








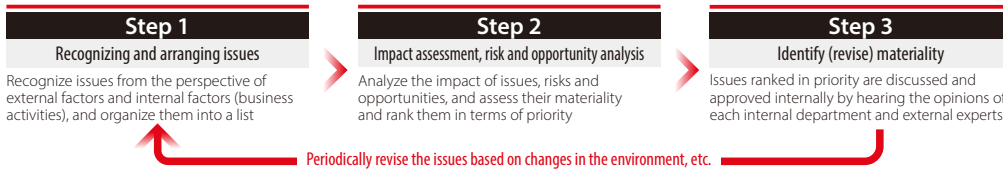


# Risks and Opportunities & Materiality

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

Materiality	Risks and Opportunities
<p><b>Provision of products and services that contribute to a sustainable society</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> 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</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Risk of accidents and lawsuits due to poor product safety, recalls and damage to brand value</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> More stringent performance, cost and other requirements</li> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Decrease in business performance due to the failure to adapt to changes</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Responding to changing customer needs and stricter regulations at an early stage</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Secure new business opportunities through adapting to CASE and MaaS</li> </ul>
<p><b>Contribution to a decarbonized society and circular economy</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> More stringent environmental (Tyre and Road Wear Particles, etc.) laws and regulations and increase in litigation</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Increase in energy costs due to demand for the use of renewable energy to reduce GHG (Scope 3 for client companies), etc.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Sales of products to customers with a high sensitivity to environmental issues</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Expansion of sales of products for EVs with the uptake in EVs</li> </ul>
<p><b>Coexistence with nature</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Negative impact on biodiversity due to destruction of forests and other environments in natural rubber plantations</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Intensification of disasters due to climate change caused by suppliers' GHG emissions</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Local residents adversely affected due to air pollution and climate change, health hazards, and impacts on regional climate change</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Health hazards of local residents and impacts on biodiversity due to improper handling of water resources and waste</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Reduction in energy costs by improving the efficiency of manufacturing processes</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Reduction in risk of resource price fluctuations and increase in operational efficiency with reuse and recycling</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Reduction in environmental conservation costs</li> </ul>
<p><b>Coexistence with local communities</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Local community opposition to operations due to the environmental impact of waste and emissions</li> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Violation of rights of indigenous people with the development of natural rubber plantations</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Decrease in yields and increase in production costs due to corrective measures required for adverse impacts on habitats of surrounding indigenous people</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Stable operations by building positive relationships with local residents</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Creation of opportunities for local children to join the Company through education (scholarships, work experience, etc.)</li> </ul>
<p><b>Development of human capital capabilities for sustainable corporate value enhancement</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Reduction in labor forces due to occupational accidents, natural disasters, infectious diseases, etc.</li> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Work absences due to poor mental health, lost productivity due to decreased satisfaction</li> <li><span style="background-color: #f00; padding: 2px;">Short- to medium-term</span> Violations of employee human rights, including long working hours, living wages, and freedom of association</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Creation of innovation and improvement to productivity with the recruitment and development of diverse human resources and their active roles</li> </ul>
<p><b>Establishment of a sustainable supply chain</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> 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</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Procurement of sustainable, high-quality raw materials</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Increase in transactions through contributions to the economic development of local communities</li> </ul>
<p><b>Improvement of management resilience by strengthening corporate governance</b></p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Strengthening of laws and regulations on antitrust, bribery, price cartels, export control, etc.</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Decrease in credibility and brand value due to cyberattacks or leakage of confidential information</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> 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</li> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Decrease in corporate value due to failure to address sustainability issues</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><span style="background-color: #ccc; padding: 2px;">Medium- to long-term</span> Increase in management resilience and corporate value by addressing sustainability issues</li> </ul>





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

Metrics (KPIs)	Targets	What we aim to do
Number of products with E+ mark (for tires specifically suited for electric vehicles)	FY2026: 10 products	<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>
Number of tire sizes that meet VF (Very High Flexion) and PFO (Pressure Field Operation) standards	FY2026: total of 384 sizes	
Number of uses of tire management/maintenance services (T.M.S.) applying DX (number of vehicles registered/number of tires inspected)	FY2026: 50,000 vehicles registered 450,000 tires inspected annually	
Reduction of greenhouse gas emissions (Scope 1+2)	FY2026: 30% reduction compared to FY2019 FY2030: 40% reduction compared to FY2019 FY2050: Achieve carbon neutrality	<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>
Percentage of electricity used by the Company from renewable energy sources	FY2050: Achieve 100%	
Percentage of renewable and recycled raw materials used	FY2026: 28% FY2030: 30% FY2050: Achieve 100% sustainable material	
Number of trees planted and saplings provided as part of "YOKOHAMA Forever Forest" activities	FY2030: 1.5 cumulative million trees planted and saplings supplied	<ul style="list-style-type: none"> <li>Promote nature positive-oriented initiatives</li> <li>Strengthen environmental management</li> </ul>
Number of business sites certified as "Nationally Certified Sustainably Managed Natural Sites" (Japanese OECM) by the Ministry of the Environment	FY2026: 5 cumulative sites	
Number of serious environmental incidents (air, water, soil)	Continue with 0 cases	
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>
Ratio of female managers (section manager or higher) filled by women (non-consolidated)	FY2026: 5% FY2030: 10%	<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>
Ratio of male employees taking childcare leave (non-consolidated)	FY2026: 100% FY2030: 100% (expansion of acquisition period)	
Ratio of employees with continued employment after reaching 65 years old (non-consolidated)	FY2024 to FY2026: period average of 65% or more FY2027 to FY2030: period average of 70% or more	
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)	FY2026 • 15% of department managers (cumulative) • 10% of office and technical employees (cumulative)	
Employee engagement score (non-consolidated)	Conduct ongoing employee engagement surveys starting from FY2024 and set targets by FY2026	
Number of natural rubber plantations surveyed	FY2030: 1,200 cumulative surveys	<ul style="list-style-type: none"> <li>Procure sustainable natural rubber</li> <li>Respect human rights in the supply chain</li> </ul>
Number of seminars for natural rubber farmers held	2 events or more per year	
Number of human rights due diligence (impact assessments) procedures conducted in the supply chain	1 case per year	
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>



## Looking Back on Past Medium-term Management Plans

	<b>Medium-term Management Plan</b> FY2015–FY2017 GD100 Phase IV		<b>Medium-term Management Plan</b> FY2018–FY2020 GD2020	
<b>Vision</b>	<b>All for Growth</b> Open the way for the next 100 years by bringing together the potential of Yokohama Rubber		Fortifying our business foundation by redefining Yokohama's strengths and deploying growth strategy through original approaches	
<b>Management indicators</b>	<b>FY2017</b>		<b>FY2020</b>	
	Net sales	<b>¥770 billion</b>	Sales revenue	<b>¥700 billion</b>
	Operating income	<b>¥80 billion</b>	Business profit	<b>¥70 billion</b>
	Operating income margin	<b>10.4%</b>	Business profit margin	<b>10%</b>
	ROA (net income)	<b>5% or more</b>	Operating CF	<b>¥200 billion</b> (three-year cumulative total)
	ROE (net income)	<b>12% or more</b>	ROE	<b>10%</b>
	D/E ratio	<b>0.8 times or less</b>	D/E ratio	<b>0.6 times</b>
<b>Strategies and main results</b>	<b>Acquired strengths</b>		<b>Strategic aspect</b>	
	<b>Progress of Global Expansion</b> <ul style="list-style-type: none"> <li>Enhanced network of production, sales and technology sites</li> <li>Expanded overseas business of tires for new vehicles</li> <li>Enhanced global brand recognition (partnership agreement with English Premier League Club Chelsea FC)</li> </ul>		<b>Consumer Tire Business: Expanding Our Presence in the Premium Tire Markets</b> <ol style="list-style-type: none"> <li>Premium car strategy: Expanded installation on new vehicles, centered on high-inch, high-performance tires, to 13 car models, including the Porsche Cayenne and BMW X3.</li> <li>Winter tire strategy: Introduced three new products including BluEarth-4S AW21 all-season tires and iceGUARD iG53 studless tires for North America.</li> <li>Hobby tire strategy: Introduced six new products to meet the tastes of all types of automobile users, including the GEOLANDAR X-AT for SUVs and pickup trucks.</li> <li>Communications strategy: Reinforced direct marketing using digital technologies and proactive communication with end users.</li> </ol>	
	<b>Improvements to Technologies That Contribute to the Environment</b> <ul style="list-style-type: none"> <li>Achieved a 100% ratio of products that contribute to the environment</li> <li>Global rollout of fuel-efficient replacement tires</li> <li>Expanded adoption and delivery of fuel-efficient tires for new vehicles</li> </ul>		<b>Commercial Tire Business: Making Commercial Tires a Pillar of Revenue for the Next 100 Years</b> <ol style="list-style-type: none"> <li>OHT business: Growth of ATG, acquired in 2016, resulted in a higher-than-expected commercial tire business share of net sales.</li> <li>TBR business: Despite impairment losses recorded in 2018 with respect to the Mississippi plant (US), which commenced operations in 2015, Yokohama Rubber made efforts to improve supplies, including addressing equipment and human resource issues, and expanded sales.</li> </ol>	
	<b>Strengthening of the Business Portfolio</b> <ul style="list-style-type: none"> <li>Acquired agricultural machinery and construction vehicle tire maker (ATG)</li> <li>Acquired industrial vehicle tire maker (Aichi Tire Industry)</li> </ul>		<b>MB Business: Focusing Resources in Areas of Strength</b> <ul style="list-style-type: none"> <li>Expanded shipments of automotive hoses in North America in the automotive parts business, delivered the world's largest floating pneumatic fenders in the marine products business, strengthening both businesses.</li> </ul>	
<b>Issues</b>	<b>Weaknesses to overcome</b> <ul style="list-style-type: none"> <li>Improving product mix by concentrating resources on high value-added products</li> <li>Realizing benefits of major investments and acquisitions made in Phase IV</li> <li>Strengthening the financial position</li> </ul>		<b>Business environment aspect</b> Initial targets of ¥700 billion in sales revenue and ¥70 billion in business profit were not achieved due to factors such as the economic slowdown caused by the global spread of COVID-19 in 2020.	

## Medium-term Management Plan

FY2021–FY2023

### Yokohama Transformation 2023 (YX2023)



Vision

## Transformation based on our "Exploitation × Exploration" strategy

Management indicators

	YX2023 results	Targets
Sales revenue	<b>¥985.3 billion</b>	<b>¥700 billion</b>
Business profit (%)	<b>¥99.1 billion 10.1%</b>	<b>¥70 billion 10%</b>
D/E ratio	<b>0.63 times</b>	<b>0.4 times</b>
ROE	<b>9.9%</b>	<b>10%</b>
ROIC	<b>5.3%</b>	<b>7%</b>
Operating CF	<b>¥267.2 billion</b> (three-year cumulative total)	<b>¥250 billion</b> (three-year cumulative total)
Capital investment	<b>≤ depreciation</b> (excl. strategic investments)	<b>≤ depreciation</b> (excl. strategic investments)

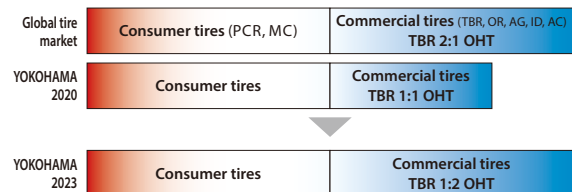
### "Culmination of the Past 100 Years"

The Medium-term Management Plan "YX2023" was implemented for three years from 2021 to 2023 as the "Culmination of the past 100 years." During each fiscal year of the plan, we significantly exceeded our initial sales revenue and business profit targets. Although we did not reach our target of ¥1 trillion in sales revenue in the fiscal 2023, which was the final year of the plan, the business profit margin exceeded 10% for the first time. However, D/E ratio fell short of the target due to the acquisition of Trelleborg Wheel Systems Holding AB (TWS) and ROE was 9.9%, also falling short of the target.

### Tire Business Strategy

In 2020, our consumer tire to commercial tire sales ratio was 3:2, while the global market ratio was an even 1:1, indicating that we needed to optimize our sales composition ratio. The acquisition of TWS in fiscal 2023 brought the ratio in line with the global market ratio of 1:1. In addition, the composition of our commercial tire business is now more heavily weighted toward more highly profitable OHT (off-highway tires), with an OHT to TBR ratio of 2:1, the reverse of the global market's 2:1 ratio favoring TBR. During YX2023, we were able to achieve a grand strategy for the transformation of our Tire Business structure.

### Transformation of the Tire Business Structure



PCR: passenger car tires MC: Motorcycle tires TBR: Truck and bus tires  
OR: Off-road (construction and mining vehicles) tires AG: Tires for agricultural & forestry machinery  
ID: industrial & port-use machinery tires AC: Aircraft tires

### Consumer Tire Business: Maximizing the Ratio of High Value-added Products

As a result of steadily implementing product strategies tailored to each specific regional market, sales in all regions increased significantly. On the other hand, although we worked to increase sales of ADVAN, GEOLANDAR, and winter tires with the aim of maximizing the ratio of high value-added products, targets were not achieved. However, we were able to reach our sales target for 18-inch and larger size tires as we expanded the lineups to 637 sizes during YX2023's three years.

### Commercial Tire Business: Capture Market Changes to Further Strengthen Business

In the OHT business, in addition to the growth of YOHT (Yokohama Off-Highway Tires), the acquisition of TWS has dramatically increased both our production capacity and revenue. In addition, we have achieved a top-class product lineup in the OHT category, establishing a structure for further growth.

In the TBR business, we achieved the medium-term production plan targets at the Mississippi plant in the US and achieved profitability in fiscal 2023. However, unit sales in fiscal 2023 slipped to 2% below the fiscal 2018 levels owing to the difficult market environment in Europe and the US.

### Multiple Business (MB): Shift to a High-growth, Highly Stable Portfolio

Although the MB business had been performing significantly below targets since fiscal 2020, during the final year of YX2023, the business management structure was substantially revised and the business made a concerted effort to improve, resulting in the MB Business achieving 2023 targets. We also completed structural reforms, including the sale of the Hamatite business in November 2021 and the integration of the aerospace products division into the industrial products division in March 2022, laying the foundation for growth in the next medium-term management plan.

