

Dialogue Between Outside Directors

Fiscal 2023 is the final year of the YOKOHAMA Transformation 2023 (YX2023) Medium-Term Management Plan. We asked two outside directors about the progress of YX2023 and their evaluations of current group governance, as well as their opinions from an objective standpoint on the role that directors should play in enhancing corporate value over the medium to long term.



／ **Hideichi Okada** Member of the Board (Outside)

Career summary: After joining the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry), Hideichi Okada served as Director-General of the Trade Policy Bureau and Vice-Minister for International Affairs. After retiring from the government, he served as President and Chief Executive Officer of Japan Petroleum Exploration Co., Ltd. He has deep insight into social and economic conditions and overall management in Japan and overseas. Okada has been a Member of the Board (Outside) of Yokohama Rubber since 2013.

／ **Hiroko Kaneko** Member of the Board (Outside)

Career summary: Hiroko Kaneko was registered as a Certified Public Accountant in 1993. She previously taught and conducted research on accounting and auditing as a professor at the Faculty of Commerce at Waseda University, and has used her extensive knowledge to serve as a Director and Audit and Supervisory Committee Member at Mitsubishi HC Capital Inc., among other posts. Kaneko has been a Member of the Board (Outside) of Yokohama Rubber since 2022.

What are some of your impressions from discussions held by the Board of Directors last year?

Okada I have served as an outside director since 2013, and during that time, the Company has made a number of major decisions, including M&A, divestitures, and relocation of the head office. In order to gain a certain share of the global market, the Company is actively taking risks while making portfolio adjustments. Many of those discussions left strong impressions on me. The acquisition of TWS was a considerable decision due to the large sum involved, but as a result, we have greatly improved our international presence, and the market has praised the move with an increase in share price.

Kaneko I was also impressed by the TWS acquisition. In 2022, when I was appointed as an outside director, the pros and cons of the acquisition had already been decided, but there were detailed discussions on how to proceed with the acquisition and I felt that the fact that time was also spent on discussing capital investment was a trait of the Company's Board of Directors. What was particularly impressive was that the executive in charge of plants enthusiastically explained capital investments. He explained the necessity of investment and technical benefits in a detailed and understandable manner, and conveyed the thoughts and passion of the people on the manufacturing floor. His explanation made me aware

that this enthusiasm for manufacturing contributes greatly to the growth of the Company and left a strong impression on me.

What are your thoughts on Yokohama Rubber's challenges in terms of management or business and how do you evaluate this?

Kaneko I am aware of the challenges in two respects. First of all, the Company makes management decisions very quickly, and I feel a strong sense of unity. On the other hand, from the perspective of diversity and inclusion, I think there are still not enough opportunities for female employees to play an active role at the managerial level. Society is becoming more complex and people's expectations are changing. With the integration of the head office and the Hiratsuka Factory, it will be important to take advantage of the evolution of remote technology and other factors to devise more diverse work styles. The second challenge is group governance. Yokohama Rubber is a global company with more than 60% of total sales revenue coming from overseas. In order for companies with different cultures and backgrounds to grow together, it is extremely important to find ways to have common values and corporate philosophies for the Group. This issue will become even more important as the Company continues to expand overseas and the Group grows.

Okada I also recognize that these two points are issues for the future. Looking ahead, I feel that it is necessary to send a message both domestically and internationally that the Company is not just a manufacturer, but also an important member of society that contributes its fair share. In addition, although related to the second issue, I believe that clarifying the social mission and vision of the Company and sharing the message within the Group will help to strengthen group governance.

Kaneko This issue has already been raised by the Board of Directors. In order to strengthen global governance, we are also considering the form of internal audit and whistleblowing systems. I believe that the Board of Directors will continue to sincerely face and review these issues, which will lead to further growth and development of the Company.

Okada When I was appointed to the Board, the number of outside directors was small and the fields in which they could make proposals to the Board more limited. Today, these fields have steadily expanded, and the number of outside directors, female directors and outside Audit and Supervisory Board members has increased. And by changing the governance structure to a Company with an Audit and Supervisory Committee, I can see the intention to change governance to a system suitable for the new Yokohama Rubber.



Kaneko Governance is constantly in need of review and evolution, and there is no final destination. In particular, there are cultural differences in systems that include overseas operations, so it is necessary to firmly nurture the culture and corporate philosophy of Yokohama Rubber and share them as a centripetal force. Even if each region or division conducts business in a different way, it is important to come up with ways to ensure that the core values and philosophies are firmly shared. While delegating authority to each region, continuous efforts will be required to foster a sense of unity as Yokohama Rubber Group.

How do you evaluate the progress of the YX2023 Medium-Term Management Plan?

Okada The TWS acquisition is a major measure in YX2023. It is unique in that the Company is emphasizing post-merger integration (PMI). During the ATG acquisition in 2016, the Company dispatched an executive vice president at the time to ensure a detailed response. I remember being deeply impressed by the Company's intention of truly uniting acquired companies and growing together with them. Today, President Yamaishi is strongly aware of the importance of PMI for the TWS acquisition and I highly commend his willingness to invest in human resources and commit the necessary funds to this process.

Kaneko The reason why the Group's strategy is progressing smoothly is that it has valued the human resources of each company. In order to grow together with the acquired company, it is essential for the head office to understand the company and cooperate with local members. In

order to make good use of human capital, it is important to have appropriate personnel systems and workstyle reforms in place. It is also important to create an environment where mid-career hires and employees of different nationalities and genders can demonstrate their abilities, while increasing motivation and encouraging employees to play an active role. This will lead to the success of YX2023 and the enhancement of corporate value over the medium to long term.

What role should outside directors play in Yokohama Rubber's efforts to achieve sustainable growth?

Kaneko I believe that the most important element of the Group's growth is human capital. An environment where employees are motivated and feel self-actualized is essential for the sustainable growth of the organization. To this end, it is important to respect diversity, provide opportunities for individuals to demonstrate their abilities, and build an environment where they can play an active role.


Okada Even in the uncertain and complex VUCA era, companies are expected to grow steadily. I am convinced that the driving force behind growth is that all employees work together to share the culture of Yokohama Rubber and contribute to society with a strong sense of mission.

