


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

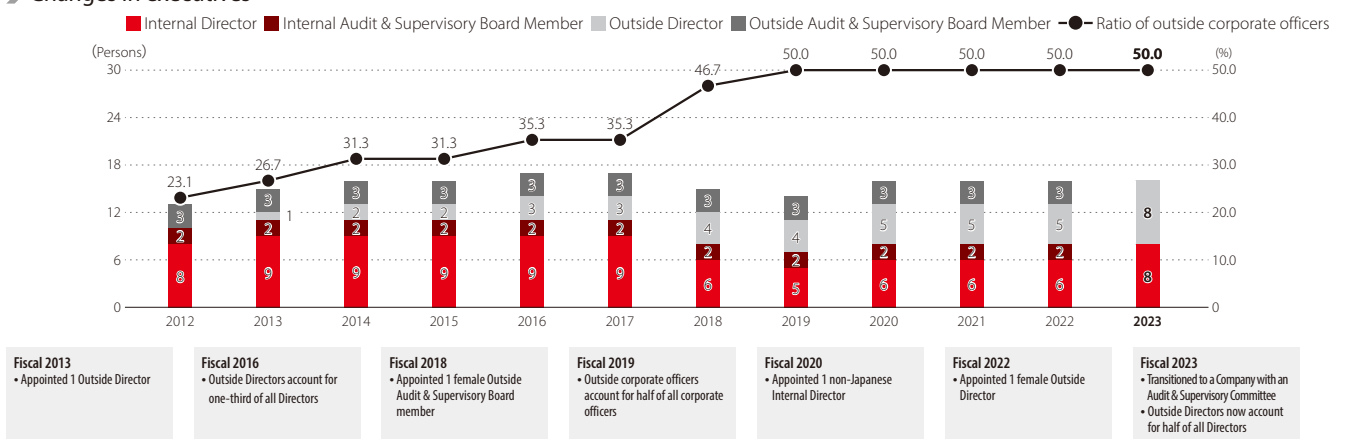
The Company transitioned its governance system from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee by a resolution approved at the 147th Ordinary General Meeting of Shareholders held on March 30, 2023. The intention of this move was to further enhance corporate 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.

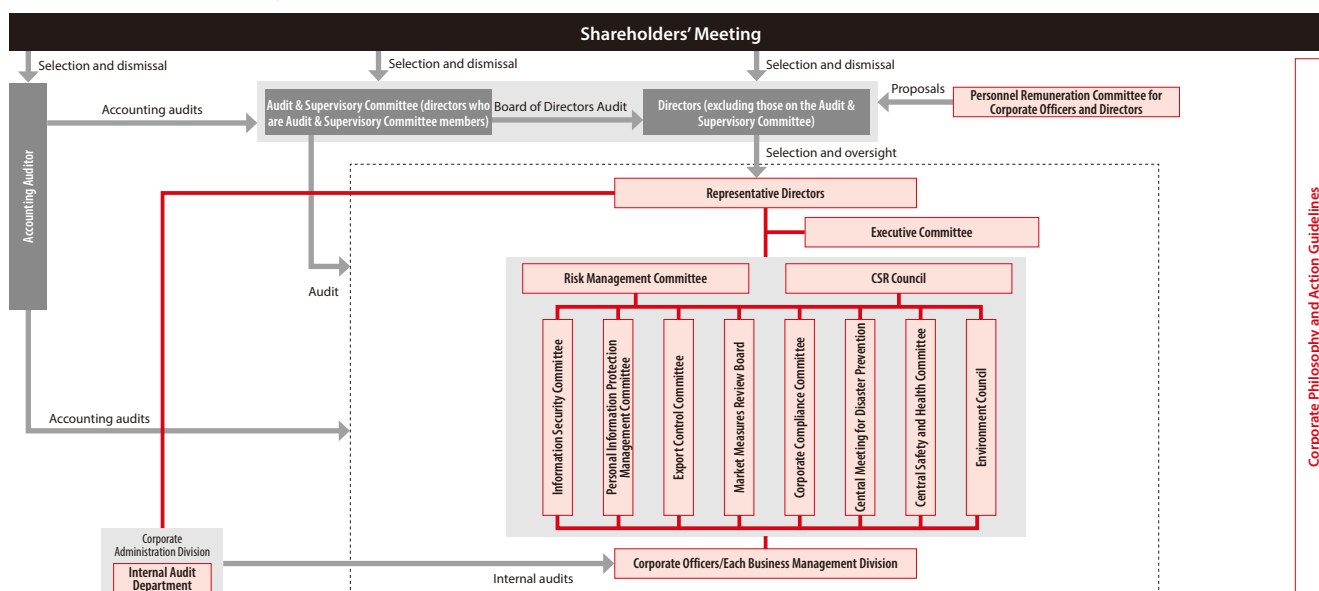
(2) With regard to remuneration, within the total amount approved at the General Meeting of Shareholders, the committee deliberates on the system of fixed remuneration, short-term performance-linked remuneration, medium-term performance-linked remuneration, and restricted stock remuneration as medium- 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	–	–

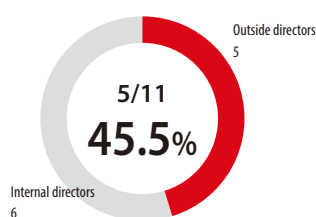
Board Diversity

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

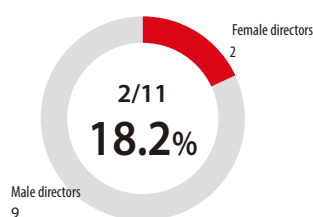
Incorporation. Our basic approach is to ensure their diversity, including outside directors, and an appropriate composition, while giving consideration to the balance of knowledge, experience, and abilities associated with each business.

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

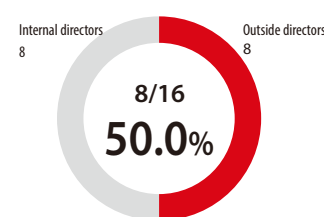
Ratio of Outside Directors
(excluding Directors who are Audit & Supervisory Committee Members)



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

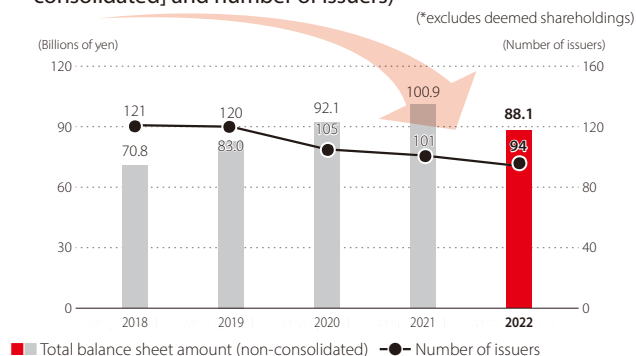
In the interests of corporate expansion and sustainable development, the Company believes it is essential to maintain cooperative ties with various companies. We adopt a medium-to-long-term perspective for enhancing the Company's corporate value and follow a policy of holding shares deemed strategically 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.