Strategies and main results Acquired strengths



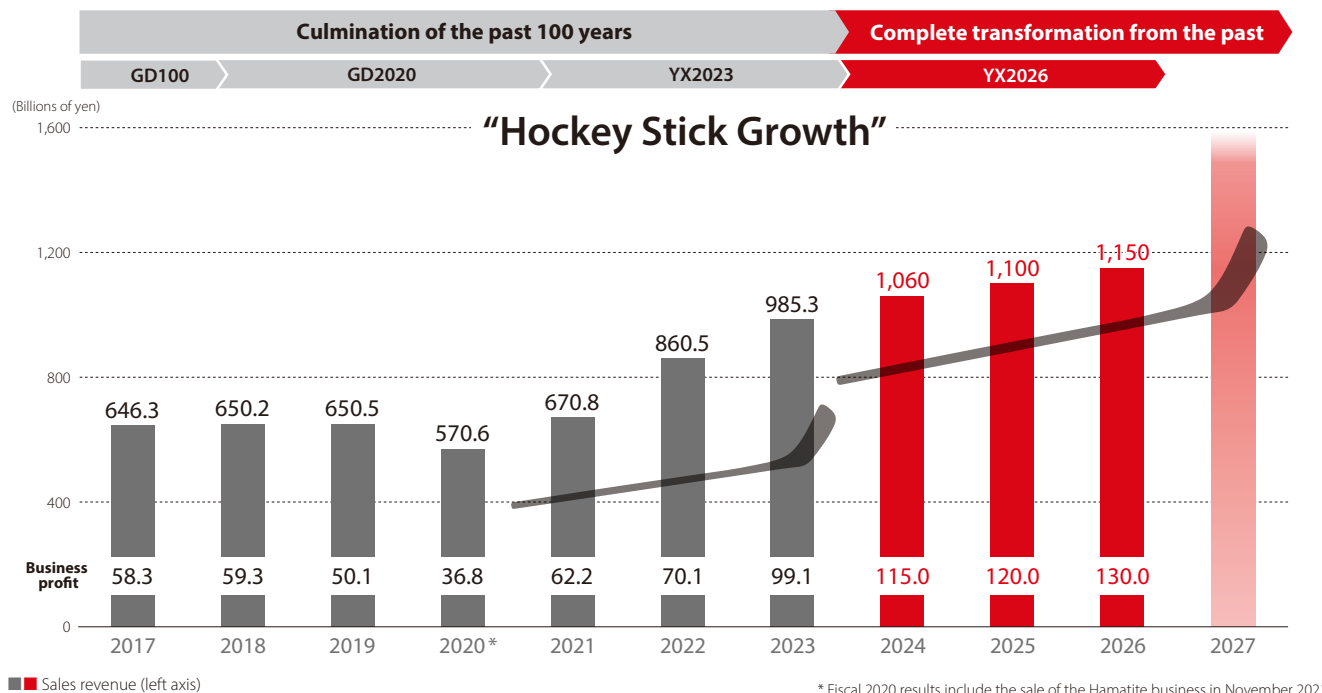
# New Medium-term Management Plan

## Yokohama Transformation 2026 (YX2026) FY2024–FY2026

The Yokohama Rubber Group launched its new Medium-term Management Plan “Yokohama Transformation 2026 (YX2026)” for the three-year period from fiscal 2024 to fiscal 2026. We will continue to “exploit” our strengths in existing businesses and “explore” new value, strategies which we have been promoting since the previous Medium-term Management Plan “YX2023,” and complete our transformation with the determination not to leave no negative legacy for the next generation.



### Basic Policy and Financial Targets



Under YX2026, our fundamental policy for increasing corporate value is positioned as our growth strategy. Not content with the slight gains achieved to date, we are aiming for “Hockey Stick Growth” during YX2026, or in fiscal 2027 at the latest, by implementing the growth strategies set for each business. Our financial targets for fiscal 2026 are sales revenue of ¥1.15 trillion, business profit of ¥130 billion, business profit margin of 11%, and ROE that exceeds 10%.

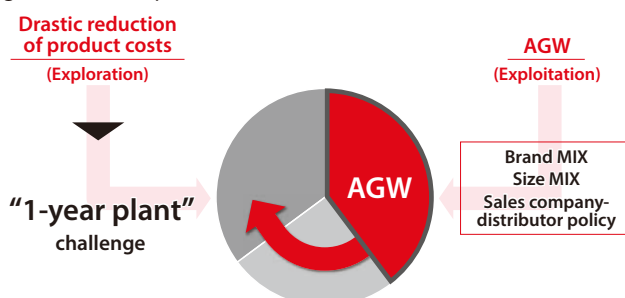
	YX2026 targets
Sales revenue	<b>¥1,150 billion</b>
Business profit	<b>¥130 billion</b>
Business profit margin	<b>11%</b>
Equity ratio	<b>50% target</b>
ROE	<b>Above 10%</b>
Operating CF	<b>¥385 billion</b> (3yr cumulative)
Capital investment	<b>Within scope of depreciation</b> (excluding strategic investments)

### Consumer Tires Strategy

#### “1-year plant” challenge

Under YX2026, we will continue to actively promote maximizing the ratio of high value-added products and aim to improve profitability. In the past few years, tire makers from China and other emerging countries have gained prominence. Therefore, in order to achieve “Hockey Stick Growth,” we need to compete in cost competition. In YX2026, we will take on the “1-year plant” challenge which involves bringing a new plant on line within one year, aiming to achieve low cost and high efficiency.

Approach to increasing ratio of high value-added products



»P.32

### Further increasing the ratio of high value-added products

In addition to enhancing brand value by promoting our tires as original equipment for premium cars and participating in motorsports events around the world, we will widen the implementation of our "Product and Regional Strategies." By meeting needs in each market, we will aim to increase unit sales in each region, and expand sales of our ADVAN, GEOLANDAR, and winter tires, as well as 18-inch and larger size tires.



## Commercial Tires Strategy

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### OHT Business: Improve market position and expand operations

**Tires for agricultural & forestry machinery:** We will further strengthen our market position by applying a multibrand strategy that leverages our production, technology, and sales strengths in each tier of this market segment.

**Tires for industrial & port-use machinery:** We aim for profitable growth by expanding and strengthening our network providing maintenance service.

**Tires for construction machinery and mining machinery:** We will promote the expansion of our business by promoting "Programmatic M&A," a strategy that continuously considers and executes M&A.

### TBR Business: Strengthen sales in countries and regions where appropriate prices are maintained

As Chinese tire makers expand production and exports, Western governments are implementing protective policies such as anti-dumping and countervailing duties, creating a gap between supply and demand. We will aim for profitable growth by strengthening sales in countries and regions where these measures are supporting the maintenance of appropriate pricing.

## Multiple Business (MB) Strategy

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### Shifting to a growth strategy based on the management foundation realized in YX2023

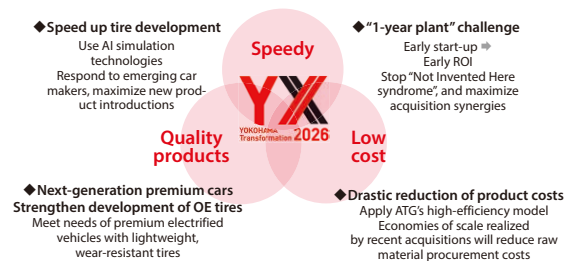
The MB Business is now shifting to a growth strategy based on the management foundation realized in YX2023. In YX2026, we have positioned the hose and couplings business as a growth driver and will decisively implement improvements for further growth. In the industrial products business, we will complete improvements to stabilize our profit structure. Through these efforts, we will increase the presence of the MB Business by achieving a business profit margin of 10%.

## Technology and Production Strategies

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### "Low cost, speedy development of quality products"

During YX2026, we will strengthen our business foundations throughout the Group under the motto "Low cost, speedy development of quality products." "Quality products" refers to strengthening development of OE tires suitable for the next-generation of premium cars. "Low cost" refers to drastically reduced costs that can't be beat by other companies, and "Speedy" refers to the "1-year plant" challenge aimed at speeding up tire development.



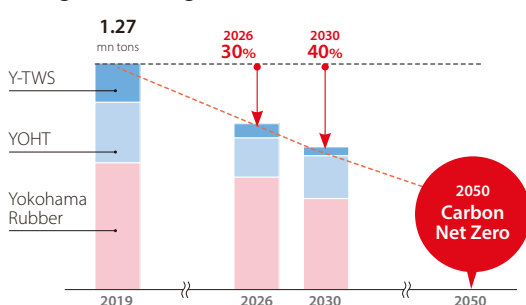
## Sustainability Strategy

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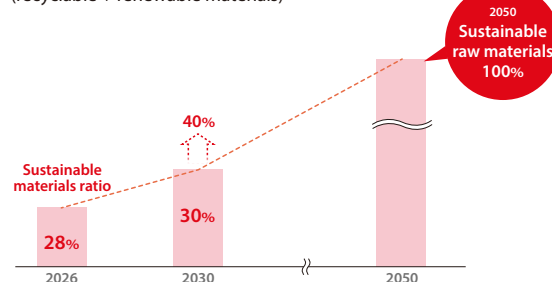
### Contribute to a decarbonized and recycling-oriented society while increasing profits

Based on the idea that sustainability activities are an important corporate activity that should contribute to the Company's growth. Instead of making excessive investments now that will place a burden on future management, we will make sure that our environment-related investments conform to normal investment recovery standards and are compatible with our efforts to generate profits. With regard to reducing greenhouse gas emissions, which includes efforts by Y-TWS (Yokohama-TWS), we plan to reduce the Group's 2019-level Scope 1 & 2 emissions of greenhouse gases by 30% by 2026 vs 2019 and 40% by 2030 vs 2019, and are continuing efforts to help achieve a zero-carbon society by 2050. With regard to the promotion of the expansion of sustainable raw materials, we will accelerate efforts to contribute to the circular economy and reduce greenhouse gas emissions (Scope 3).

#### Reduce greenhouse gas emissions (Scope 1 + Scope 2 emissions vs 2019)



#### Promote use of sustainable raw materials (recyclable + renewable materials)





# Tire Business

## Consumer Tires Maximizing the ratio of high value-added tires

To maximize the ratio of high value-added tires in the consumer tire business, we are focusing on the following three tire categories: Ultra-high-performance tires, tires for SUVs and pickup trucks, and winter tires. To this end, we will actively promote sales of ADVAN, GEOLANDAR, and winter tires with the aim of improving profitability.



### Summary of YX2023

In recent years, emerging low-cost, low-priced tire makers have expanded their production capacity. Specifically, the growth of Chinese tire makers has been remarkable, with one-third of the world's consumer tires being produced in China and nearly half of Chinese makers' output being exported. As part of our "Product and Regional Strategies," we have been striving to increase sales of ADVAN, GEOLANDAR, and winter tires (AGW), and steadily implementing product strategies tailored to each region. With a compound annual growth rate (CAGR) of 4% in Japan, 15% in Europe, 17% in North America, 10% in China, and 16% in other overseas markets, we were able to significantly increase sales in all regions. However, in the lower price zone, Chinese tire makers were on the offensive, with the sales growth rate of ADVAN falling short of its target at 135% compared to fiscal 2019, (initial target : 150%), GEOLANDAR at 109% (initial target: 115%), and winter tires at 119% (initial target: 120%).

On the other hand, we were able to increase sales of 18-inch and larger size tires by 159%, exceeding our target of 155% by as we expanded the lineups to 637 sizes during YX2023's three years.

### YX2026 growth strategy

We will continue to actively promote maximizing the ratio of high value-added tires and aim to improve profitability. However, to achieve the "Hockey Stick Growth" we are aiming for during YX2026,

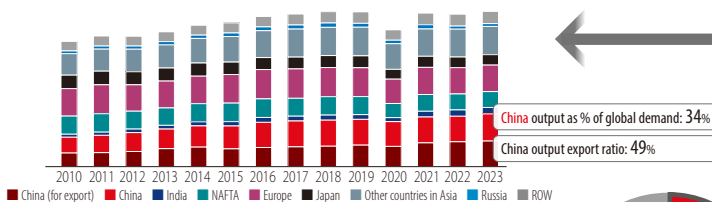
we must compete with the cost-competitiveness of tire makers in emerging countries.

Applying the know-how that we acquired in India and China during YX2023, we aim to achieve low costs and high efficiency by taking on the "1-year plant" challenge, matching the examples set by Chinese tire makers in bringing new plants on line within one year.

At the same time, with regard to maximizing the ratio of high value-added tires, we will aim to increase the ratio of AGW from the current 40% to more than 50% of the total number of consumer tires sold. Specifically, we will further deepen our "Product and Regional Strategies" by installing OE tires on new premium cars such as the LEXUS LBX and TOYOTA ALPHARD, and by participating in motor-sports events around the world such as the Nürburgring 24-Hour Race, SUPER GT GT500, and King of the Hammers (US) in order to enhance our brand value. We will continue to promote our "Product and Regional Strategies" focused on strengthening the development, supply, and sales of tires that respond to specific trends in each regional market, aiming to increase the number of consumer tires sold in each region, increasing the compound annual growth rate (CAGR) from 2023 to fiscal 2026 to 1.8% in Japan, 14.2% in Europe, 1.2% in North America, 14.0% in China, and 4.5% in other overseas markets collectively. Furthermore, in fiscal 2026, we aim to increase sales of ADVAN by 206%, GEOLANDAR by 127%, winter tires by 108%, and 18-inch and larger size tires by 154% compared to fiscal 2023.

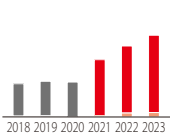
### Global Consumer Tire Production Trend

(YRC estimates)

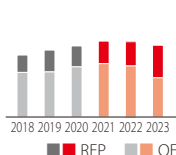


**Drastic Reduction of Product Costs (Exploration)**

#### YRC India sales

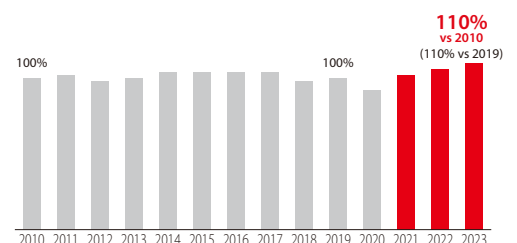


#### YRC China sales



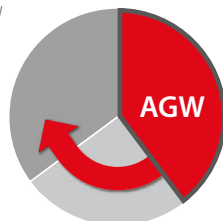
"1-year plant" challenge

### Yokohama Rubber Consumer Tire Unit Sales Trend

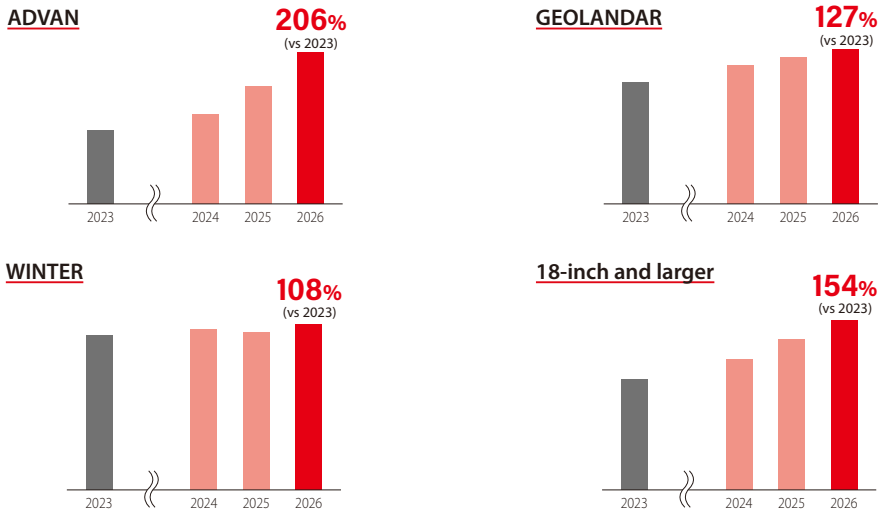


**AGW (Exploitation)**

**Brand MIX  
Size MIX  
Sales company/distributor policy**



AGW Unit Sales Targets (vs 2023)



Priority measures in fiscal 2024

In fiscal 2024, the first year of YX2026, we aim to increase unit sales of ADVAN by 121%, GEOLANDAR by 113%, and winter tires by 104% year-on-year through brand value enhancement measures and product and our "Product and Regional Strategies,"

which are also the initiatives of YX2026, and increase the share of AGW share of our consumer tire sales from the current level of 42% to 44%. We also aim to increase sales of 18-inch and larger size tires, another indicator of improved profitability, by 114% year-on-year.