Kaneko I recognize that my expected role as an outside director is to supervise the execution of directors' duties with my expertise in accounting audits, internal control, and governance. At meetings of the Board of Directors, outside directors are expected to express their opinions from an objective perspective to provide a contrast to those of internal directors who are familiar with the Company's business. This division of roles contributes to the Board of Directors' rational decision-making and clarification of issues. In recent years, "aggressive governance" has been advocated to take risks and lead to growth. I would like to support the Company while keeping an eye on the decision-making process to ensure risk management that supports sound risk-taking by management is being carried out appropriately.



Okada The roles of outside directors can be broadly divided into three. First, as an outsider, encourage constructive discussions and decision-making not bound by internal logic. Second, from a medium- to long-term perspective, propose the way of thinking necessary for the Company's sustainable growth. Third, check whether management is executing business appropriately, independent of the execution side. When I worked at the Ministry of Economy, Trade and Industry, I visited some 80 countries and worked internationally, and after retiring from the government, I served as an officer of an IT company and an oil exploration and development company. In order to support the Group's future growth, I would like to make use of these experiences to fulfill my duties as an outside director.

Corporate Governance

Relevant material issue	Initiatives
 Corporate Governance	<ul style="list-style-type: none"> Strengthening governance system Developing compliance promotion system

Basic Approach

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.

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

Corporate Governance System

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

Management and business execution system

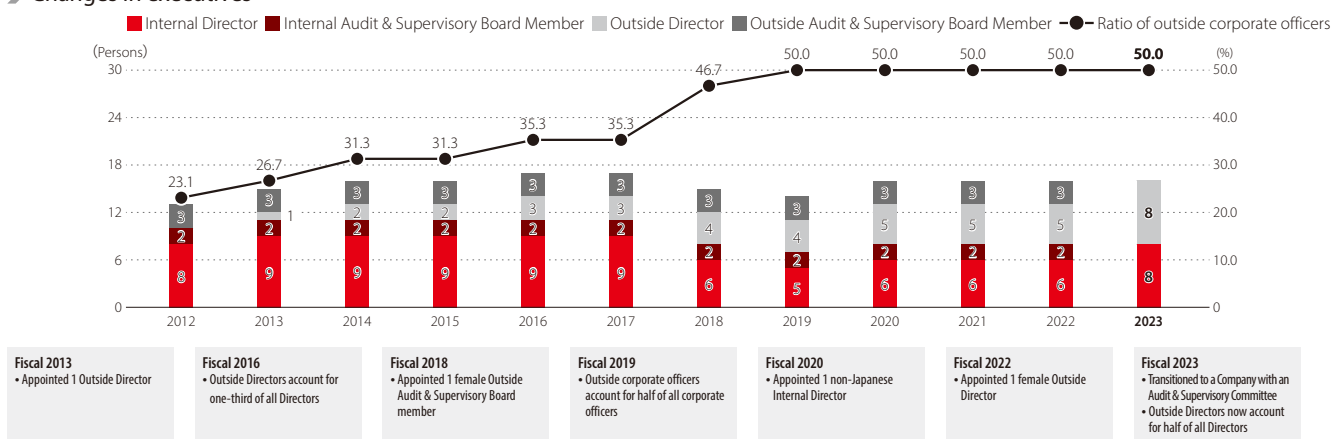
The Company transitioned its governance system from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee by a resolution approved at the 147th Ordinary General Meeting of Shareholders held on March 30, 2023. The intention of this move was to further enhance corporate governance by first strengthening the supervisory function of the Board of Directors and second further strengthening the monitoring system by making Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by directors, members with voting rights at the Board of Directors.

In addition to the institutional design under the Companies Act (General Meeting of Shareholders, Representative Directors, Board of Directors, Audit & Supervisory Committee, and Accounting Auditor), the

Company's corporate governance system employs a corporate officer system to clarify management oversight and business execution while thoroughly speeding up management decision making and business execution. Under the current structure, the Board of Directors comprises 11 members in total (excluding directors who are Audit & Supervisory Committee members), six internal directors (including directors who serve concurrently as corporate officers) including the president, who holds the right to represent the Company, and five outside directors. In addition, there are 15 corporate officers, excluding those who serve concurrently as directors.

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.

Changes in executives



*The number of Internal Directors and Outside Directors for fiscal 2023 includes the number of Directors serving as Audit & Supervisory Committee members.

Management audit oversight

The Company has an Audit & Supervisory Committee that serves as an audit function for management, and consists of five members in total, two internal Audit & Supervisory Committee members, and three outside Audit & Supervisory Committee members. A system has been established for full-time Audit & Supervisory Committee member 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 Committee 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-pronged audit structure. At the same time, Audit & Supervisory Committee members receive information from the accounting auditor and the Internal Audit Dept. as appropriate in an effort to strengthen audit functions. Furthermore, we have assigned employees to the Audit & Supervisory Committee Secretariat to assist the Audit & Supervisory Committee in order to enhance the effectiveness of audits and facilitate audit operations.

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. The committee comprises three members, one representative director and two independent outside directors, ensuring that a majority of its members are independent outside directors. The committee met six times in fiscal 2022 to deliberate on the personnel moves and remuneration of officers; in turn, providing its recommendations to the Board of Directors.

The operation of the Personnel Remuneration Committee for Corporate Officers and Directors has changed as follows as a result the establishment of the Audit & Supervisory Committee on March 30, 2023.

(1) With regard to personnel matters, the committee deliberates on candidates for director to be submitted to the General Meeting of Shareholders, advises the Board of Directors on the results the consent of the Audit & Supervisory Committee for directors who are Audit & Supervisory Committee members and the opinions of the Audit & Supervisory Committee for directors who are not Audit & Supervisory Committee members. In turn, the Board of Directors makes the final determination. In addition, the appointment of corporate officers is deliberated by the committee, which then advises the Board of Directors, which makes the final decision.

