[Opportunities] Competitiveness and profitability enhancements through carbon neutral compliance, early response to EV-mounted performance requirements, and provision of environmentally friendly, fuel-efficient, and low-carbon products</p> | <p>Mainly physical risks/opportunities are manifested.</p> <p>[Risks] Increased occurrence of serious natural disasters at manufacturing sites and in the supply chain; Extreme weather conditions may also deplete natural resources, causing raw material supply instability</p> <p>Product demand fluctuation due to chronic climate change, including lower demand for winter tires due to reduced snowfall, among other factors</p> <p>[Opportunities] Increased demand for products and services compliant with disaster prevention, recovery, and temperature fluctuations</p> |

Metrics and Targets

https://www.y-yokohama.com/global/sustainability/environment/tcfd/#indicators_and_targets

Metrics and Targets

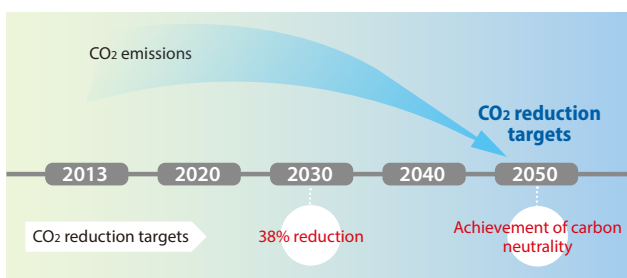
Yokohama has declared three medium-to-long-term targets for its environmental activities, carbon neutrality, circular economy and co-existence with nature, to minimize risks related to climate change.

In addition, the results of various metrics, including GHG emissions,

water usage, waste volume, and YOKOHAMA Forever Forest and bio-diversity conservation activities are disclosed on the Yokohama Sustainability website. Please use the link below to view data.

⇒ P.56 Medium-to-Long-term Environmental

➤ Roadmap to carbon neutrality by 2050



➤ Roadmap to a circular economy