A Practical Example from Our Exploitation × Exploration Strategy

Launch of ADVAN Sport EV, a Tire Specifically Designed for Electric Vehicles

The popularization of EVs is accelerating with the global trend toward carbon neutrality. However, EVs being released these days are increasingly larger and there are more high-performance type premium EVs, so tire requirements are also changing drastically. In order to respond to the growth of premium EVs, we have developed and launched the ADVAN Sport EV, a tire specifically designed for electric vehicles that offers high performance.

In addition, we have adopted the optimum EV technology for each tire concept based on the various technologies we have accumulated through technological development thus far. The tire carries the "E+" mark, which signifies that the tire is compatible with electric vehicles. In addition to being displayed on the sidewall of YOKOHAMA tires, starting with ADVAN Sport EV, that incorporate technologies that meet the special needs of electrified vehicles, the "E+" mark will be prominently displayed in tire catalogs and websites to facilitate customers' tire selection.



ADVAN Sport EV



E+ mark

\* We set "the provision of products and services that contribute to a sustainable society" as a product- and service-related material issue and aim to provide a lineup of 10 "E+" tires (for electric vehicles) by fiscal 2026.





Tire Business

# Commercial Tires Incorporating market changes to further strengthen business

In commercial tires, we will focus on the four themes of cost, services, digital transformation (DX), and expanded product lineup to capture market trends such as CASE and MaaS. We will search for M&A opportunities in the OHT (Off-highway tires) business, and aim for profitable growth in the truck and bus tires (TBR) business.



## OHT Business

### Summary of YX2023

In 2020, our consumer tire to commercial tire sales ratio was 3:2, while the global market ratio was an even 1:1. The acquisition of Trelleborg Wheel Systems Holding AB (TWS) in fiscal 2023 brought at ratio in line with the global market ratio of 1:1. In addition, the composition of our commercial tire business is now more heavily weighted toward more highly profitable OHT, with an OHT to TBR ratio of 2:1, the reverse of the global market's 1:2 ratio favoring TBR. This allowed us to achieve our grand strategy for the transformation of our Tire Business structure. In the OHT business, in addition to the organic growth of YOHT (Yokohama Off-Highway Tires), the acquisition of TWS has dramatically increased both our production capacity and sales revenue. As a result, we now have the industry's most comprehensive OHT product lineup.

### YX2026 growth strategy

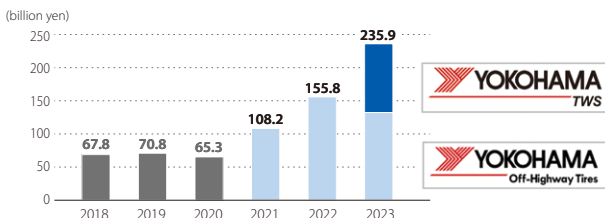
#### Our share and growth strategy

The OHT tire market size is currently about ¥4 trillion, and we expect it to expand at an annual growth rate of about 6%, compared to just 2% for the consumer tire market. We estimate agriculture & forestry machinery account for about 40% of global demand, and the Yokohama Rubber Group has the top share in these markets. During YX2026, we will further strengthen our market position by applying a multibrand strategy that leverages our production, sales, and technology strengths in each tier of this market segment.

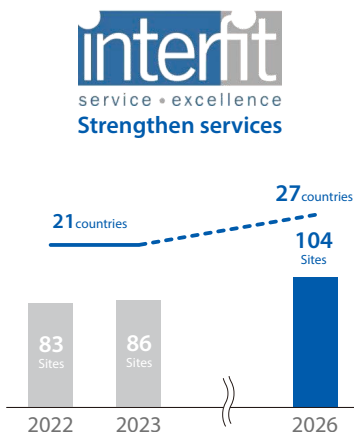
The next largest segment of the OHT market, with a 25% share, is industrial & port-use machinery. The Yokohama Rubber Group has the second largest share in this market segment, where we are aiming for profitable growth by expanding and strengthening our service network from 21 countries (current number) to 104 locations in 27 countries by 2026 through the enhancement of the Interfit service, a tire maintenance service provided by our professional staff.

In addition, we will consider "Programmatic M&A," in which we continuously consider and execute M&A to achieve "Hockey Stick Growth" in construction machinery and mining machinery, in which we have only a small market share, and in the OHT business as a whole, with the aim of achieving further growth.

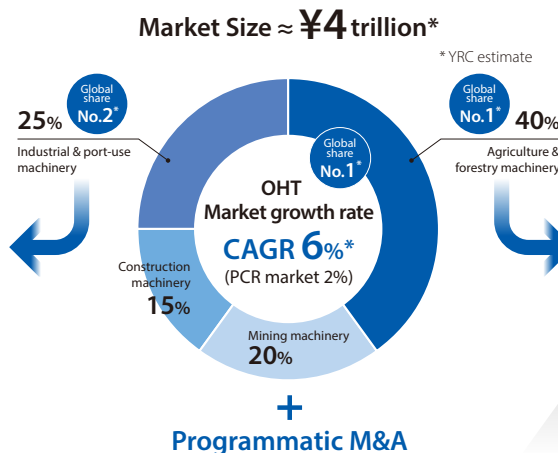
### OHT Sales Trend



### OHT Business Growth Strategy



Global Demand Composition Ratios of Off-highway Tires



### Multi-brand strategy



### Global network covering major markets

Y-TWS (Yokohama TWS) has 14 production bases in 9 countries: in Europe in Italy, the Czech Republic (3 bases), Latvia, Serbia, Slovenia; in North America in the US (2 bases); in South America (Brazil); in Asia (China (2 bases), and Sri Lanka (2 bases)), with Europe accounting for about 60% of the company's sales. By adding Y-TWS's strengths in Europe to the Yokohama Rubber Group's strengths in Japan, North America and Asia, the Group now operates in more than 120 countries on six continents and employs more than 15,000 people in the OHT business. With the establishment of this global network, we can expect further growth in this business.

As a service system, we have a customer service platform utilizing a field service management app, etc., and our specialized team provides tire services in 82 locations in 21 countries around the world.

### Use of DX

Y-TWS has developed the Adaptive Tire Management System (ATMS), which improves agricultural productivity by detecting working conditions such as load, pressure, and temperature in real time and constantly suggesting the optimal tractor vehicle settings. Y-TWS has also developed the Tire Pressure Management System (TPMS) for construction and port



ATMS: Real-time tire data for ultimate tractor performance

vehicles which constantly monitors air pressure and temperature to improve operational efficiency and ensure operator safety. Although we have developed similar remote monitoring systems for air pressure and temperature inside tires, the combination of Y-TWS's and Yokohama Rubber's DX knowledge will promote the provision of more convenient and efficient services.



TPMS: Digital tool for construction/port vehicles

### Priority measures in fiscal 2024

The OHT business faces a challenging environment in 2024, as evidenced by the worldwide sluggish demand for tires for installation on new OHT vehicles from the second half of 2023. Focusing on Y-ATG, the business unit behind the brands ALLIANCE, GALAXY, and PRIMEX which possesses strengths in the replacement tire market, we are working to increase our share in the replacement tire market and increase sales volume by strengthening efforts to address markets that were weak in the past, with the aim of achieving growth across the OHT business as a whole. In addition, the entire Yokohama Rubber Group is making full-fledged efforts to create synergies with TWS (currently Yokohama TWS), which we acquired in May 2023, and is also considering specific growth through "Programmatic M&A," a growth strategy for the OHT business, as set forth in YX2026.

### OHT Business Metrics, Results, and Targets

Metrics (KPIs)	Results			Targets
	FY2021	FY2022	FY2023	
Number of tire sizes that conform to Very High Flexion (VF) and Pressure Field Operation (PFO) standards*	129	176	252	FY2026: Total of 384 sizes

\* Standard for tires that can run at low pressure to minimize the impact on the roots of crops

## A Practical Example from Our Exploitation × Exploration Strategy

### Reducing Field Damage and Increasing Productivity with Tires That Comply with VF and PFO Standards

VF tires, which can support the same load at 40% less air pressure than conventional radial tires, serve as an indispensable tool for farmers to fight soil compression damage since they enable driving farm vehicles at low tire pressures. Some studies have suggested that soil compression can reduce yields because air and water flow is disrupted. Reducing soil compression has the advantage of improving productivity, which also leads to improved work and fuel efficiency.

We are also expanding our lineup of tires that comply with PFO standards that enhance the load carrying capacity of VF tires during low-speed operation. Tires equipped with PFO technology allow for farm vehicle operation at even lower tire pressures, further reducing soil compression.

In addition to VF tires, there are only a few tire makers in the world capable of supplying tires that comply with PFO standards. The Yokohama Rubber Group has an extensive lineup of tires that meet a wide range of needs. By providing high-quality tires trusted by users and comprehensive after-sales services, we will support the improving the productivity of farmers.





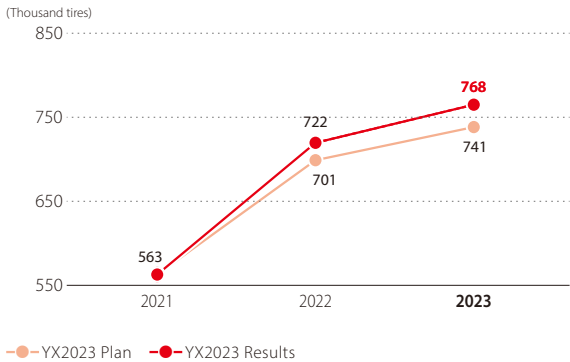
Tire Business >> Commercial Tires

TBR Business

Summary of YX2023

In the TBR business, we achieved our production plan for the Mississippi Plant in the US which was set in YX2023, and became profitable in fiscal 2023. However, the sales volume remained at 98% of the 2018 level due to the severe market environment in Europe and the US in fiscal 2023.

Production plan and results of the Mississippi Plant in the US



YX2026 growth strategy

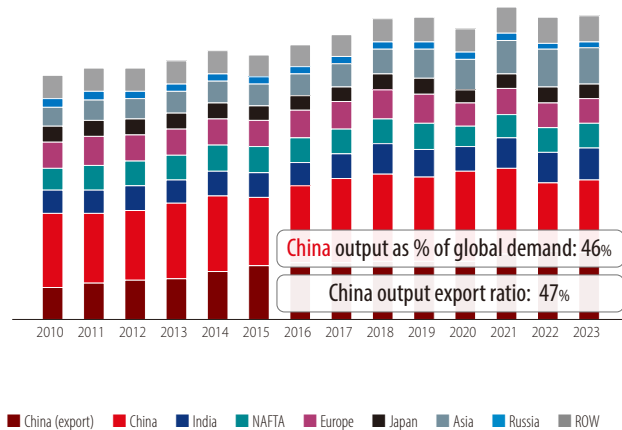
Market conditions and growth strategy

In the TBR business, Chinese tire makers are expanding their production of truck and bus tires more than that of consumer tires, with Chinese tire makers accounting for almost half of global production, half of which is exported. In contrast, European and US governments are enforcing strict protection policies with anti-dumping and countervailing duties of up to 88.03% in the US and 51.00% in the EU (according to our research), which results in a demand gap. We will aim for profitable growth by strengthening sales in countries and regions where these measures are supporting the maintenance of appropriate pricing.

In response to this situation, quantitative targets have been established in YX2026, and we are aiming for sales revenue of ¥131.9

Global TBR/LTR Tire Production Trend

(YRC estimates)



billion, business profit of ¥14.8 billion, and business profit margin of 11.2% in fiscal 2026 compared to the fiscal 2023 results of ¥103.6 billion, ¥4.1 billion yen, and 4.0%, respectively.

T.M.S (Tire Management System)

T.M.S is a service for the safe and efficient use of tires. Since its launch in 2003, more than 40,000 vehicles have been installed with the service.

T.M.S uses information from tire inspections and sensors attached to tires in its cloud database to provide customers with safe, efficient, and economical tire operation methods, retreading, etc., that are appropriate for the condition of their tires.

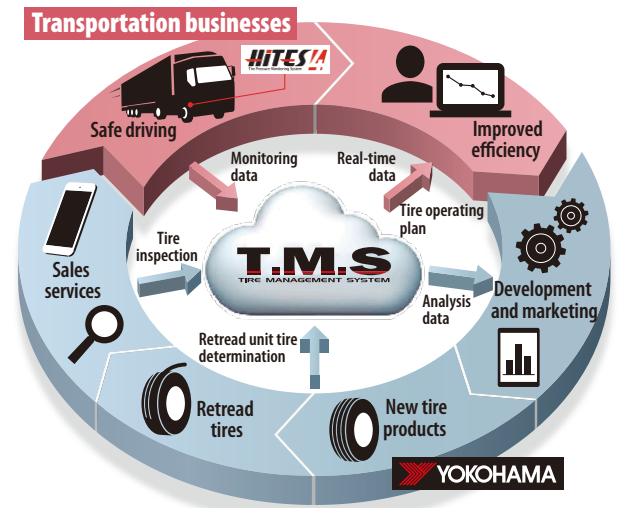
In addition to information and data input being compatible with new digital devices that will be implemented in society in the future, it is also possible to import tire inspection data using conventional analog methods, making the system highly redundant.

So far, we have been conducting demonstration tests of new ICT using T.M.S with car-sharing companies and taxi companies. In March 2023, we started EV bus demonstration tests. Moving forward, we aim to further expand our solution services to solve customers' problems using the latest digital technologies.



Tire Management System (T.M.S)

<p>T.M.S installed <b>41,711</b> vehicles * As of December 2023</p>	Safety
	Efficiency
	Economy

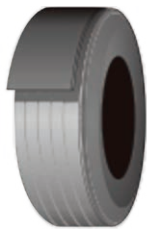


### Strengthening products and services that support sustainable transportation

Yokohama Rubber aims to achieve "Contribute to a decarbonized and recycling-oriented society, while increasing profits" providing products and services that support this effort. For example, we have an extensive lineup of retread tires that use Yokohama Rubber's existing tire tread patterns and compounds. Retread tires are tires used to replace worn tread rubber to restore tire functions for tire reuse, contributing to a recycling-oriented society.

In addition, Ultra Wide Base Tires, which allow a two-wheel set on a truck to be replaced with a single-wheel, not only minimizes maintenance but also reduces weight per axle, resulting in increased payload capacity.

In response to the growing demand for B2C delivery and transportation, which has been increasing in recent years, we are actively investing in increasing production and product development of light truck tires with excellent fuel efficiency and tread life performance, as well as small diameter and large load tires.



Retread tire



Ultra Wide Base Tire

### Priority measures in FY2024

As the transportation industry faces a serious labor shortage due to the so-called "2024 problem," we will actively propose measures so that we can help with this issue as a tire maker.

Yokohama Rubber is developing a digital inspection tool that simplifies and automates the task of tire inspection, which must currently be performed using human hands, and aims to implement it in society as soon as possible. New digital technologies will be linked with T.M.S to meet the needs of our customers.

At the same time, tires that meet the performance requirements of BEV buses, which have been increasing globally in recent years, will be given the "E+" mark and launched in the whole world.

E+ tires are designed for high load capacity and high torque performance with EVs. In addition to improving durability and tread life in response to barrier-free curbs, the Company will also improve retread performance, thereby contributing not only to decarbonization but also to a recycling-oriented society.