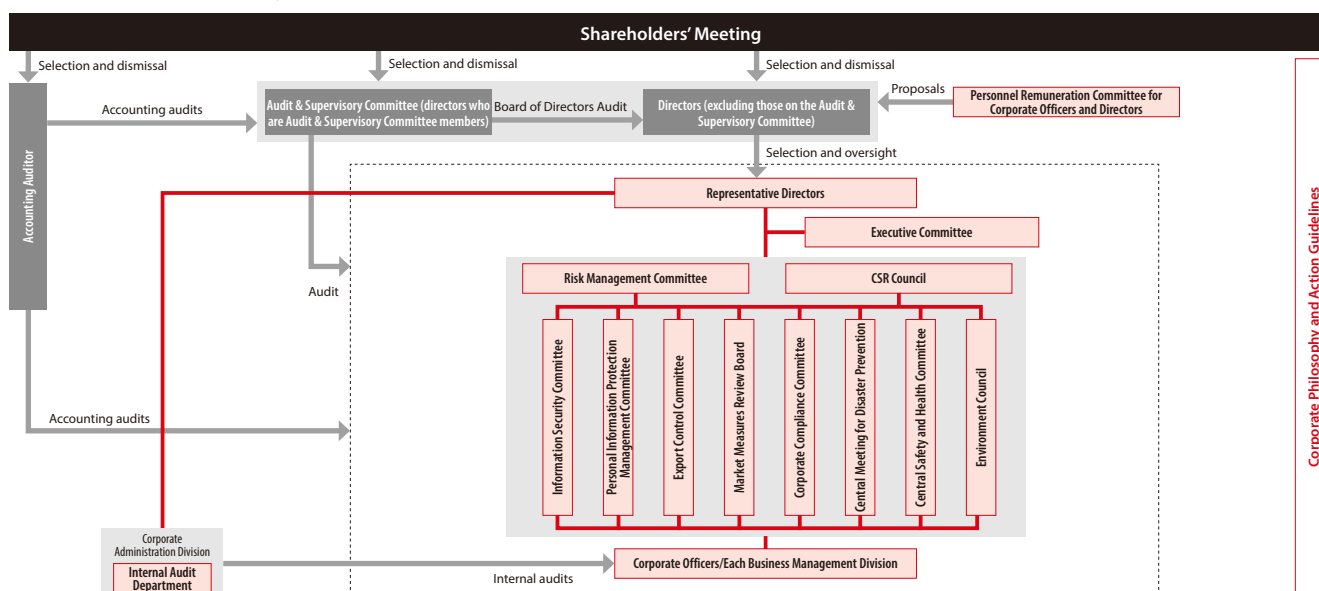
(2) With regard to remuneration, within the total amount approved at the General Meeting of Shareholders, the committee deliberates on the system of fixed remuneration, short-term performance-linked remuneration, medium-term performance-linked remuneration, and restricted stock remuneration as medium- to long-term performance-linked remuneration for representative directors and executive directors, and fixed remuneration for outside directors, and advises the Board of Directors. The remuneration system for directors who are Audit & Supervisory Committee members is determined by the Audit & Supervisory Committee in consideration of the opinions of the Personnel Remuneration Committee for Corporate Officers and Directors.

All members	3
Internal Director	Masataka Yamaishi (Chair)
Outside Director	Hideichi Okada and Hirokazu Kono

Executive Committee

The Executive Committee, a meeting body that serves as an executive organ, meets three times per month, in principle, with the attendance of full-time Audit & Supervisory Committee member, to deliberate and determine management policy as well as important matters concerning management execution. 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.





Corporate Governance System Diagram



Corporate Philosophy and Action Guidelines

Corporate Governance

» Members of each institution (after transitioning to a Company with an Audit & Supervisory Committee)

Institution	Board of Directors	Audit & Supervisory Committee	Personnel Remuneration Committee for Corporate Officers and Directors	Executive Committee
Composition	 <p>Chairperson 16 directors (of which, 8 outside directors)</p>	 <p>Chairperson 5 Audit & Supervisory Committee members (of which, 3 outside Audit & Supervisory Committee members)</p>	 <p>Chairperson 3 directors (of which, 2 outside directors)</p>	 <p>Chairperson 8 directors (of which, 5 corporate officers)</p>
Number of meetings held in fiscal 2022*	17 times	7 times	6 times	48 times

*Number of meetings of the Board of Directors, Audit & Supervisory Board, Personnel Remuneration Committee for Corporate Officers and Directors, and Executive Committee prior to the transition to a Company with an Audit & Supervisory Committee

» Reason for selection of outside directors and attendance in meetings

	Name	Activities in fiscal 2022	Reason for selection
Outside Directors	Hideichi Okada	Board of Directors: attended all 17 meetings	Hideichi Okada actively provides opinions and suggestions from his international perspective and based on his deep insight of economic and social events surrounding corporate management. The Company appointed him as an outside director in the belief that he will contribute to the management of the Company with his ample experience in the government ministry and knowledge of corporate management accumulated in Japan Petroleum Exploration Co., Ltd. and other companies.
	Masatoshi Hori	Board of Directors: attended all 17 meetings	Masatoshi Hori has actively provided opinions and suggestions based on his ample experience and insight as a corporate manager as well as his track record of being involved and successful in a large number of M&A deals. The Company appointed him as an outside director in the belief that he will contribute to the management of the Company with his ample knowledge and insight.
	Hiroko Kaneko	Board of Directors: attended 11 of 13 meetings after appointment	Hiroko Kaneko has actively provided opinions and suggestions from the perspective of a certified public accountant with abundant experience of working at auditing firms and a university professor studying and teaching auditing and audit practices. The Company appointed her as an outside director in the belief that she will contribute to the management of the Company with her ample knowledge and insight.
	Megumi Shimizu	Board of Directors: attended all 17 meetings Audit & Supervisory Board: attended all 7 meetings	Megumi Shimizu has long worked as an attorney and currently serves as a partner at a leading law office of Japan. The Company appointed her as an outside director in the belief that she will use her ample insight and knowledge as a law expert for the management of the Company.
	Junichi Furukawa	New appointment	Junichi Furukawa is a corporate manager who possesses abundant experience and extensive knowledge of corporate management. The Company appointed him as an outside director in the belief that he will reflect his insights in finance and accounting and abundant knowledge with a sense of balance in the management of the Company.
Directors who are Audit & Supervisory Committee Members	Hirokazu Kono	Board of Directors: attended all 17 meetings	Hirokazu Kono has actively provided opinions and suggestions based on his deep insight accumulated through his long-year studies of management engineering and business administration at universities in Japan and the United States. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management by utilizing his ample expertise and experience in management engineering and business administration.
	Atsushi Kamei	Board of Directors: attended 16 of 17 meetings Audit & Supervisory Board: attended all 7 meetings	Atsushi Kamei has actively provided frank opinions from the perspectives of his long years of experience and corporate management in leading retail business players. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will continue to supervise the management of the Company from an external viewpoint.
	Hiroki Kimura	Board of Directors: attended 15 of 17 meetings Audit & Supervisory Board: attended all 7 meetings	Hiroki Kimura serves as President and Representative Director of Asahi Mutual Life Insurance Company, and he actively provides suggestions from his experience as a corporate manager of a financial institution. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management with his professional knowledge accumulated in the fields of accounting, finance and asset management.

