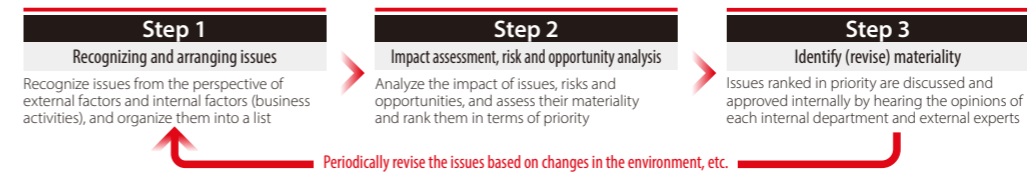


# Risks and Opportunities & Materiality

In 2024, Yokohama Rubber revised its materiality in accordance with its new medium-term management plan, YX2026, in light of changes in the business environment and social issues surrounding the Group. We recognized issues from the perspective of external and internal factors (business activities), assessed the impact of our business on society and the environment along with the impact of social and environmental issues on our business for each stakeholder, and analyzed risks and opportunities.

## Process for Identifying Materiality



Process for Identifying Materiality (detail)  
<https://www.y-yokohama.com/global/sustainability/business/materiality/>

Materiality	Risks and Opportunities	Metrics (KPIs)	Targets	What we aim to do
<b>Provision of products and services that contribute to a sustainable society</b> 	<b>Risks</b> Medium- to long-term: Decline in product demand due to changing customer needs, such as a drop in the number of owners of private cars with the uptake of MaaS Medium- to long-term: Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value Medium- to long-term: More stringent performance, cost and other requirements Short- to medium-term: Decrease in business performance due to the failure to adapt to changes <b>Opportunities</b> Medium- to long-term: Responding to changing customer needs and stricter regulations at an early stage Medium- to long-term: Secure new business opportunities through adapting to CASE and MaaS	Number of products with E+ mark (for tires specifically suited for electric vehicles) Number of tire sizes that meet VF (Very High Flexion) and PFO (Pressure Field Operation) standards Number of uses of tire management/maintenance services (T.M.S.) applying DX (number of vehicles registered/number of tires inspected)	FY2026: 10 products FY2026: total of 384 sizes FY2026: 50,000 vehicles registered 450,000 tires inspected annually	<ul style="list-style-type: none"> <li>Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies</li> <li>Contribute to economic and social development by providing high value-added off-highway tires.</li> <li>Improve customer convenience and efficiency through DX-based services</li> </ul>
<b>Contribution to a decarbonized society and circular economy</b> 	<b>Risks</b> Medium- to long-term: More stringent environmental (Tyre and Road Wear Particles, etc.) laws and regulations and increase in litigation Medium- to long-term: Increase in energy costs due to demand for the use of renewable energy to reduce GHG (Scope 3 for client companies), etc. <b>Opportunities</b> Medium- to long-term: Sales of products to customers with a high sensitivity to environmental issues Medium- to long-term: Expansion of sales of products for EVs with the uptake in EVs	Reduction of greenhouse gas emissions (Scope 1+2) Percentage of electricity used by the Company from renewable energy sources Percentage of renewable and recycled raw materials used	FY2026: 30% reduction compared to FY2019 FY2030: 40% reduction compared to FY2019 FY2050: Achieve carbon neutrality FY2050: Achieve 100% FY2026: 28% FY2030: 30% FY2050: Achieve 100% sustainable material	<ul style="list-style-type: none"> <li>Contribute to a decarbonized society through our products</li> <li>Reduce greenhouse gas emissions and energy consumption</li> <li>Contribute to the circular economy by increasing the use of renewable and recycled raw materials</li> </ul>
<b>Coexistence with nature</b> 	<b>Risks</b> Medium- to long-term: Negative impact on biodiversity due to destruction of forests and other environments in natural rubber plantations Medium- to long-term: Intensification of disasters due to climate change caused by suppliers' GHG emissions Medium- to long-term: Local residents adversely affected due to air pollution and climate change, health hazards, and impacts on regional climate change Medium- to long-term: Health hazards of local residents and impacts on biodiversity due to improper handling of water resources and waste <b>Opportunities</b> Medium- to long-term: Reduction in energy costs by improving the efficiency of manufacturing processes Medium- to long-term: Reduction in risk of resource price fluctuations and increase in operational efficiency with reuse and recycling Medium- to long-term: Reduction in environmental conservation costs	Number of trees planted and saplings provided as part of "YOKOHAMA Forever Forest" activities Number of business sites certified as "Nationally Certified Sustainably Managed Natural Sites" (Japanese OECS) by the Ministry of the Environment Number of serious environmental incidents (air, water, soil)	FY2030: 1.5 cumulative million trees planted and saplings supplied FY2026: 5 cumulative sites Continue with 0 cases	<ul style="list-style-type: none"> <li>Promote nature positive-oriented initiatives</li> <li>Strengthen environmental management</li> </ul>