An example of eco-friendly vehicles equipped with E+ tires

### TBR Business Metrics, Results, and Targets

Metrics (KPIs)	Results			Targets
	FY2021	FY2022	FY2023	
Utilization of tire management/maintenance services (T.M.S) using DX				FY2026:
Number of vehicles registered in T.M.S (cumulative)	25,201	35,936	41,711	50,000
Number of tires inspected	279,244	330,605	361,239	450,000 tires per year

### A Practical Example from Our Exploitation × Exploration Strategy

#### Yokohama Rubber Begins Supplying Tires for the EV Buses of a Major Public Transport Company in Spain

Transports Metropolitans de Barcelona (hereinafter "TMB"), a major Spanish public transport company that is supporting the popularization of EVs, has decided to start supplying the 120U all-position tire, our tire specifically designed for city buses. The 120U, which successfully met the strict requirements demanded through public bidding, is capable of withstanding the unique needs of EVs such as increased acceleration and increased vehicle weight. This tire was the result of many years of research and development with TMB experts, which resulted in improved road contact, tread life, traction performance in wet and snowy conditions, and improved safety performance due to a significantly improved casing. We will continue to contribute to the diverse logistics needs and environmental management of transport companies.





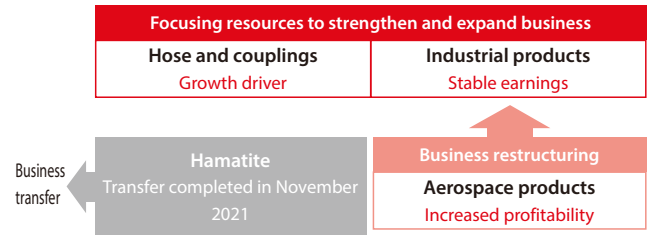
# Strategy by Business

## Multiple Business (MB) Shifting to a growth strategy based on the strengthened management foundation realized during YX2023

We will focus our resources on the Hose and Couplings business and the Industrial Products business, which are two of our strong business areas, and promote a strategy to drive the growth of the Multiple Business (MB). We will build a comprehensive portfolio by positioning the Hose and Couplings business as a growth driver and the Industrial Products business as a stable earnings base.

### Summary of YX2023

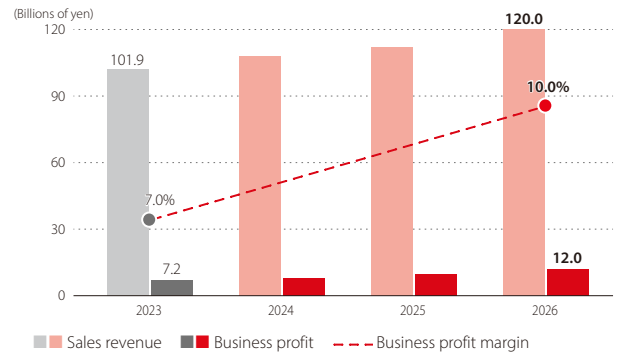
Although the MB business had been performing significantly below targets since fiscal 2020, during the final year of YX2023, the business management structure was substantially revised and the business made a concerted effort to improve, resulting in the MB Business achieving 2023 targets. We also completed structural reforms, including the transfer of the Hamatite business in November 2021 and the integration of the aerospace products division into the industrial products division in March 2022, laying the foundation for growth in the next medium-term management plan.



### YX2026 growth strategy

The MB Business is now shifting to a growth strategy based on the strengthened management foundation realized during YX2023. In YX2026, we have positioned the hose and couplings business as a continuous growth driver. We will reconstruct the value chain for hydraulic hoses and fittings and transform the production structure for automotive hoses. In the industrial products business, we aim to expand overseas sales of conveyor belts based on our solid market position in Japan, and we will complete internal improvements for marine hoses to stabilize our high-profit structure. As a result of these improvements, in fiscal 2026, the final year of YX2026, we aim to achieve sales of ¥120 billion (+17.8% vs fiscal 2023), business profit of ¥12 billion (+66.7% vs fiscal 2023), and business profit margin of 10% (+3 points vs fiscal 2023), increasing the presence of the MB Business.

Multiple Business (MB) YX2026 quantitative targets (internal targets)



## A Practical Example from Our Exploitation × Exploration Strategy

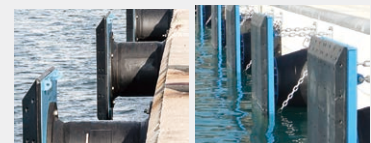
### Yokohama Rubber Enters the Onshore Solid Fender Market to Expand Market Share

Utilizing the technological capabilities and brand power of our pneumatic fenders cultivated over many years, we entered the solid fender market, which is the main market for fenders. Through this effort, we aim to become a comprehensive maker of fender materials and strengthen our earnings base.

Fenders are shock absorbing materials that protect ship hulls and wharfs from impacts during berthing. They are placed in areas between wharfs and ships at port mooring facilities, and between hulls to protect ships during offshore cargo handling. Pneumatic fenders absorb impacts utilizing the elasticity of the air within the fender while solid fenders absorb impacts utilizing the elasticity of rubber. Solid fenders account for about 80% of fender demand. In 2023, we launched a new basic model V-type solid fender widely used in ports and harbors, and, in 2024, we added a middle model cell-type solid fender and a high-end model cone-type solid fender to our product lineup, completing a lineup that meets a wide range of user needs.



V-type solid fender installed on the quay wall



Cell-type solid fender

Cone-type solid fender

### Priority measures in fiscal 2024

As part of our efforts to strengthen our industrial products business, we will increase conveyor belt production capacity at our Hiratsuka Factory by approximately 1.3 times. We will add production lines for a variety of canvas belts to meet a wide range of user needs in a timely manner featuring characteristics such as abrasion resistance, heat resistance, oil resistance, flame resistance, and power-saving performance.

Conveyor belts are used around the world to transport ore, earth, sand, and other materials, serving as "transport arteries," which are indispensable to many industrial fields. Proud of its world-leading technology, Yokohama Rubber has continued to develop and provide a variety of products over the years that meet diverse needs in

Japan and overseas.

By increasing our production capacity, we aim to support many industries that require conveyor belts and contribute to the sustainable development of society.



FLAME GUARD #2110, a flame-retardant, medium-temperature, heat-resistant conveyor belt manufactured at the Hiratsuka Factory

## Other Business (PRGR Business)

Using a variety of innovative technologies, we are developing products that allow people to experience the fun and joy of golf.



### Summary of YX2023

Due to the golf bubble caused by the COVID-19 pandemic, the population of golfers in Japan and Asia peaked in 2022, and special demand for golf equipment in Japan and Asia as well as PRGR Business sales also grew significantly in fiscal 2022. In 2023, sales declined compared to 2022 due to the post-peak decline and reduced distributor inventories. However, profit for the three years was significantly higher than in the previous medium-term management plan period, and management improvements were made to ensure a stable profit.

In the South Korean market, the introduction of high-performance and high-quality products into the women's market, which had expanded due to the golf bubble, significantly increased market share, enabling us to establish our position as a premium brand. In addition, by improving the product development flow, we were able to develop products that reflect market needs, strengthen pre-launch orders and sales promotion activities, and launch products with high profit margins.

Through the development of new technologies for the future, we are steadily sowing seeds for our future growth strategy.

### YX2026 growth strategy

In addition to managing the total number of coefficients of repulsion, which is a unique technology, we will further differentiate ourselves from other companies by integrating the development of new technologies and promote growth in sales and profits.

In addition, we aim to stabilize the business foundation that we have improved through YX2023, improve profit efficiency by developing a product lineup suitable for customers, reduce inventories

caused by the golf bubble, and reduce costs in response to worsening exchange rate fluctuations. By doing so, we will continue to improve profit margins.

### Priority measures in fiscal 2024

In the domestic market, we will launch the new RS X Series of drivers and expand our market share with a focus on drivers. We will also promote retail-based sales of the successful IRON series to continue to secure our iron market share.

In the South Korea market, we launched sales of the new SUPER egg driver to strengthen our position in the premium golf products market and expand our market share. We will reduce inventories generated by the golf bubble to stimulate and promote demand for new products, analyze in detail customer needs that have changed due to the golf bubble post-peak decline, and develop products featuring new technologies.

Furthermore, in the domestic golf market, we will promote the creation of PRGR fans by introducing the new RED EYES POCKET\_BLE, a small measuring device that links to a smartphone, which allows video shooting of golf swings while measuring golf ball flight distance, and increasing contact points with golfers outside of golf clubs.



RS X Series  
For athletes and average golfers offering improved high initial speed and forgiveness



SUPER egg Series  
For average golfers who want to focus on maximizing their driving distance



## Financial Strategy and Shareholder Return Policy



**We will continue to make the profitability of capital**

**Masahiro Yuki**

Member of the Board and Officer,  
In charge of Corporate Finance & Accounting Dept. and IR Dept.

Under the Medium-term Management Plan “Yokohama Transformation 2026 (YX2026),” which was launched in 2024, we will actively make strategic investments to achieve “Hockey Stick Growth.” We also aim to achieve an ROE of more than 10% by increasing profitability and improving asset efficiency. Furthermore, by further strengthening our IR activities, we will build good relationships with our investors.

### Results of the Previous Medium-term Management Plan “YX2023” and Challenges Faced

The Medium-term Management Plan “YX2023” was implemented for three years from 2021 to 2023 as the “Culmination of the past 100 years.” During each fiscal year of the plan, we were able to significantly exceed our initial sales revenue and business profit targets.

Specifically, in fiscal 2023, we recorded sales revenue of ¥985.3 billion, business profit of ¥99.1 billion, and a business profit margin of 10.1%. Although we did not reach our target of ¥1 trillion in sales

revenue, the business profit margin exceeded 10% for the first time. Trelleborg Wheel Systems Holding AB (TWS), which was acquired in May 2023, recorded sales revenue of ¥103.7 billion and a business profit of ¥1.8 billion (including one-off acquisition costs). Excluding Trelleborg’s results, we achieved our 2023 financial targets (sales revenue of ¥700 billion and business profit of ¥70 billion). ROE was 9.9%, slightly below the 10% target. However, cash flow from operations

#### Financial Position

(Billions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Sales revenue	650.5	551.1	670.8	860.5	985.3
Business profit	50.1	35.9	62.2	70.1	99.1
Business profit margin (%)	7.7	6.5	9.3	8.1	10.1
Operating profit	58.6	36.0	83.6	68.9	100.4
Operating profit margin (%)	9.0	6.5	12.5	8.0	10.2
Profit attributable to owners of parent	42.0	26.3	65.5	45.9	67.2
Total assets	907.6	860.4	985.0	1,151.1	1,600.5
Interest-bearing debt	239.9	207.8	177.2	238.7	469.4
Total liabilities	479.9	437.5	452.0	528.0	851.7
Equity	427.7	422.9	533.0	623.1	748.8
ROE (return on equity) (%)	10.6	6.3	13.9	8.1	9.9
D/E ratio (times)	0.57	0.50	0.34	0.39	0.63
Net D/E ratio (times)	0.51	0.43	0.26	0.27	0.50
ROIC (%)	6.5	4.5	8.2	5.2	5.3

# strategic investments and strive to improve to increase corporate value.

reached ¥267.2 billion (3-year cumulative), surpassing our target.

As a result, we were able to more than double our market

capitalization in three years. In contrast, since the Price-to-Book Ratio

(PBR) has remained at 0.7 times, we will promote initiatives to improve it.

## Toward the Realization of the Medium-term Management Plan "YX2026"

In 2024, we launched YX2026 with 2026 serving as the final fiscal year of the plan. In order not to leave a negative legacy for the next generation, we will promote "exploitation" and "exploration" strategies even more than during YX2023.

We aim to achieve "Hockey Stick Growth" with our growth strategy

as our basic policy and realize it to increase corporate value.

Our financial targets for 2026 are sales revenue of ¥1.15 trillion and business profit of ¥130 billion based on the current improvements.

To achieve this goal and also achieve "Hockey Stick Growth," we are implementing the following financial strategies.

## Strategic Investment

To achieve our target ROE of more than 10% and increase our corporate value, we plan to make a total of ¥220 billion in strategic investments over YX2026's three-year plan period. The breakdown is ¥120 billion for production increases and product mix improvements and ¥100 billion for M&A, etc.

Specifically, in the consumer tire business, we will construct new tire plants in Mexico and Hangzhou, China, under the "1-year plant" concept. In the commercial tire OHT business, we will expand the Visakhapatnam Plant in India to increase production of tires for agricultural machinery, etc., a segment in which we hold the global top

share. In addition, for the industrial and port-use machinery tire market and the construction machinery and mining market, where growth is expected, we will consider both large and small M&A and constantly explore opportunities for growth investment.

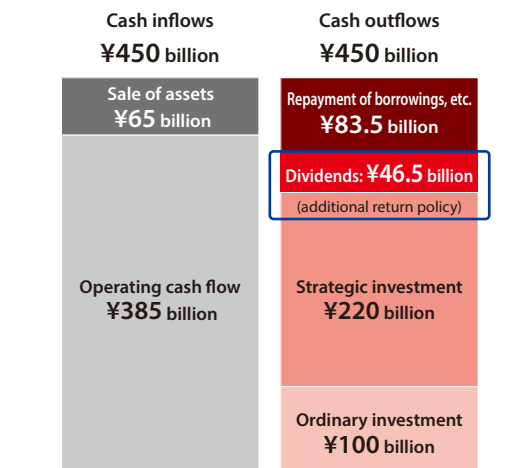
The criteria for these investments are based on the WACC, which is the cost of raising the invested capital. Within the scope of WACC, investments are carefully selected so that they can be recovered within 10 years. Hurdle rates are set for each country invested in, taking into account country risk factors, and capital efficiency is strictly checked.

## Capital Allocation

In terms of capital allocation for YX2026 (three-year period), cash flow from operations is expected to be ¥385 billion, and cash inflows from sales of cross-shareholdings and fixed assets are expected to be ¥65 billion, for a total of ¥450 billion. Cash outflows are expected to be ¥220 billion for strategic investment, ¥100 billion for ordinary investment such as maintenance of plants and equipment, and ¥83.5 billion for repayment of borrowings, including the acquisition of TWS. We plan to use ¥46.5 billion for dividends, and we will consider additional shareholder returns depending on conditions.

Regarding financing, the Company has staggered repayment schedules and low-interest borrowings. For the acquisition of TWS in 2023, the Japan Bank for International Cooperation (JBIC) and 21 private banks formed a co-financing arrangement and succeeded in raising approximately ¥300 billion with long-term (10-year) and fixed low-interest rates. We are also working to diversify repayment dates by issuing bonds.

### Capital Allocation







## Financial Strategy and Shareholder Return Policy

Based on our dialogue with investors, we recognized that the cost of shareholders' equity is about 8%. We will strive to improve the return on capital by setting an ROE of over 10% as a management target, which exceeds this cost of shareholders' equity.

For YX2026, we decided not to set an ROIC target, which we had

set previously, but to integrate it with the ROE target. This is because we recognized through discussions with investors that ROE is a measure of return on capital that can directly measure investors' return on the capital they invest.

### Enhancing Non-financial Capital

In the future, we will strengthen investments in non-financial capital. Specifically, in the area of human resources, we are promoting a "job-type" system that places importance on assigning the right person to the right position, regardless of age, gender, or nationality, including the professionalization of managerial positions, while providing performance-linked compensation (short-term and medium- to long-term) to executives who are evaluated based on the degree of achievement of their commitments.