Operational Status of the Board of Directors

In fiscal 2022, the Board of Directors met 17 times and deliberated on 64 agenda items. One of the main discussions of the Board of Directors in fiscal 2022 was the acquisition of Trelleborg Wheel Systems Holding AB (TWS) and Yokohama Rubber's transition to a Company with an Audit & Supervisory Committee. Regarding the acquisition of TWS, discussions centered on the significance of the acquisition and its alignment with the strategies of YX2023, the rationality of the acquisition price, and how to raise funds for the

acquisition. With regard to the transition to a Company with an Audit & Supervisory Committee, the Board of Directors identified the advantages of the transition and the issues with the Company's current governance, and discussed what kind of governance system should be appropriate for a global company. As a result, the Board of Directors considered that a Company with an Audit & Supervisory Committee would be the most suitable governance structure and made a resolution toward this end.

Evaluation of Board Effectiveness

The Company conducted an anonymous survey from December 2019 to January 2020 targeting all directors (excluding the Chairman of the Board of Directors), including outside directors, and all Audit & Supervisory Board Members regarding the evaluation of the effectiveness of the Board of Directors. The results indicated that the Board of Directors of the Company is operating appropriately from a

comprehensive perspective and that the effectiveness of the Board of Directors is ensured. With the transition to a Company with an Audit & Supervisory Committee from fiscal 2023, the next evaluation of the effectiveness of the Board of Directors is scheduled to be conducted around autumn 2023.

Remuneration for Corporate Officers and Directors

Overview of officer remuneration

Traditionally, Yokohama Rubber 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 corporate officers from 2020.

Starting in 2021, a medium-term performance-linked remuneration system was introduced for directors (excluding outside directors) and corporate officers, with the aim of further incentivizing the achievement of quantitative targets in the Medium-Term Management Plan. Although the Company became a company with an Audit & Supervisory Committee on March 30, 2023, both internal and outside directors who are Audit & Supervisory Committee members are excluded from the directors eligible for this system.

Eligibility for medium-term performance-linked remuneration

The officers eligible for medium-term performance-linked remuneration as of March 30, 2023, are as follows.

Position	Number of persons
Representative Director	1
Member of the Board and Managing Officer	4
Member of the Board and Corporate Officer	1
Corporate Officer	15

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 yen x 100	Calculation method
120% or more	Monthly remuneration x 12 months x payment factor of 1.5
100% or more but less than 120%	Monthly remuneration x 12 months x payment factor of 1
Less than 100%	No payment

Monthly remuneration used in the above formula 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 is 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.

Corporate Governance

» Amount of remuneration of Directors and Audit & Supervisory Board Members (fiscal 2022)

Category	Total remuneration (millions of yen)	Total by type of remuneration (millions of yen)				Number of eligible officers (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))	424	184	73	110	57	7
Audit & Supervisory Board Members (excluding outside members)	66	45	20	–	–	2
Member of the Board (Outside) and Audit & Supervisory Board Member (Outside)	80	80	–	–	–	9

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 2022.

Name	Consolidated total remuneration (millions of yen)	Officer category	Company category	Total by type of remuneration (millions of yen)			
				Basic remuneration	Bonus	Restricted stock compensation	Medium-term performance-linked remuneration
Masataka Yamaishi	151	Member of the Board	Yokohama Rubber Co., Ltd.	56	25	50	18
Nitin Mantri	583	Member of the Board	Yokohama Rubber Co., Ltd.	22	–	15	3
		Member of the Board	Consolidated Subsidiary ATC Tires Pvt. Ltd.	87	248	–	–
		Member of the Board	Consolidated Subsidiary Yokohama Off-Highway Tires America Inc.	6	200	–	–

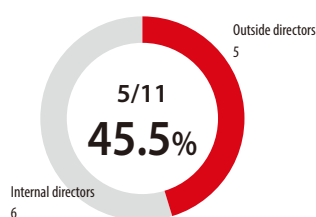
Board Diversity

The Board of Directors of the Company consists of no more than 15 directors (excluding directors who are Audit & Supervisory Committee members) while the Audit & Supervisory Committee consists of no more than five members as stipulated in the Articles of

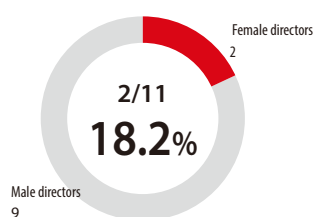
Incorporation. Our basic approach is to ensure their diversity, including outside directors, and an appropriate composition, while giving consideration to the balance of knowledge, experience, and abilities associated with each business.

» Composition of the Board of Directors (after transition to a Company with an Audit & Supervisory Committee)

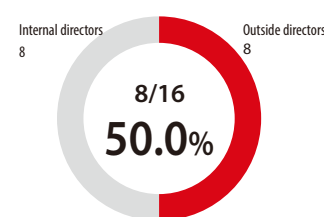
Ratio of Outside Directors
(excluding Directors who are Audit & Supervisory Committee Members)



Ratio of Female directors
(excluding Directors who are Audit & Supervisory Committee Members)



Ratio of Outside Directors
(including Directors who are Audit & Supervisory Committee Members)



Officer Training

The Company will appropriately provide necessary information to ensure the sustainable growth of the Company, the enhancement of corporate value over the medium to long term, and the full exercise of management supervision and auditing functions by directors. In addition, in order to enhance deliberations at Board of Directors meetings, outside directors are continuously provided with opportunities to understand the Company's business operations, such as prior distribution and explanation of Board of Directors materials and the provision of related information, as well as orientation at the time

of appointment, plant tours, and dialogue with management. In addition, even after assuming office, we encourage officers to continue to participate in external seminars, external organizations, and human networks for the purpose of acquiring new ideas and self-development through exposure to real information, and the Company bears the costs of such seminars. The Board of Directors confirms through surveys and other means whether or not the provision and mediation of training opportunities and support for such expenses are being appropriately implemented.