<b>Coexistence with local communities</b> 	<b>Risks</b> Short- to medium-term: Local community opposition to operations due to the environmental impact of waste and emissions Short- to medium-term: Violation of rights of indigenous people with the development of natural rubber plantations Medium- to long-term: Decrease in yields and increase in production costs due to corrective measures required for adverse impacts on habitats of surrounding indigenous people <b>Opportunities</b> Medium- to long-term: Stable operations by building positive relationships with local residents Medium- to long-term: Creation of opportunities for local children to join the Company through education (scholarships, work experience, etc.)	Support for social contribution organizations through the YOKOHAMA Magokoro Fund, an employee social contribution fund	10 or more per year	<ul style="list-style-type: none"> <li>Help solve local community problems</li> </ul>
<b>Development of human capital capabilities for sustainable corporate value enhancement</b> 	<b>Risks</b> Short- to medium-term: Reduction in labor forces due to occupational accidents, natural disasters, infectious diseases, etc. Short- to medium-term: Work absences due to poor mental health, lost productivity due to decreased satisfaction Short- to medium-term: Violations of employee human rights, including long working hours, living wages, and freedom of association <b>Opportunities</b> Medium- to long-term: Creation of innovation and improvement to productivity with the recruitment and development of diverse human resources and their active roles	Ratio of female managers (section manager or higher) filled by women (non-consolidated) Ratio of male employees taking childcare leave (non-consolidated) Ratio of employees with continued employment after reaching 65 years old (non-consolidated) Ratio of participation in skill development training • Ratio of participation in management education programs including MBA courses (non-consolidated) • Ratio of participation in education programs for DX leader development (non-consolidated) Employee engagement score (non-consolidated)	FY2026: 5% FY2030: 10% FY2026: 100% FY2030: 100% (expansion of acquisition period) FY2024 to FY2026: period average of 65% or more FY2027 to FY2030: period average of 70% or more FY2026 • 15% of department managers (cumulative) • 10% of office and technical employees (cumulative)	<ul style="list-style-type: none"> <li>Foster diversity and inclusion</li> <li>Create innovation and increase productivity through employee development</li> <li>Develop safe and healthy work environments</li> <li>Respect the human rights of employees</li> </ul>
<b>Establishment of a sustainable supply chain</b> 	<b>Risks</b> Medium- to long-term: Suspension of transactions due to the discovery of issues related to human rights at natural rubber plantations, including workers involved in forced labor and child labor, and increase in production costs due to corrective measures <b>Opportunities</b> Medium- to long-term: Procurement of sustainable, high-quality raw materials Medium- to long-term: Increase in transactions through contributions to the economic development of local communities	Number of natural rubber plantations surveyed Number of seminars for natural rubber farmers held Number of human rights due diligence (impact assessments) procedures conducted in the supply chain	FY2030: 1,200 cumulative surveys 2 events or more per year 1 case per year	<ul style="list-style-type: none"> <li>Procure sustainable natural rubber</li> <li>Respect human rights in the supply chain</li> </ul>
<b>Improvement of management resilience by strengthening corporate governance</b> 	<b>Risks</b> Medium- to long-term: Strengthening of laws and regulations on antitrust, bribery, price cartels, export control, etc. Medium- to long-term: Decrease in credibility and brand value due to cyberattacks or leakage of confidential information Medium- to long-term: Lack of human resources with knowledge and skills pertaining to sustainability, including climate change, environmental issues related to biodiversity conservation, human capital, and human rights in the supply chain Medium- to long-term: Decrease in corporate value due to failure to address sustainability issues <b>Opportunities</b> Medium- to long-term: Increase in management resilience and corporate value by addressing sustainability issues	Number of sustainability-related issues reported to and discussed by the Board of Directors	4 per year (quarterly) or more	<ul style="list-style-type: none"> <li>Strengthen stakeholder engagement</li> <li>Strengthen governance of sustainability issues</li> </ul>