M&A also creates a synergistic effect on the human resources front. Through discussions with acquired overseas subsidiaries, we realized once again that tough managers and administrators are supporting growth. In response to the challenging task of bringing new plants online within one year ("1-year plant" concept), for example,

the new tire plant in Mexico will be constructed by a team composed of employees from YOHT (India) and Japan, while the new plant in Hangzhou, China, will be developed in collaboration with our Japanese and Chinese partner companies. We intend to improve our management capabilities through investing in such human resources, including Japanese nationals, to promote global development and localization.

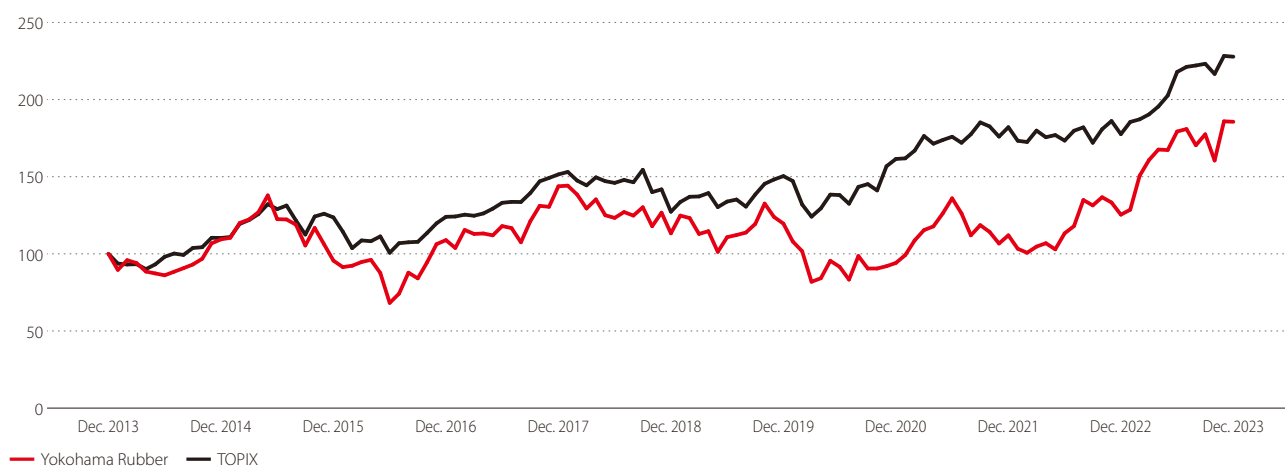
We will also accelerate investment in DX. Based on HAICoLab, our unique AI utilization framework, we will promote reforms (including work style reforms) and maximize output in all processes of product development, SCM, and customer service. We will also expand the fostering and training of DX promotion leaders who will promote these activities.

### Approach to Shareholder Returns

While our policy of steadily increasing dividends will remain unchanged in the future, we will first set a dividend payout ratio of 20% in YX2026. As we plan to make ¥220 billion worth of strategic

investments over the three years of the plan, we will steadily accumulate profits and return profits to shareholders through our growth strategy.

TSR (10 years, dividends included)



Investment period	1 year	3 years		5 years		10 years	
	Cumulative / Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
Yokohama Rubber	+61.2%	+124.8%	+31.0%	+73.2%	+11.6%	+85.6%	+6.4%
TOPIX	+28.3%	+41.1%	+12.1%	+78.9%	+12.3%	+174.2%	+10.6%

\* Total shareholder return (TSR): Total rate of return on investment that combines capital gains with dividends

\* TSR for Yokohama Rubber is calculated based on cumulative dividends and stock price fluctuations. TSR for TOPIX is calculated with a stock price index including dividends. (Created by Yokohama Rubber using Bloomberg data and other sources.)

\* TSR values are index numbers calculated by setting the market closing price as of December 31, 2013 as 100. (Holding period ends December 31, 2023)

Regarding the capital structure, the equity ratio is set at 50% as a guideline, considering the appropriate financial balance from the standpoint of return on capital, business risks, and flexible debt procurement. We will manage our balance sheet so that our equity ratio does not exceed 50% significantly, and we will consider a total return ratio of 30% over the long term.

## To Increase Corporate Value

In addition to aggressively investing in the OHT business, which is a growth driver, we will maximize the ratio of high value-added products and increase earnings in the tire consumer goods business through measures to expand sales of ADVAN, GEOLANDAR, winter tires, and 18-inch and larger size tires. Additionally, with the rise of Chinese tire makers, it is essential to strengthen cost competitiveness. Based on the motto of YX2026, which is "Low cost, speedy development of quality products," we will conduct management with a greater awareness of costs than ever before.

Furthermore, we believe that improving TSR is an important management issue to increase corporate value through appropriate stock price formation. Since the end of 2019, before the COVID-19 pandemic, our corporate value has improved significantly by about 1.5 times, and our TSR during the YX2023 plan (one year and three years) was significantly higher than TOPIX. However, our PBR remains below 1x.

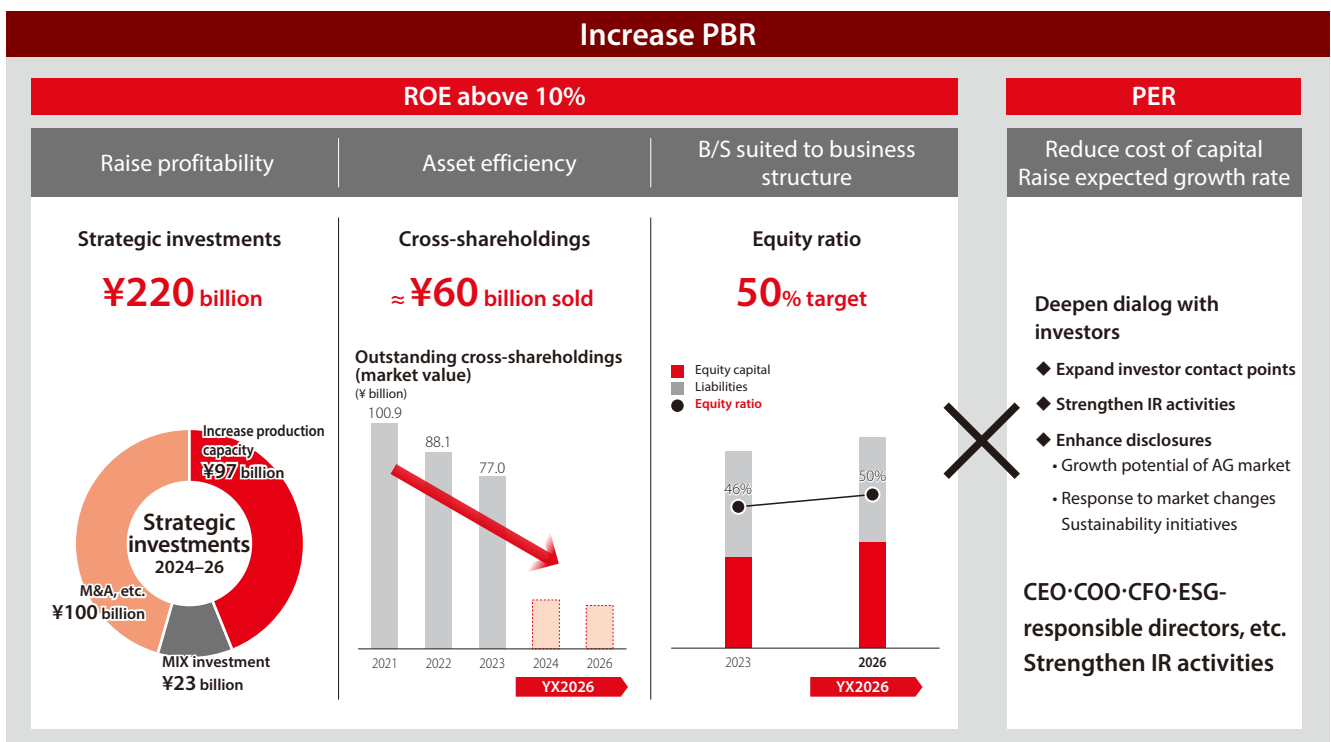
Reflecting on the lack of PR that investors have indicated, we will



further strengthen our engagement with shareholders and investors through YX2026. We will improve the quantity and quality of information dissemination by implementing and enhancing IR events by the CEO, COO, CFO, and officers in charge of ESG. Additionally, we will strengthen mutual communication by making the IR Department independent.

It was also indicated that the Company has a high stable shareholder ratio and low liquidity. We will thoroughly sell cross-shareholdings without exception, and as a result, hope that many people both in Japan and overseas will become shareholders of the Company.



To achieve "Hockey Stick Growth," which is a significant amount of growth, we will steadily implement our financial strategy based on dialogue with investors to achieve a higher level of corporate value.





# Research & Development/Intellectual Property Strategy

In order to respond to diverse customer needs, Yokohama Rubber is engaged in comprehensive research and development ranging from material development to product design, testing, and evaluation in a number of product fields, including tires, hose and couplings, and industrial products. In our Intellectual Property Strategy, we protect our proprietary technologies and establish a competitive advantage through the acquisition of patents and the management of our intellectual property portfolio to support the sustainable growth of our business. Intellectual property-related activities are an important investment for us, and we are continuously working to strengthen and improve them.

Relevant materiality	What we aim to do
 <b>Provision of products and services that contribute to a sustainable society</b>	<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>	<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 materials</li> </ul>

## Basic Policy on Research & Development

The Yokohama Rubber Group's research and development aims to challenge the cutting edge of global technology and providing pioneering, world-first products to the market. In the field of research and development, we engage in multi-faceted and comprehensive research and development from material development to product design, testing and evaluation, based on the themes of "originality

and ingenuity," "practical application" and "composite technology," and pursue the possibilities of various technologies and products, including rubber polymer technologies. In addition, outside the field of tires, we use innovative ideas unconstrained by conventional thinking and cutting-edge technologies to pursue the development of new materials and the design of products with a view toward the next-generation.

## International Research & Development System

The Research and Development Integrated Center (RADIC) at the Hiratsuka Factory plays a central role in the Company's research and development. Under the idea of "local production for local consumption," Yokohama Rubber is strengthening research and development activities in regions close to major markets in Japan and overseas. To date, we have established the Tire Test Center of Asia in Thailand, the Yokohama China Technical Center in China, and the Yokohama Development Center America in North Carolina, US. The finished

tires are tested through driving tests and multi-faceted testing conducted at test courses at D-PARC and Hokkaido Tire Test Center in Japan, Tire Test Center of Asia in Thailand, and Yokohama Test Center of Sweden, and the data obtained is used to develop next-generation tires.



Comprehensive tire test course at D-PARC (Ibaraki Prefecture)

## HAICoLab\* AI-powered data utilization framework

For more than a decade, Yokohama Rubber has been developing technologies to apply computer science and machine learning to the development of materials. HAICoLab, which has been in practical use since 2020, is our proprietary AI utilization framework that combines simulation technologies and AI technologies and also focuses on human characteristics. We aim to promote new discoveries through "human-specific inspiration" and "creativity" and "collaboration

between the enormous data processing capabilities that AI excels at" aimed at non-continuous and radical innovation.

The new knowledge gained by generating and collecting virtual data from real data and simulations, and predicting, analyzing, and searching with AI is being utilized for innovation in tire technology development.

\*A coined term based on "Humans and AI collaborate for digital innovation."

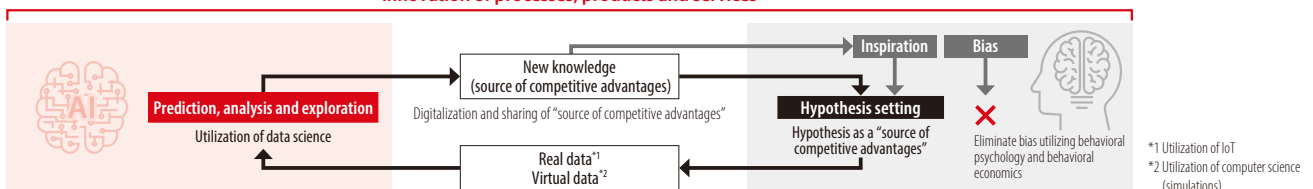
➤ P.8-9 Message from the COO

➤ P.46-49 A Roundtable Discussion between Our COO and Young Engineers

Conceptual image of HAICoLab

Improving user experience (Society 5.0)

Innovation of processes, products and services



\*1 Utilization of IoT  
\*2 Utilization of computer science (simulations)

## Intellectual Property Strategy

As Yokohama Rubber considers intellectual property to be an important foundation for business, we are actively promoting intellectual property-related activities to realize our business and sustainability strategies based on the new Medium-term Management Plan "YX2026."

We emphasize building a rational intellectual property portfolio

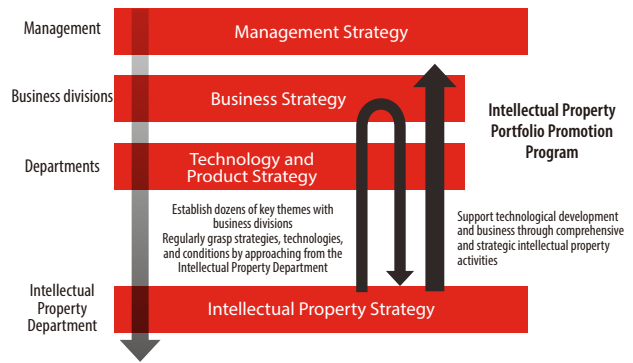
and strive to maximize return on investment by efficiently acquiring and managing the intellectual property necessary for our business activities. In addition, we continuously review and strengthen our intellectual property-related activities, always aiming for an optimal system to be in place.

## Intellectual Property Portfolio Promotion Program

Yokohama Rubber positions its Intellectual Property Strategy as an important management strategy for realizing innovation and sustainable business growth. We have been implementing the "Intellectual Property Portfolio Promotion Program" since 2007 to drive the following initiatives.

- Building of a strategic intellectual property portfolio: Based on management, business, technology, and product strategies, the Intellectual Property Department collects information to understand about internal and external conditions, and proposes the acquisition of patents, designs, trademarks, and other rights in cooperation with business divisions to build the optimal intellectual property portfolio.
- Integrated intellectual property activities: For each theme, we develop intellectual property activities from a multifaceted perspective and with appropriate timing, including the details of rights acquisition, the status of intellectual property inside and outside the company, FTO investigations (investigation of the risk of infringement of third-party rights), and consideration of the mix of rights such as patents and designs.

Currently, we are promoting intellectual property activities in cooperation with business divisions based on more than 50 themes a year. Through these initiatives, we will accelerate innovation and drive business growth by strategically utilizing intellectual property.



## Strengthening Intellectual Property Management

While intellectual property rights, such as patents and design rights, are expensive to maintain, they play an important role in protecting business and securing a competitive advantage.

Yokohama Rubber builds and maintains an intellectual property portfolio necessary for its business activities by annually evaluating the effectiveness and efficiency of its intellectual property holdings, and then reviewing and replacing them. This enables the Company to streamline intellectual property investment, ensure the protection of its businesses and technologies, and make effective use of intellectual property investments.

Additionally, we aim to achieve sustainable business growth by proactively taking legal action against infringement of intellectual property rights by third parties and maximizing the value of

intellectual property rights. For example, in November 2023, we successfully eliminated counterfeits of our wheels by administrative crackdown and submitting information to the Administration for Market Regulation in China. Moving forward, we will take a firm stance against brand damage caused by counterfeit products, and will continue our efforts to ensure that all customers can use our products with peace of mind.