Tax Transparency and Tax Governance

We established the Yokohama Group Tax Policy to ensure compliance with tax-related laws and regulations, considered a social norm, and to contribute to society through appropriate tax payments based on the Yokohama Group Organizational Governance Policy. In addition, we will fulfill our tax obligations as a global company by complying with the tax-related laws and regulations of each country and guidelines provided by the OECD.

The Yokohama Rubber Group's tax-related corporate governance is included within the Group's overall governance. This governance is implemented within the scope of responsibility of the General Manager of the Corporate Administration Division of the Yokohama Rubber Co., Ltd. The Yokohama Rubber Group's tax planning is implemented appropriately based on the actual status of the Group's business activities and in line with its business objectives. We strive to prevent tax planning for the purpose of tax avoidance using tax

havens and capital structures, understand the legislative intent of the preferential tax treatment available in each country, and utilize it within the scope of normal business activities to improve tax efficiency.

We will build sound, healthy relationships with the tax authorities of each country and respond seriously and with integrity to requests from the relevant authorities to participate in tax investigations. In the event of a difference of opinion between the Group and the tax authorities, the Group strives to engage in dialog with the authorities and to resolve the issue in accordance with the relevant tax-related laws and regulations

Corporate income taxes paid

Unit: billions of yen

	FY2020	FY2021	FY2022
Japan	5.59	5.29	9.05
Overseas	6.77	8.53	16.22
Total	12.36	13.82	25.27

Yokohama Rubber Group Tax Policy

<https://www.y-yokohama.com/global/sustainability/governance/tax/>

Status of Reducing Cross-Shareholdings

Policy on cross-shareholdings

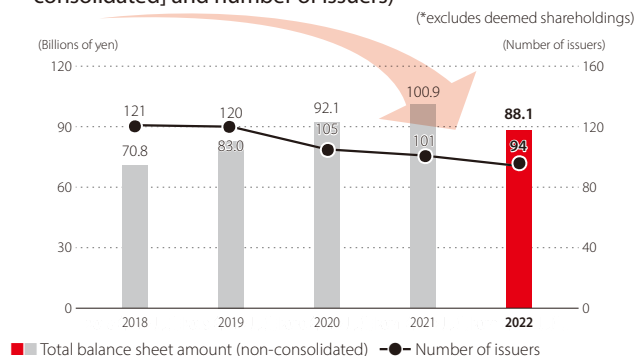
In the interests of corporate expansion and sustainable development, the Company believes it is essential to maintain cooperative ties with various companies. We adopt a medium-to-long-term perspective for enhancing the Company's corporate value and follow a policy of holding shares deemed strategically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

factors. These findings are reported to the Board of Directors. The Company sold all shares held in seven companies and some of the shares it holds in four companies in light of verification by the Board of Directors in February 2022.

Trend in cross-shareholdings (amount on balance sheet [non-consolidated] and number of issuers)



Constructive Dialogue with Shareholders

When engaging in dialogue (meetings) with shareholders, the director in charge of the Corporate Administration Division and the Corporate Planning Division serves as the director in charge, and the Corporate Administration Division and the Corporate Planning Division cooperates with the director in charge within a reasonable scope based on the wishes of shareholders and the main interests of the interview. If necessary, to a reasonable extent, we consider having outside directors or directors who are Audit & Supervisory Committee members attend meetings.

In principle, we conduct substantive shareholder surveys once a year and multiple times as necessary to understand the shareholder structure, after which the Corporate Planning Division, Accounting Division, and Legal Division strive to respond to shareholders by

exchanging opinions based on their respective professional perspectives.

In order to enhance the means of dialogue with shareholders other than individual meetings, financial results briefings are held quarterly, and explanations are given by the President and Representative Director at the end of the fiscal year and after the first half financial results, and the director in charge of the Corporate Planning Division provides other explanations. The results of dialogue (interviews) with shareholders are reported to the President and Representative Director as appropriate.

At the dialogue with investors as well as at financial results briefings, we pay attention to the management of insider information.

Compliance

Relevant material issue	Initiatives
 Corporate Governance	<ul style="list-style-type: none"> • Strengthen the governance system • Developing systems to promote compliance

Basic Approach

In response to the expanding risks due to globalization, the Yokohama Rubber Group established the Group's Competition Law Compliance Policy and Anti-Corruption Policy, defined regulations and guidelines that embody these policies, and shared these requirements to members*of the Yokohama Rubber Group. By combining the above with the Global Whistle-Blowing System, which are rolled out in our subsidiaries in each country and region, we aim to further raise the level of compliance in the Yokohama Rubber Group.

With regard to product liability, our mission is to contribute to the development of the company and society by winning the trust of our customers and securing appropriate levels of profit. In order to achieve this, we must continue to provide products of quality that satisfy customers around the world and that can be purchased with peace of mind. The Yokohama Rubber Action Guidelines state that, "We shall listen to the views of our customers, accurately ascertain their needs, and develop, design, manufacture, and sell products of genuine use to society."

*All employees working in the Yokohama Rubber Group, including full-time employees, contract employees, temporary employees, and outsourced employees.

Compliance System

Yokohama Rubber has established a Corporate Compliance Committee chaired by the director in charge of the Corporate Administration Div. and a Corporate Compliance Department as the department that handles compliance implementation. The committee meets four times a year for ongoing implementation of various measures related to the Yokohama Rubber Group's compliance, and to report on its activities to the Board of Directors and the Audit & Supervisory Board. The Yokohama Rubber Group's Corporate Philosophy and Code of Conduct have been disseminated to all Group companies, including those overseas, and serve as guidelines via internal bulletin, etc. for the execution of duties by the directors and employees of each company. In addition, by assigning a person

from each division to be a concurrent member of the Corporate Compliance Dept., we strive to share updates on workplace training and awareness raising activities and relevant information. We have also appointed a Compliance Promotion Manager at each of the domestic and overseas group companies to carry out the same activities.

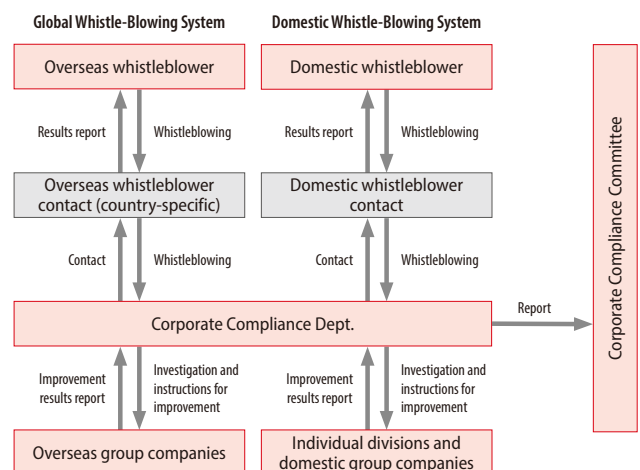
In the event of a quality problem or complaint in the market regarding a product that we have provided to customers, we respond promptly to resolve the problem and take measures to prevent its recurrence. These measures involve regularly conducting quality audits to confirm the implementation status of corrective actions and verifying their effectiveness.

Whistle-Blowing System

Compliance Hotline is a system available that also handles anonymous whistleblowing in accordance with the Whistle-Blower Protection Act. There are two Compliance Hotlines, one internal and one external. The external Compliance Hotline is set up at a law firm to ensure independence. In addition, the General Counseling Room has been set up as a service for any member of the Group to consult over doubts regarding compliance. In fiscal 2022, the Compliance Hotline and General Counseling Room fielded 142 reports or consultations in total.

For overseas subsidiaries, a Global Whistle-Blowing System which is handled directly by the Corporate Compliance Dept. has been set up and is gradually becoming operational in overseas locations. Despite the delay due to COVID-19, phased introduction has been completed in China, the Philippines, Thailand, North America, Europe, and Vietnam as of 2022, except for a portion of business sites. Starting 2023, introduction is considered for production sites in Indonesia.

» Whistle-Blowing System



Education and awareness raising activities

The Corporate Compliance Dept. plans and promotes compliance training for Group members. It distributes educational materials and conducts group learning and training activities at workplaces, depending on whether the content is intended for general employees or specific divisions or ranks as necessary,

In 2022, we continued training on harassment and quality misconduct, and focused on topics such as online defamation, mental health in the workplace, promotion of diversity and inclusion, and business and human rights.

Compliance Workplace Training Themes (2022)

The Yokohama Rubber Group uses its own educational materials to conduct group training on compliance at each workplace monthly. In fiscal 2022, the following themes were covered.

- January** Online defamation
- February** Mental health in the workplace
- March** Workplace bullying and coaching
- April** Promotion of diversity and inclusion
- May** Occupational injuries and concealing of occupational injuries
- June** Sexual harassment and gender harassment
- July** Business and human rights
- August** Revisions to the whistleblowing regulations
- September** Remarks made in the workplace that abuse one's position of power (maternity harassment and workplace bullying)
- October** Contribution to and consideration of local communities
- November** Improper conduct regarding quality
- December** Internal whistle-blowing system and reporting/consulting anonymously

Initiatives to Prevent Corruption

The Yokohama Rubber Group Action Guideline states in 6. "We shall observe not only laws and regulations but also social norms." It also declares that "We shall not engage in any activity that is in violation of the competition-related law (antitrust legislation), any acts of bribery, and any other acts that deviate from laws, regulations, or business conventions;" and "We shall maintain sound relations with political groups and public administrative authorities, and shall not engage in any acts of bribery, in Japan or any other country or region. We shall not entertain, give any gifts to, or give any money to business partners for the purpose of gaining illicit advantage." The Yokohama Rubber Group Action Guideline also states actions involving not only public servants, but also business partners as well.

Under our global whistleblowing system, we have established an external contact point to promptly identify illegal activities such as competition law violations and bribery, and we provide training in advance to overseas subsidiaries that are scheduled to introduce the system.

(People)

Training opportunities	Number of people
Pre-departure training for overseas posting	31
Newly appointed career path training	20
Pre-launch training for whistle-blowing system	1,433
Total	1,484

Initiatives at Group Companies

Between July and November 2022, we invited an external law firm to conduct training on the theme of "Compliance with Competition Laws and Prohibition of Bribery and Fraud" as a preliminary training for the introduction of the global whistleblowing system at YTVI, a tire manufacturing company in Vietnam. A total of 555 people took part in this training. In addition, YTMT, a tire production company in Thailand, started operation of the system in February 2022, and YTRC, a natural rubber processing company, in May 2022.




Preliminary training at YTMT

Future Issues and Measures

To respond to the growing risks associated with globalization, we will continue to expand the introduction of our global whistleblowing system and provide training. To prevent quality fraud, we will create an environment impervious to fraudulent activity by creating a training program that approaches motives based on case studies of other

companies, and by planning and implementing training for all employees in Japan and overseas, including affiliated companies. In addition, from the perspective of compliance with rules, we are confirming operations and inspecting processes, and if necessary, we will make improvements.

Risk Management

Relevant material issue	Initiatives
 Corporate Governance	<ul style="list-style-type: none"> • Strengthening governance system • Strengthening the Business Continuity Plan (BCP)

Basic Approach

Yokohama Rubber is working to strengthen risk management as part of its internal control in order to minimize diversifying risks. We are focusing on identifying matters that have a significant impact on our business, taking preventive measures to stop risks before they occur, and creating a system for prompt and appropriate responses to minimize damage in the event of a serious risk incident.

Currently, there is a need to respond to various changes in the business environment in Japan and overseas, such as growing awareness of human rights and global business expansion. In addition, the impacts of risks caused by the external environment, such as the COVID-19 pandemic, tight supply and demand of raw materials, and cyberattacks, are also enormous.

In light of these circumstances, we recognize that risk management is one of the most important issues in terms of management sustainability, and we are working to maintain and strengthen our risk management system.