Although the number of our Group companies has been increasing in Japan and overseas through M&A in recent years, we have established a system where each Group company independently promotes intellectual property activities and the Intellectual Property Department in Japan provides support for the entire Group when necessary.

## Future Issues and Measures

At Yokohama Rubber, one of our challenges is to make more effective use of the vast amount of research and development data (actual product and lab sample test results, simulation results, manufacturing and processing conditions, etc.) that we have accumulated to date. This is an area that we are now working to address. In the future, we will develop a foundation that makes it easier for engineers to use this data, leading to the improvement of individual skills, new awareness, and quantification of tacit knowledge (skill transfer).

In the area of intellectual property rights, we are facing the challenges of intensifying global competition, responding to sustainability initiatives, and increasing sophistication of intellectual property rights. We will strengthen our intellectual property strategy and achieve sustainable growth by working to optimize our intellectual property portfolio, strengthening property rights enforcement, and enhancing intellectual property-related collaboration throughout the Group.



## Special Feature: A Roundtable Discussion between Our COO and Young Engineers

### Development of Tire Technology that “Exploits” AI

— Responding to major transformations in the automotive industry



**Shinji Seimiya**  
President & COO

**Naoya Kowatari**  
AI Research Laboratory,  
Research & Advanced Development Div.

**Hideaki Sawa**  
Materials Group 1, Tire Materials Dept. No. 2,  
Research & Advanced Development Div.

**Mayuko Nakamura**  
Research and Development Group 1,  
Research and Development Dept.,  
Research & Advanced Development Div.

### AI Utilization Concept HAICoLab and Roles as Engineers

**Seimiya** Although a large amount of data has been accumulated by Yokohama Rubber during its history, it is impossible for engineers like you, namely, humans, to grasp it all. Our AI utilization concept HAICoLab was formulated to make effective use of this valuable



resource for innovation. This is a framework that merges human inspiration and creativity with the enormous knowledge processing capability of AI. Based on multifaceted experiences, knowledge, and judgment criteria unencumbered by stereotypical biases, AI

considers how humans would interpret the results produced by AI before making a final decision. HAICoLab builds upon two previous Yokohama Rubber AI-based materials development technologies, a highly precise multi-scale simulation technology and a material informatics technique to develop materials. In addition to merging these technologies, HAICoLab has become the Company's unique AI-based framework, aiming to achieve digital innovation through orchestrating a “human and AI collaboration” to bring about both

incremental and radical innovations. As Yokohama Rubber's Medium-term Management Plan YX2026 includes the keywords “exploitation” and “exploration,” it can be said that the approach of using this AI-based framework is in line with these concepts. HAICoLab is essential for us because the speed of various innovations in the automotive industry is accelerating, such that we are unable to keep up via conventional technologies alone. HAICoLab was introduced to promote the use of AI to accelerate the further development of technologies in fields we have been active in up to now. AI has already been used for rubber material development and new product structural development. In the future, we will continue to expand the scope of AI applications and promote the development of HAICoLab technologies to support the development of unique new products at Yokohama Rubber.

**Kowatari** I am in a position to promote the use of AI within the Company. For our Company to utilize AI in the first place, we must create AI that predicts excellent tire performance and compound performance. With AI, data cannot simply be entered, and if a human makes assumptions and enters data, it will not be accurate because of bias. This is a difficult issue regarding AI. The rewarding aspect of my position is that, in the name of AI utilization, I can work with many people in various departments within the Company, including material, design, and systems development, while also experiencing personal growth.

**Sawa** I am developing compounds for passenger vehicle tire tread caps—the parts of a tire that make contact with road surfaces. The development of a single rubber to serve as a material for tread caps is extremely complicated because it requires various performance characteristics, such as hardness and strength.

The challenge is that effective prototypes cannot be created at the factory level unless relevant data are enhanced.

Previously, we spent a significant amount of time repeatedly conducting lab-scale evaluations. It was a necessary use of time.

However, the AI-based application developed by Mr. Kowatari and his team to predict physical properties enabled me to skip much of the lab evaluation work, providing valid data instantly. I can feel just how great our technologies are and utilize them on a daily basis. I will continue to make effective use of them in the future and would like to see those around me using them as well.

**Nakamura** I am working on a technology that achieves both a high level of wet performance and rolling performance from tires. Unfortunately, however, I do not believe that I am making full use of AI technology. Although I have had the opportunity to use a lot of data in my work, my supervisor once pointed out that I had judged the superiority or inferiority of results based solely on the size of the numbers and that I had not seen the essence of the data. That’s why

when we use AI, we are careful to look at the essence of the data and not blindly trust it. I would like to continue my research without changing that approach.

**Seimiya** One of our strengths is our AI Research Laboratory, which provides us with clear direction. Having mainly worked in the field of tire design, in the past, I analyzed as much data as I could, but when the volume of data became too large, could not proceed further. I feel that we now have the foundation to successfully integrate the capabilities of AI and our engineers. Examples that have advanced to the point where we use them on a daily basis in tire development include our unique AI-based system for predicting the physical properties of rubber compounds and the values of key tire properties. Previously, the results of prototypes and evaluations were entered into a database in an unstructured way, and the data not fully utilized. We are integrating the latest AI technology into our daily design and development activities. These predictive systems enable many virtual experiments, which are expected not only to speed up development, reduce costs, and produce high-performance products, but also to make compound design easier for less experienced engineers. As a result, we created high value-added tires such as ADVAN and GEOLANDAR.

## Roles as Engineers in Making the Most of AI

**Seimiya** Using AI tools during the development of advanced, new tires, we expect our engineers to create innovative solutions that go beyond conventional technology. I also want young, new employees to become independent as designers and engineers as soon as possible. As they do so, it would be a great advantage if they quickly learn basic skills utilizing AI technology. I want our employees to focus on two goals when using AI: innovative tire development and mastering basic skills.

**Sawa** Since I started working with AI, I have felt the need to use AI applications better. Evaluation data contains a certain amount of noise and abnormal data, which probably lowers the accuracy of AI-based analysis. It is important for those of us using AI applications to recognize this, and to analyze the data the Company has accumulated and will accumulate in the future more accurately. To do this, it is necessary for AI application users to verify the data produced by AI in their own way rather than taking the data at face value. Of course, if I verify everything myself, AI will lose its meaning. Therefore, I would like to integrate AI and my own thinking as necessary to move ahead in technological innovation.

**Nakamura** Recently, many new evaluation methods have appeared, some creating amounts of data at sizes that I had never seen before. As a result, I was unable to compile some of the data on my own. In such cases, I would like to utilize AI to efficiently organize large amounts of data. However, as Mr. Sawa mentioned, I would like

to utilize AI data while assessing its essence rather than taking the data at face value.

**Kowatari** I agree that AI data should not be taken at face value. However, along with such data, AI needs to be able to present information, such as results using conventional technology. I would like to focus on that point. After all, engineers always seek higher levels. Instead, I think it is necessary to have a process enabling users to understand what conventional technologies cannot do and are unlikely to do soon. I believe that this will lead to the “exploitation” and “exploration” of our YX2026 plan, the continued leveraging of existing technologies, and the discovery of new technologies.





## Special Feature: A Roundtable Discussion between Our COO and Young Engineers

### For “Exploiting” Skills at Yokohama Rubber

**Nakamura** I think one of the skills required as an engineer is to be able to look at acquired data from various perspectives. A lot of data is created, and I believe that a good engineer must be able to pursue the actual phenomenon, rather than assume that something is impossible because it is different from what they have seen before. Improving wet performance, which is one of the initiatives that I am working on, is directly linked to the safety of customers who purchase our tire products. In the future, I aim to accelerate the improvement of wet resistance, reliably elucidate the relevant phenomena, and deliver the needed technology.

**Kowatari** In using AI, it is necessary to have detailed knowledge of statistical analysis and programs. Even with AI, it is not enough to create a model once; it must be continuously refined. However, if you program AI to learn, it will learn, but people learn in different ways. I always feel that we need to gather and learn a variety of information from around the world. President Seimiya has stated that young



employees should actively use AI, as they are flexible and adaptable in this regard. Indeed, Yokohama Rubber needs human resources who can be flexible and adapt. Engineers should remember this and use new technologies as soon as these become

available. I believe Yokohama Rubber needs people who will do so.

**Sawa** I believe simply using AI in a routine manner defeats the purpose. When I joined Yokohama Rubber in 2015, there was already an Excel application with various types of macros built into it. Although you could use it with the touch of a button, I found it difficult to see what kind of operations were performed behind the scenes and which data were truly important for those operations. The same holds true for AI. Users need to understand which parts are important for AI to process. This way of thinking will be essential for people who join the Company in the future and take AI tools for granted. I intend to properly convey this to my junior colleagues and I myself also want to make full use of AI that ultimately leads to technological innovation, as our President has discussed. Of course, the Company’s development efforts involve everyone working together, but I aim to take the lead in using these tools to discover technologies we can all be proud of.

**Seimiya** I believe it is important for engineers to first discuss various matters using data. How we extract and utilize such data is key, and one of the tools to help with this is AI. As you three have mentioned, even though AI can process vast volumes of data with high computational power, it does not always provide 100% correct answers. We use AI while constantly questioning and thinking about what factors are influencing the results. It is crucial to incorporate the ideas of our engineers, make sound judgments, and further advance technological innovation. I feel that I can count on all three of you based on what you have said.

### The Social Value We Want to Provide to the World

**Sawa** Sustainable development is one of the key demands the world places on all companies. Before working in tire compound development, I was involved in raw materials development. Some materials, even within the same groups like carbon or silica, can have different properties—some contain a higher proportion of naturally derived materials, while others generate lower CO<sub>2</sub> emissions during manufacturing. However, many of these materials lead to decreased tire performance. Figuring out how to utilize them effectively remains a challenge for our Company. Over the past several years, we have been conducting evaluations and accumulating data from lab-scale and factory tests. Technologies like AI are extremely useful for organizing and analyzing such data effectively. Looking ahead, we plan to make greater use of AI tools from a sustainability perspective, and based on the data accumulated so far, we aim to develop methods to manufacture tires using materials with lower CO<sub>2</sub> emissions, while increasing the proportion of naturally derived materials without compromising performance.

**Nakamura** One of the key technologies I am working on is wet performance, which is crucial for ensuring the safety of our customers, especially in rainy conditions. Additionally, improving rolling performance can help reduce fuel consumption—or electricity efficiency in the case of electric vehicles—benefiting both consumers and the environment. In the future, I intend to accelerate this process by developing technologies enabling a deeper understanding of the underlying phenomena. To achieve such a high level, I will focus on creating technologies faster and utilizing them in product development. For this, utilizing AI for data analysis can significantly speed up the process. With this in mind, I aim to explore uncharted territory by providing additional value beyond what has traditionally been achieved.

**Kowatari** Competition in the automotive industry has intensified. With the rise of various vehicle types, such as EVs and internal combustion engine cars, there’s a growing demand for tire development tailored to each type. For this reason, continuously reducing the lead

time for tire development is crucial. Despite the limited number of engineers, the development periods have shortened, and the variety of tires requiring development continues to expand. If this trend continues, I am concerned that developers may not be able to take the time to carefully and wholeheartedly engage in manufacturing. Indeed, it may be easiest to ask the President to increase the number of people involved, but it is precisely at times like this that we should ask AI to help in various development areas to shorten development lead times. I have seen firsthand how designers are working on a wide range of tire designs, all while adhering to strict safety standards, as safety and security are paramount for our products. From my point of view, I want to support them through AI-based data analysis to ensure these standards are upheld.

**Seimiya** As a manufacturer, Yokohama Rubber is fundamentally tasked to determine what kind of products and services it will deliver

to the world. We need to address key issues, such as safety, environmental concerns, and speed. AI is one of the tools that will tackle these challenges. Not only in product development, but also in competing with other companies, we must further refine our AI technology, improve it, and expand its applications. While the most important thing is to make high-quality products, I believe reducing costs and manufacturing products affordably are also critical. In today's tire industry, cheap tires from countries such as China and India are flooding the market, and in some areas we have no choice but to compete with them. Therefore, improving performance while controlling costs is essential. I would like us to pursue both of these goals simultaneously.

## What Our Engineers Want to Convey to Our Stakeholders

**Kowatari** I hope to convey to our stakeholders that our design and development members have always developed our products with a keen awareness of safety and security. Additionally, we remain deeply committed to addressing quality and environmental issues.

**Sawa** First, I feel that the effective use of AI can only be a benefit for the Company. As has been mentioned in this discussion, even if we manufacture the same tires as before, AI can help eliminate certain production processes, speeding up the overall process and reducing costs. In other words, AI improves the balance between cost and performance. I am personally committed to promoting the effective use of AI and will share it with junior colleagues. I trust our stakeholders will come to understand the Company's stance on this matter.



**Nakamura** Although I am the only female member here today, we have more and more female engineers. When I need to carry heavy tires, I do receive assistance from male colleagues, but otherwise, I need not be conscious of gender at all, which makes Yokohama Rubber a comfortable place to work. Also, as Mr. Kowatari said, the Company conducts various types of tests and evaluations under all possible circumstances. With safety firmly assured, we strive every day to produce products with improved fuel consumption (or electricity efficiency in the case of electric vehicles) as well as wet performance.



**Seimiya** Over the past few years, I have realized that the tire industry and the overall automotive sector are changing faster than I had anticipated. These industries are changing in many respects, including environmental issues and legal regulations. For Yokohama Rubber to grow under these conditions, I believe it is important to stay ahead of the changes in the environment by using various tools, including the AI technology that we talked about today. This will allow us to produce high-quality products at low costs and speed up our processes. With a strong awareness of these points, I will continue working closely with the engineers here today, and I sincerely hope to receive guidance and support from all our stakeholders.





# Production & Quality

To provide “low cost speedy development of quality products” to the customers around the world, the Yokohama Rubber Group is working to strengthen the foundation of the entire Group. To this end, we strengthen the development of tires for new next-generation premium cars, drastically reduce manufacturing costs, increase the speed of tire development, and take on the “1-year plant” challenge. We will respond quickly and accurately to customer needs by promoting production activities based on cutting-edge technologies and thorough quality control at our global production sites.

Relevant materiality	What we aim to do
 <b>Provision of products and services that contribute to a sustainable society</b>	<ul style="list-style-type: none"> <li>• Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies</li> </ul>
 <b>Contribution to a decarbonized society and circular economy</b>	<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>

## Production Initiatives

### Taking on the “1-year plant” challenge and maximizing the ratio of high value-added products

We aim to reduce costs and improve efficiency to compete with the cost competitiveness of emerging tire makers. As the first step in the taking on the “1-year plant” challenge, which involves bringing a new plant on line within one year, we will build a new plant for passenger car tires in Hangzhou, China to increase our supply capacity for the growing Chinese market.

The production capacity of the plant will start at 9 million tires a year and is expected to increase in the future. The investment for the plant is 1.96 billion yuan (approximately ¥36.7 billion) with production scheduled to start in the second quarter of fiscal 2026.

The construction of the new plant is in response to a request by the Chinese government to relocate the existing plant of Hangzhou Yokohama Tire Co., Ltd., a local tire production subsidiary, and construct a new plant in the Hangzhou Qiantang New Area.

The construction of the new plant will be an important foreign investment project involving the governments of Zhejiang Province, Hangzhou City, and Qiantang New Area in China, and will result in the establishment of a new company, Hangzhou Qiantang Yokohama Tire Co., Ltd.