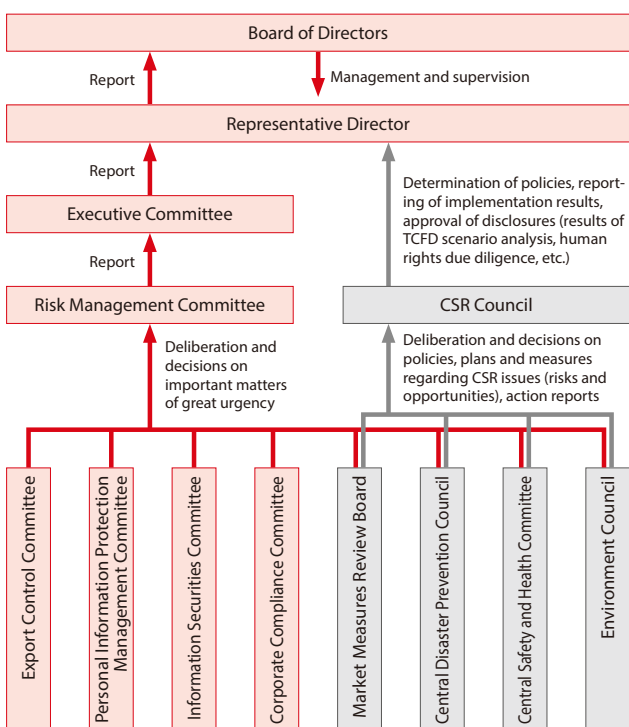
Risk Management System

In order to strengthen our defense system against various risks facing the company, we have established the Risk Management Committee, chaired by the executive in charge of risk management, to manage risks that may have a significant impact on management in a cross-functional manner and to appropriately evaluate and respond to them. The status of activities is regularly reported to the Board of Directors. In addition, for matters related to compliance, occupational health and safety, disasters, the environment,

information security, and export control that pose specific risks, the Corporate Compliance Committee, the Central Safety and Health Committee, the Central Disaster Prevention Council, the CSR Council, the Environment Council, the Information Securities Committee, the Personal Information Protection Management Committee, the Export Control Committee, etc. have been established, rules, guidelines, and manuals put into place and training provided.

The activities of the Risk Management, Corporate Compliance, Export Control, and Personal Information Protection Management committees are regularly reported to the Board of Directors. The status of activities of meeting bodies other than the above is reported to the Executive Committee as appropriate, and those deemed necessary are reported to the Board of Directors.

» Risk management system



Fiscal 2022 results

In addition to the regular meetings of the Risk Management Committee and other committees twice a year, ad hoc committee meetings may be held based on the standards stipulated in the committee rules. In fiscal 2022, the Risk Management Committee and the Personal Information Protection Management Committee held extraordinary committee meetings, and the results of these meetings were as follows. Going forward, we will continue to work more on PDCA activities to identify possible risks, consider countermeasures, inform related parties, and verify them while sustaining our normal day-to-day business activities.

» Committee meetings (including extraordinary meetings)

Risk Management Committee	22 times
Personal Information Protection Management Committee	4 times
Export Control Committee	2 times
Information Securities Committee	2 times

Information Security Initiatives

The Yokohama Rubber Group is implementing a variety of information security measures to protect customers' personal information and other confidential information from threats such as cyberattacks, which are becoming more sophisticated and complex every day, along with other information leakage risks.

As information security rules and regulations, we have established information security management rules and procedures, and regularly review them in response to changes in the environment surrounding information security.

As an initiative of the Yokohama Rubber Group as a whole, we have assigned information management managers to each

organization and Group company, established an information security communication network, and collect and provide information, including problems from stakeholders, through the Information Security Desk. In the unlikely event of an information security incident, we are working to strengthen our relationships so that we can respond promptly. We also regularly conduct targeted e-mail attack drills and e-learning for employees. In 2022, the information security management system acquired TISAX (Trusted Information Security Assessment Exchange) certification, which is an information security assessment formulated by the German Association of the Automotive Industry.

Activities in Fiscal 2022

Fire and disaster prevention initiatives

Learning from the fire that occurred at YOKOHAMA TIRE PHILIPPINES, INC. (YTPI)'s production site in the Philippines in 2017, we are working to operate our business with safety as a top priority based on our vow to never cause a fire or accident again. In terms of fire prevention activities, in May 2022, we revised the company-wide Fire Prevention Guideline, which aim to prevent fires and prevent the spread of fires in the event of an emergency. In this way, we have established a system to prevent recurrence. We will continue this activity after fiscal 2022 and strengthen the Yokohama Rubber Group's fire prevention system by implementing the PDCA cycle for improvements that leads to fire prevention.

In terms of disaster prevention activities, we revised the Disaster Prevention Guidelines in September 2021 to clarify our preparedness for intensifying natural disasters and infectious diseases occurring over a wide area. With the aim of maintaining corporate activities based on human life first, these guidelines clarify the actions that employees should take in the event of a disaster, the company's disaster prevention system, and the enhancement and management of disaster stockpiles, and they promote the strengthening of Yokohama Rubber's disaster preparedness capabilities. Disaster prevention drills are also held on a regular basis, and the content, frequency, and number of participants are confirmed to prepare for a quick response to disasters.



Fire prevention audit

BCP initiatives

We have introduced a safety confirmation system covering the Company and our domestic production subsidiaries and conduct ongoing drills. In addition to conducting safety confirmation drills regularly at each site, we have been conducting nationwide safety confirmation drills since March 2021. By increasing the frequency of safety confirmation drills, we are working to improve our initial response capabilities in the event of a disaster and raise our employees' awareness of disaster prevention. In addition, since 2017, the Disaster Prevention Guidelines have stipulated the stockpiles to be deployed at each site, including the quantity. Based on this, we manage and confirm in the database that stockpiles are secured for the required number of days, and replenish any shortages, including replacement of expired items.

With regard to the Business Continuity Plan (BCP), we have prepared guidelines for responding to various destructive and non-destructive disasters, such as infectious diseases, that include the Basic BCP Guidelines, and revise them as necessary. In 2022, we conducted a total of six BCP drills. Going forward, we will continue our efforts to protect our employees from disasters and strengthen our systems and mechanisms to continue the supply of products and services when our business is exposed to disasters.



BCP training (Hiratsuka Factory)

Future Issues and Measures

As the environment surrounding companies is becoming increasingly severe symbolized by the unstable global situation, the intensification and frequency of natural disasters due to climate change, and cyberattacks, which are becoming for advanced and stealthy, further strengthening of risk management will continue to be an issue.

Going forward, we will continue to improve risk countermeasures by implementing the PDCA cycle by each department in charge, and raise the awareness of each and every employee through BCP drills and information security training and drills.

Senior Management

As of August 1, 2023

Members of the Board



Masataka Yamaishi

President, Chairman of the Board



Nitin Mantri

Member of the Board and Managing Officer, Head of OHT Div., CEO of Yokohama Off-Highway Tires K.K., Chairman of Yokohama India Pvt. Ltd., Chairman of Yokohama Tyre Vietnam Inc., in charge of Yokohama Europe GmbH



Shinji Seimiya

Member of the Board and Managing Officer, Chief Technical & Productional Officer, in charge of IT & Management System Planning Div.



Tomoaki Miyamoto

Member of the Board and Managing Officer, Head of Japan Replacement Tire Sales & Marketing Div., Head of Consumer Tire Product Planning Div., Head of Corporate Administration Div., Head of Hiratsuka Factory, Member of the Board of Yokohama Tire Japan Co., Ltd.



Yoshikuni Nakamura

Member of the Board and Managing Officer, Head of Tire Business Planning Div., in charge of Tire Overseas Sales & Marketing Div., in charge of Corporate Social Responsibility Div., in charge of Tire Logistics Div.



Masahiro Yuki

Member of the Board and Officer, Head of Corporate Planning Div., in charge of Quality Assurance Div., Chairman of Yokohama Rubber (China) Co., Ltd.



Hideichi Okada

Member of the Board (Outside)



Masatoshi Hori

Member of the Board (Outside)



Hiroko Kaneko

Member of the Board (Outside)



Megumi Shimizu

Member of the Board (Outside)



Junichi Furukawa

Member of the Board (Outside)



Gota Matsuo

Member of the Board, Member of the Audit & Supervisory Committee



Hisao Uchida

Member of the Board, Member of the Audit & Supervisory Committee



Hirokazu Kono

Member of the Board, Member of the Audit & Supervisory Committee (Outside)



Atsushi Kamei

Member of the Board, Member of the Audit & Supervisory Committee (Outside)



Hiroki Kimura

Member of the Board, Member of the Audit & Supervisory Committee (Outside)

► Directors with the Skills Needed for Implementing Management Strategy

Name	Position	Corp mgt Mgt strategy	HR policies & development	Overseas knowledge Int'l business	Tech development & quality	Procurement/ Prod'n/Prod'n technology/ SCM	Finance & accounting	Governance Internal controls	ESG/ CSR	Sales & marketing
Masataka Yamaishi	President, Chairman of the Board	●	●	●				●		
Nitin Mantri	Member of the Board and Managing Officer	●		●		●				●
Shinji Seimiya	Member of the Board and Managing Officer				●	●			●	
Tomoaki Miyamoto	Member of the Board and Managing Officer	●								●
Yoshikuni Nakamura	Member of the Board and Managing Officer	●		●				●		●
Masahiro Yuki	Member of the Board and Officer	●		●						●
Hideichi Okada	Member of the Board (Outside)	●		●				●	●	
Masatoshi Hori	Member of the Board (Outside)	●	●							●
Hiroko Kaneko	Member of the Board (Outside)		●				●	●		
Megumi Shimizu	Member of the Board (Outside)			●				●		
Junichi Furukawa	Member of the Board (Outside)	●	●				●			
Gota Matsuo	Member of the Board, Member of the Audit & Supervisory Committee						●	●	●	
Hisao Uchida	Member of the Board, Member of the Audit & Supervisory Committee					●		●		
Hirokazu Kono	Member of the Board, Member of the Audit & Supervisory Committee (Outside)	●			●	●				
Atsushi Kamei	Member of the Board, Member of the Audit & Supervisory Committee (Outside)	●	●					●		●
Hiroki Kimura	Member of the Board, Member of the Audit & Supervisory Committee (Outside)	●					●	●		

Note) ● entered for maximum of 4 skills or areas of specialization for each director, chart does not indicate all the skills or professional knowledge possessed by the directors.

Officers

Name	Position
Shinichi Takimoto	Senior Managing Officer, Chairman and CEO of Yokohama Corporation of North America, Chairman of Yokohama Tire Corporation, Chairman of Yokohama Tire (Canada) Inc., Chairman of Yokohama Tire Mexico, S. de R.L. de C.V.
Jeff Barna	Senior Managing Officer, President of Yokohama Corporation of North America, President and CEO of Yokohama Tire Corporation
Tadaharu Yamamoto	Managing Officer, Assistant to President, Head of Tire Logistics Div.
Katsuhiko Yahata	Managing Officer, President of Yokohama Tire Japan Co., Ltd., Deputy Head of Japan Replacement Tire Sales & Marketing Div.
Takehisa Morimoto	Managing Officer, President of Yokohama Tire Manufacturing Mississippi, LLC., Chairman of Yokohama Tire Manufacturing Virginia, LLC.
Toru Nakamura	Officer, President of Yokohama Tire Manufacturing (Thailand) 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 Suisse SA, President of Yokohama CEE Spółka z o.o.

Name	Position
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 Quality Assurance Div.
Shingo Ishimitsu	Officer, Head of HR Dept., President of Yokohama Peer Support Co., Ltd., President of Yokohama Rubber Co-op., in charge of Personnel and Labor Affairs, Assistant to Head of Hiratsuka Factory
Anil Gupta	Officer, COO of ATC Tires Pvt. Ltd., Vice Chairman of Yokohama India Pvt. Ltd.
Tetsuya Nagao	Officer, Head of Tire Production Div.
Takeshi Masatomo	Officer, Head of Tire Overseas Sales & Marketing Div., Chairman of Yokohama Asia Co., Ltd.
Shoichiro Matsuda	Officer, Head of Tire Development Div., Head of Tire Designing Dept. No.2