Yokohama Rubber aims to construct plants in just one year that achieve the low cost and highly efficient production that will realize a strong competitive position in the local market. Toward that end, Yokohama Rubber will combine its accumulated know-how with that of local partner companies that have a proven track record in the local market.

In addition, we also aim to maximize the ratio of high value-added products by expanding production of our flagship ADVAN, GEOLANDAR, winter tires, and 18-inch and larger size tires, and working on our “Product and Regional Strategies” to strengthen development and supply systems that respond to specific trends in each regional market.

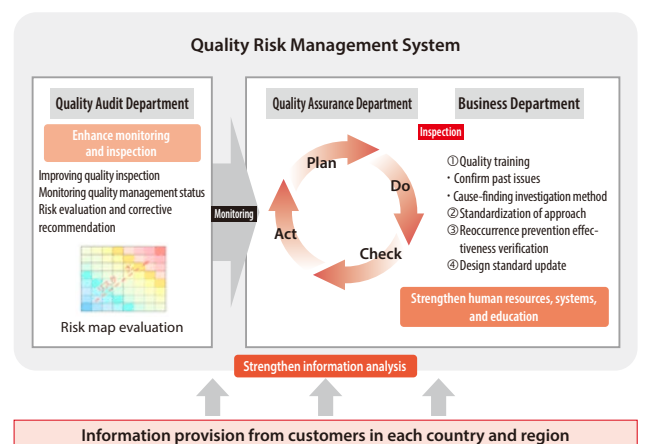
## Quality Initiatives

### Quality management system

Yokohama Rubber places the safety of customers as a top priority. We have developed our own risk map to ensure prompt, legal, and appropriate internal processes are carried out in business, quality assurance, and service departments, which are overseen and monitored by the Quality Audit Department.

We conduct quantitative categorization of potential risks following the quality management system (QMS) and embrace a proactive safety design approach based on FMEA\* to establish a structure that prevents the reoccurrence of similar quality issues. Moreover, we conduct internal quality training as well as encourage managers and supervisors to acquire the certification of an internal quality auditor. In fiscal 2023, two employees obtained their certification (total 16 certified to date).



We appoint experienced engineers at sales subsidiaries and sales locations in the domestic and overseas markets to systematically host internal training on product knowledge and handling.



\* Failure Mode and Effect Analysis (FMEA): A method of systematically analyzing potential failures for the purpose of failure/defect prevention.

# Motorsports Activities

For 60 years, since the Company began supplying tires to motorsports in Japan in 1963, Yokohama Rubber has participated in a wide range of motorsports in Japan and abroad, including races and rallies. By utilizing the advanced technical capabilities and knowledge cultivated in the field of motorsports, where extreme driving is required, in the development of tires for passenger cars, we are creating high-performance tires with excellent safety and quietness levels, and reduced environmental impacts while offering an exhilarating driving experience.

Relevant materiality	What we aim to do
 <b>Provision of products and services that contribute to a sustainable society</b>	<ul style="list-style-type: none"> <li>Achieve a safe and comfortable mobility society through improved quality and performance based on proprietary technologies</li> </ul>
 <b>Contribution to a decarbonized society and circular economy</b>	<ul style="list-style-type: none"> <li>Contribute to the circular economy by increasing the use of renewable and recycled materials</li> </ul>

## Yokohama Rubber's Commitment to Motorsports

Yokohama Rubber supplies tires to a wide range of motorsports in Japan and abroad, from the top category to the grassroots category. Motorsports is a grand testing ground for tire development, and the technology cultivated through competition is fed back to our development of high-performance, high-quality new passenger car and aftermarket tires. In addition to reducing the rolling resistance and

improving the quietness and safety of tires, which results in the reduction of CO<sub>2</sub> emissions from passenger cars, we will fulfill our responsibilities as a tire maker by pursuing "exhilarating driving experiences" as a form of added value.



## Results in FY2023

### Third Round SUPER GT GT500 Class (Japan) champion

In June 2023, a car equipped with ADVAN racing tires won the long-awaited victory in the GT500 class during the third round of SUPER GT, Japan's highest level touring race. We continued to take on the challenge of participating in the SUPER GT championship, a tire competition race category, as a challenger, and showed the strength of our evolved ADVAN racing tires.



### Pikes Peak International Hill Climb overall champion for two consecutive years

At the 101st Pikes Peak International Hill Climb, known as the toughest hill climb race in the world, held in Colorado (US) in June 2023, a car equipped with ADVAN racing tires won the overall championship for the second consecutive year. The winning car was equipped with tires made partially using sustainable



materials, which account for approximately 33% of the materials used, demonstrating the high level of our technological capabilities to achieve stable performance even in harsh conditions.

### Asia Cross Country Rally overall champion for two consecutive years

In the Asia Cross Country Rally 2023, the largest cross-country rally in Asia which was held in August 2023, a vehicle with GEOLANDAR M/T G003 tires won the overall championship for the second consecutive year, capturing the top three spots with 2nd and 3rd place finishes in addition to the championship. Last year, vehicles equipped with GEOLANDAR M/T G003 tires won the overall championship and finished in 3rd, 4th and 5th place. These results once again demonstrated the superior performance and durability in grueling off-road races.



## Future Issues and Measures

In response to growing environmental awareness in the motorsports industry, Yokohama Rubber is developing racing tires using sustainable materials including renewable and recycled materials. We supplied tires made of sustainable materials as the control tires for the Pikes Peak International Hill Climb in the US in 2022 and 2023 and the SUPER Formula (Japan) starting in 2023 to promote the development of environmental impact reduction technologies based on

data from actual races. Going forward, we will continue to develop racing tires using sustainable materials, and utilize the knowledge gained through these efforts in the development of tires for new cars and replacement use, thereby contributing to the improvement of the environmental performance of tires and the development of sustainable motorsports.



# Yokohama Rubber’s Sustainability

The Yokohama Rubber Group conducts business activities and conducts sustainability management in cooperation with stakeholders around the world based on its Basic Philosophy: “To enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.”

## Sustainability Slogan

**Caring for the future**

## Yokohama Rubber Group Action Guidelines

We have established the Yokohama Rubber Group Action Guidelines in accordance with the 10 principles in the four areas (human rights, labor, the environment, and anti-corruption) of the United Nations Global Compact, which all members of the Yokohama Rubber Group share as guidelines for promoting business activities.

### Seven Action Guideline Items

1. We shall respect human rights inside and outside the company.
2. We shall create workplaces that are safe and healthy.
3. We shall harmonize our activities with the global environment.
4. We shall provide safe and high-quality products and services.
5. We shall conduct corporate activities with a high transparency and practice proper disclosure of information.
6. We shall observe not only laws and regulations but also social norms.
7. We shall aspire to harmony and prosperity with local communities.

Seven Action Guideline Items (described in detail)

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

## Reference Guidelines and Principles for Promoting Sustainability

In promoting sustainability, we refer to the following international guidelines and principles, including the 10 principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015.

The United Nations Global Compact, Sustainable Development Goals (SDGs), OECD Guidelines for Multinational Enterprises, Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, ILO MNE Declaration, and the GRI Standards, etc.

## Materiality

In accordance with the formulation of the New Medium-term Management Plan “Yokohama Transformation 2026 (YX2026),” which was launched in fiscal 2024, the Yokohama Rubber Group reviewed its materiality (important issues) in light of the changing business conditions and social issues surrounding the Yokohama Rubber Group, and identified new materiality that takes into account both

the impact of business activities on society and the environment and the impact of society and the environment on business activities.

Please refer to page 26 for information on how we revise materiality, the process we use to identify materiality, risks and opportunity analysis, what we aim to do, and progress of metrics (KPIs) up to fiscal 2023.

Area	Materiality (important issues)	Reference pages
Products and services	Provision of products and services that contribute to a sustainable society	P.32-39, 44, 50, 51
Environment	Contribution to a decarbonized society and circular economy Coexistence with nature	P.44, 50, 51, 60-67
Community	Coexistence with local communities	P.68-71
Human capital	Development of human capital capabilities for sustainable corporate value enhancement	P.54-59, 72-73
Supply chain	Establishment of a sustainable supply chain	P.70-73
Governance	Improvement of management resilience by strengthening corporate governance	P.74-87

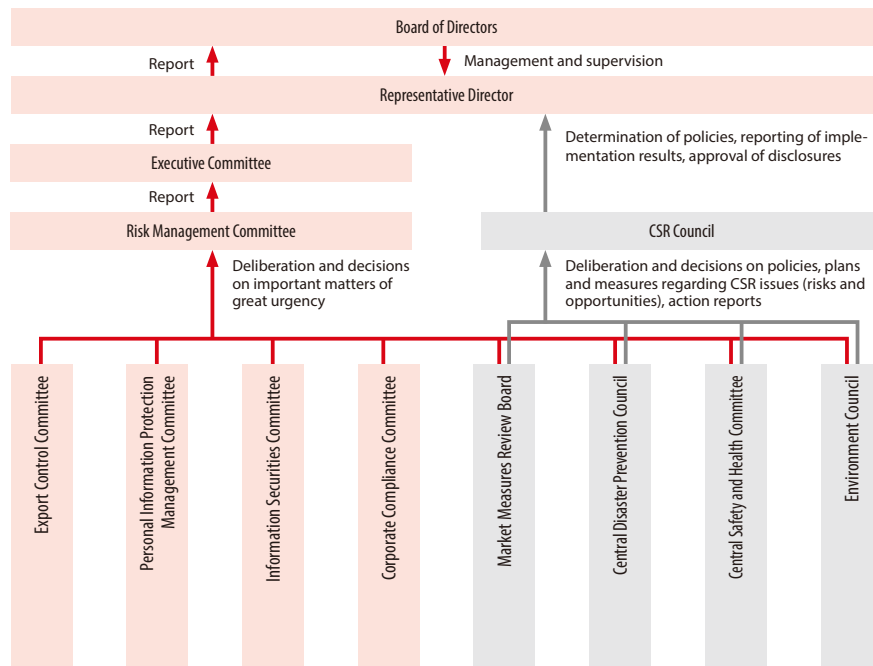
## Sustainability Governance and Sustainability Promotion System

The CSR Council, chaired by our Chairman & CEO and membered by all of the internal directors (including Audit and Supervisory Committee members), meets twice a year (in May and November) to discuss sustainability issues (environment, occupational health and safety, disaster prevention, quality, compliance, social contribution, etc.) and plan actions to be taken by the Yokohama Rubber Group.

Furthermore, when decisions on important matters, early decision-making, reporting, and deliberation are required, the Executive Committee reports and deliberates on such matters, which are then

submitted to the Board of Directors (for reporting and deliberation) depending on level of importance.

Progress on sustainability issues is reported monthly to the Chairman & CEO, President & COO, director in charge of the CSR Division, and internal directors serving as Audit and Supervisory Committee members. Carbon neutrality and circular economy initiatives are discussed as ongoing themes at biannual management strategy meetings held by all Group executives (including those overseas).



Number of sustainability-related proposals presented (FY2023 results)	
Executive Committee	3
Board of Directors	3

**CSR Council (held twice a year)**  
 Chairman: Chairman & CEO, Chairman of the Board  
 Members: Internal directors (including Audit and Supervisory Committee members)

## Risk Management

To strengthen our defense against various risks surrounding the Yokohama Rubber Group, we have established the Risk Management Committee, chaired by the head of our Corporate Administration Division, to manage risks that may have a significant impact on management across the Group and appropriately evaluate/respond to them.

Further, regarding risks with a high degree of importance, including environmental, occupational health and safety, disaster prevention, BCP, quality management and compliance, we have put in place a

system for the focused management of risks that establishes divisions and meeting bodies specializing in overseeing each risk, thereby strengthening risk management systems within business activities.

The activities of the Risk Management Committee, Corporate Compliance Committee, and other committees are regularly reported to the Board of Directors, with the activities of other committees also reported to the Executive Committee as appropriate, and the Board of Directors when necessary.


## Strategy

In 2008, the Group established the CSR Management Vision, CSR Action Guidelines, and established the CSR Division as the department responsible for CSR in order to make progress in CSR and sustainability management. In 2014, to align with global code of ethics such as the ten principles across four focus areas of the United Nations Global Compact, we established "Yokohama Rubber Group Action Guidelines," where we selected, most critical goals that will have a significant

impact on or are of great interest both for the company and our stakeholders and defined them as our material issues. Since then, we have been continually working on these material issues through iterative PDCA cycles in pursuit of continuous improvement. In 2017, where the company celebrated its 100th anniversary, we launched a corporate CSR slogan (currently the sustainability slogan) to pursue sustainable growth to be achieved over the next 100 years.



# Human Resources Strategy

Relevant materiality	What we aim to do
 <b>Development of human capital capabilities for sustainable corporate value enhancement</b>	<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 environment</li> <li>• Respect the human rights of employees</li> </ul>

## Basic Approach

The Yokohama Rubber Group believes achieving sustainable growth amid drastic changes in the operating environment requires improving the value of human capital. We also recognize it is important to encourage our employees from various backgrounds to embrace various work styles with each other, promote work styles that are not bound by conventional rules and ways of thinking, and create a workplace environment that enables employees to work together cheerfully with vigor and enthusiasm. Based on the penetration of our Corporate Philosophy consisting of the Basic Philosophy, Management Policies, Action Guidelines and Corporate Slogan, as well as the direction of business specified in our long-term vision, we hold up "Human resources who can commit themselves to results even when they are hard to achieve and contribute to the growth of the Company with their own growth regardless of generation, nationality, and gender," as a vision of desired human resources," and is working on the development of such human resources and the improvement of in-house environments.

## Human Resources Development Policy

### Development of professional human resources and personnel assignment of right person to the right position

Recognizing that it is integral for the Group, which is expanding its business on a global scale, to deploy professional human resources with a strong desire to achieve and a broad range of perspectives who demonstrate their capabilities while having an impact on people around them, we are promoting measures such as ones for the development and selection of such human resources as well as ones for the assignment of the right person to the right position. We provide a full range of support to our employees based on the belief that encouraging each individual employee to actively make good use of growth opportunities will lead to the Company's advancement. We also work to secure and develop management-oriented human resources who can carry the Company on their shoulders so that we can prevail amid global competition.

### Human resources development program

In order to respond to changes in the global business environment, we are working to strengthen its human capital through human resource development program. We provide training that adheres to the "three reals philosophy" where employees learn through interaction and experience with the aim of developing the mindset, abilities, and skills necessary to make the right decisions and execute, as well as individual skills such as rank-based leadership, the ability to solve problems closely related to the workplace, and presentation and negotiating skills. At the same time, we are working on the development of desired human resources through various measures such as by dispatching employees at the managerial level to a domestic MBA course for the development of future management-oriented human resources, as well as by providing educational programs to train DX leaders for the promotion of nurturing DX personnel to serve as administrative and technical staff.

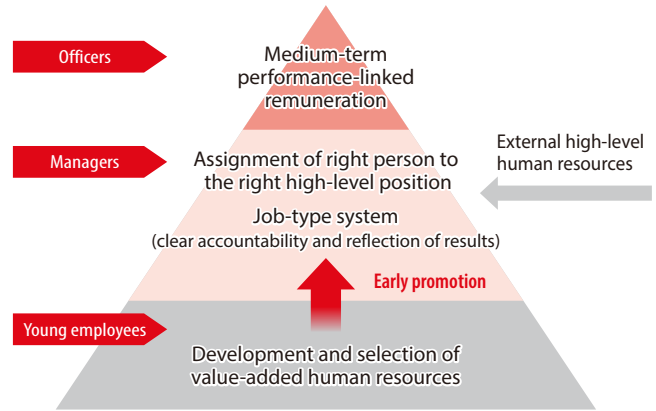
### Human resources development program

Name	For	Cumulative number of participants (FY2023)		Details
		Men	Women	
Training for new employees	Newly hired employees	20	6	With the aim of solidifying a foundation for future growth as a member of the Company, participants acquire the awareness needed as members of society and acquire basic knowledge common to administrative and technical work.
Follow-up training for new employees	Employees in their second year	8	4	In addition to organizing and sharing what they learned during the business assignment and training period, participants transform their mindset ahead of their third-year as employees.
Training for newly appointed managers	Managers	18	3	Participants understand and acquire the knowledge necessary for a managerial position, and are taught about the expectations, roles, and responsibilities required.
Training for newly appointed personnel holding managerial positions	Managers	0	0	For the purpose of supporting adaptation to management work, participants gain a better understanding of the roles of organizational managers and acquire basic management knowledge and practice in the workplace.
Training for evaluators	Managers	25	0	Through case studies, participants learn appropriate evaluation methods to prevent variation in evaluations and how to improve the degree of satisfaction in feedback interviews.
Training prior to re-employment	Employees planning to be re-employed	27	4	In the midst of a major career transition, participants eliminate any concerns arising from their new assignment and reconsider how to approach work after re-employment.

### Developing core human resources

In order to support the achievement of the YX2026 New Medium-term Management Plan in terms of human resources, we have created a personnel system that allows employees to gradually acquire the skills required of core human resources. For employees at the management level, this is achieved by increasing the links between posts (jobs), results and compensation, and for general career track employees by clearly indicating the added value (expected results and expected behavior) required for each level and linking these to the development system. This personnel system was revised in 2020 to further increase the linkage between posts (jobs) and compensation for employees at the management level. In addition, in 2021, we introduced an early selection system for general career track employees that allows them to be assigned to managerial positions as early as at the age of 30, thus ensuring that the right person is placed in the right place regardless of age.

### Assignment of right person to the right position



## Policy for In-house Environment Improvement

### Promoting work styles free from the constraints of place or time

In March 2023, Yokohama Rubber relocated and integrated its head office functions from Minato-ku, Tokyo to the Hiratsuka Factory in Hiratsuka City, Kanagawa Prefecture, with the aim of improving operational efficiency through function integration and reforming work styles. We will expand the application of various systems such as the work-from-home scheme to establish a work system compatible with various situations, and realize integrated operations of planning, production, sales, technology, and logistics, as well as faster decision-making.

### Introduction of home office system

In March 2023, following the integration of the Head Office and Hiratsuka Factory, we introduced a home office system for employees who became long-distance commuters as a result of the integration as well as for those who moved to accompany a spouse on a job transfer. This system allows such employees to have an office developed at their home at the Company's expense and basically work from home without maintaining a fixed desk at their office. As of December 2023, 108 employees were working under this scheme. By promoting work styles free from the constraints of location, we will strive to build the foundation for diverse workforces to maximize their abilities.

### Establishment of the Tokyo Office and the Satellite Office

In connection with the integration of the Head Office and Hiratsuka Factory, we established the Tokyo Office and the Satellite Office at Shinagawa Intercity. The Tokyo Office houses the Head Offices of Yokohama Tire Japan and Yokohama Rubber MB Japan along with some of the sales departments of Yokohama Rubber. Satellite offices using hot desking are intended to promote improved communication between our people.

### Upgrading of work-from-home and flexible work systems

In 2018, we introduced the work-from-home system with the goal of promoting work-life balance in terms of childcare or family care, increasing operational efficiencies and preventing prolonged time commitments for work (health concerns). From 2023, we expanded the conditions so that employees can use it to cut down on the time they spend commuting. At the same time, we abolished the usage limit and shifted to the most suitable telecommuting operation for each workplace according to work (results and efficiency). In addition, we have applied a flextime system to administrative and technical employees in principle, abolished core working hours, expanded the shortened working hours and flextime systems, and established a system that enables employees to produce work results regardless of location or time.

### Employee engagement

With the aim of creating a work environment and a corporate climate that allow diverse human resources contributing to the growth of the Company with their own growth to work together cheerfully with vigor and enthusiasm, Yokohama Rubber conducts an employee awareness survey on a regular basis. We will work on our initiatives for the enhancement of corporate value by reforming the organizational climate and improving productivity while grasping the gap between the vision to be achieved by the organization and the actual situation.



New dual purpose conference room and cafeteria in Hiratsuka



## Human Resources Strategy

### Ensuring Diversity in Human Resources

#### Vision to be achieved

At the Yokohama Rubber Group, we will continue to conduct hiring regardless of attributes such as nationality, sexual or gender identity (LGBTQ+), educational background and experience, and strive for the most optimal human resources placement aimed at achieving the business and technical strategies of YX2026. Moreover, we strive to create a workplace that fosters the continued growth of all employees and enables career development by respecting their work-life balance

and embracing diverse human resources and various work styles.

As part of efforts to implement various measures and expand various programs for that purpose, we launched diversity promotion activity by establishing the Women's Participation and Advancement Taskforce in 2016. It was later renamed in 2019 as the Diversity Promotion Taskforce, and once again renamed in 2023 as the Diversity & Inclusion Promotion Taskforce to coincide with an expanded scope of activities.

#### Examples of diversity related training

	2020	2021	2022	2023	
Number of programs	8	17	16	7	
Total number of participants	214	327	1,127	675	
Main programs	Diversity	<ul style="list-style-type: none"> <li>Enhanced management of diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced management of diverse human resources</li> <li>Participation in wwP</li> </ul>	<ul style="list-style-type: none"> <li>Diversity training</li> <li>Enhanced diversity management</li> <li>Participation in wwP</li> </ul>	<ul style="list-style-type: none"> <li>Keynote session on diversity and inclusion</li> <li>Unconscious bias training</li> <li>LGBTQ+ training</li> <li>Participation in wwP</li> </ul>
	Women's career development	<ul style="list-style-type: none"> <li>Encouragement</li> <li>Business skills training</li> </ul>	<ul style="list-style-type: none"> <li>Encouragement</li> <li>Business skills training</li> </ul>	<ul style="list-style-type: none"> <li>Leadership for women</li> </ul>	<ul style="list-style-type: none"> <li>Round-table discussion for female management personnel</li> </ul>
	Support for work-life balance	<ul style="list-style-type: none"> <li>Career development for employees returning to work</li> <li>Networking sessions for working parents</li> </ul>	<ul style="list-style-type: none"> <li>Career development for employees returning to work</li> <li>Individual consultation for working parents</li> </ul>	<ul style="list-style-type: none"> <li>Career development for employees returning to work</li> <li>Individual consultation for working parents</li> </ul>	<ul style="list-style-type: none"> <li>Career development for employees returning to work</li> <li>Individual consultation for working parents</li> </ul>
	Healthcare	<ul style="list-style-type: none"> <li>COVID-19 preventive measures</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of turnover due to nursing care/nursing care finances</li> </ul>	<ul style="list-style-type: none"> <li>Post-partum care class support</li> </ul>	<ul style="list-style-type: none"> <li>Post-partum care class support</li> </ul>

\* wwP: It refers to a volunteer group, work with Pride, which supports the promotion and establishment of diversity management relating to sexual minorities such as LGBTQ+ in the workplaces of companies, groups and other entities.

#### Promotion of women's participation

We strive to create a female-friendly work environment through expanding and implementing a variety of systems and initiatives to enhance the percentage of women in managerial positions. As of December 31, 2023, the percentage (non-consolidated) of managerial positions (section manager or higher) filled by women at Yokohama Rubber was 2.0%. However, as the percentage of female section chiefs who were next managerial position candidates was 14.2%, and the percentage of female supervisors who could be assigned to managerial positions by early promotion was 42.8%, we expect the number of managerial positions filled by women to increase in the future. We will also utilize an early promotion system while conducting career development assistance seminars for the promotion of women's participation and improving a system to promote work-life balance, with the aim of further improving the percentage of managerial positions filled by women.

and the grant system for the employment of persons with disabilities, with the employment rate of people with disabilities in four companies' combined total was 2.58% for 2023 (results for April 2022 to March 2023). Going forward, we will continue to develop new business operations as we broaden the scope of employing persons with disabilities.

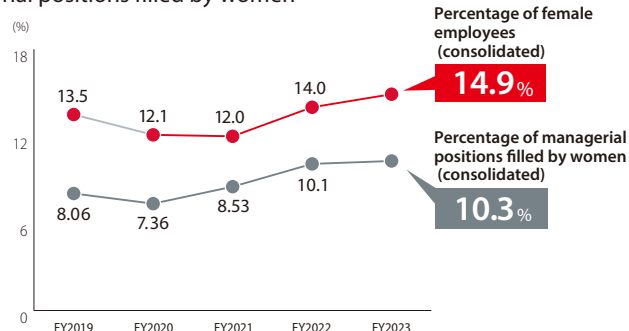
#### Employment of persons with disabilities

As a subsidiary to create places of employment for persons with disabilities, in 2012, we established Yokohama Peer Support, where 31 people with disabilities including those with intellectual disabilities were employed (as of December 31, 2023). The four companies of Yokohama Rubber, Yokohama Peer Support, Yokohama Tire Japan, and Yokohama Rubber MB Japan have obtained the special approval as being the affiliated companies under the disabled person employment ratio system

#### Utilization of senior human resources

In order to provide human resources having a strong desire to work aged 60 and older opportunities in which they can give full play to their wealth of knowledge and experience, we have introduced a system that allows our employees to be re-employed after mandatory retirement and continue working until they turn 70 years of age. (Yokohama Business Association, our 100%-owned subsidiary re-employ administrative and technical employees and dispatch them to Yokohama Rubber.)

#### Change in the percentage of female employees and managerial positions filled by women



## Initiatives for sexual minorities

With the aim of supporting the active participation of various human resources including sexual minorities collectively called LGBTQ+, in October 2023, we introduced the Partner & Familyship System, which accepts a same-sex partner and a common-law partner as spouses, and accepts such partners' family as spouses' family. In addition, while

inviting external intellectuals to hold LGBTQ+ seminars to deepen the understanding of our employees, we have established help desks to provide consultation services related to LGBTQ+ inside and outside the Company. Thus, we have been developing a system that enables us to respond to consultations concerning systems and troubles.

## Metrics and Targets

The Group set the following metrics and targets for major measures in 2020, 2021, 2022 and 2023 with a primary focus on "development of human capital capabilities for sustainable corporate value enhancement" as a material issue related to human capital, and is carrying out XY2026.

### Metrics, results and targets

Metrics (KPIs)		Results			Targets
		FY2021	FY2022	FY2023	
Ratio of female managers (section manager or higher) (non-consolidated)		1.6%	1.7%	2.0%	
Reference	Ratio of female section chief-level positions (non-consolidated)	10.7%	11.0%	14.2%	FY2026: 5% FY2030: 10%
	Ratio of female section supervisor-level positions (non-consolidated)	38.5%	40.9%	42.8%	
Ratio of male employees taking childcare leave (non-consolidated)		66.3%	59.5%	86.2%	FY2026: 100% FY2030: 100% (expansion of acquisition period)
Ratio of employees with continued employment after reaching 65 years old (non-consolidated)*2		Period average 63.6%			Average between FY2024 and FY 2026: 65% or more Average between FY2027 and FY 2030: 70% or more
Ratio of participation in skill development training					FY2026: • 15% of department managers (cumulative) • 10% of office and technical employees (cumulative)
• Ratio of participation in management education programs including MBA courses (non-consolidated)		-	-	6.0%	
• Ratio of participation in education programs for DX leader development (non-consolidated)		-	-	-	
Employee engagement score		-	-	-	Conduct ongoing employee engagement surveys starting from FY2024 and set targets will be set by FY2026

\*1 "-" indicates that there were no results.

\*2 It refers to the ratio of employees who continued to be employed by the Company or our subsidiary after turning 65 among the administrative and technical employees aged 65 or over.

### Voice of Employee

## I want future fathers to experience child rearing as they can only do now.

I took a childcare leave of about three months including post-partum paternity leave in accordance with the time of the birth of the second child. After the birth of my first child, I got my wife to take care of the baby alone, which made her totally exhausted. From this experience, I took this parental leave without hesitation. During the childcare leave, I was busy doing housework such as taking care of the older child, and preparing meals for the family and doing laundry, in addition to feeding the baby and changing diapers. With so many things to do, one day passed so quickly. Neither my wife nor I was not a beginner in child-rearing anymore when the second child was born, and as I took childcare leave, we were able to concentrate on raising our child while consulting with each other, which I found very good. Above all, I was able to take care of my newborn baby, which was an experience that I would never have in my life, and has become a precious asset to me. As Yokohama Rubber has introduced various systems to support child-rearing, I would like to encourage people who are going to be a father to actively utilize these systems without hesitation and experience child rearing that they can only do now.




**Isao Shibuya**  
Hose and Couplings  
Business Administration  
Dept.





# Occupational Safety and Health

Relevant materiality	What we aim to do
 <p><b>Development of human capital capabilities for sustainable corporate value enhancement</b></p>	<ul style="list-style-type: none"> <li>• Develop safe and healthy workplace environments</li> </ul>

## Basic Approach

As regards work-related accidents at the Yokohama Rubber Group, although the accident frequency rate of the Group is at a low level when compared with that of the overall industry or the manufacturing industry, it is not zero, and analysis of the causes of such accidents has revealed that many of them could have been prevented by taking precautions.

Since we handle large machinery at our production plants due to the nature of our business, defects in equipment or incorrect operation can lead to serious accidents. Therefore, it is important to thoroughly implement safety measures and raise safety awareness. Additionally, the number of long-term absentees has been increasing in recent years due to mental health issues. We aim to achieve zero occupational accidents by promoting the creation of safe and comfortable workplaces and health promotion, taking into consideration not only physical but also mental health, and by establishing a safety culture aiming for zero risks.

## Safety and Health Management System

In Japan, we established the Central Safety and Health Committee chaired by the head of the CSR Division, and each business site has its own Business Site Safety and Health Committee (statutory) and each department and workplace have their own Safety and Health Working Subcommittee. As safety and health activities are important initiatives for both the company and the union, we are promoting them in concerted effort between labor and management while sharing safety information with other companies and labor unions through interaction with the Japan Rubber Manufacturers Association or the Japanese Rubber Workers' Union Confederation. We also urge our partner compa-

nies to join their respective committees in order to share activities.

In addition, to create a workplace where employees can work in good health for a long time, we promote the improvement of the health and physical fitness of our employees based on "Collaborative Health\*" in cooperation with health insurance associations. Each overseas company has developed its own safety and health system in accordance with the laws of each country. The Safety and Health Management Department coordinates safety and health activities in Japan and overseas, which contributes to raising the level of safety and health throughout the Group.

\* Collaborative Health: An approach where health insurance societies and businesses actively collaborate to efficiently and effectively implement prevention and health development for insured employees based on a clear division of roles and a good workplace environment.

## Initiatives to Improve Occupational Safety and Health

### Enhancing equipment measures

We are strengthening safety measures from an equipment perspective by systematically conducting risk assessments for all equipment and operations, and by continuously reviewing and improving them. We have established a system for monthly follow-up on the number of risks and improvements, and constantly monitor the progress of safety measures. Top safety diagnoses are conducted by directors at our domestic plants to further strengthen safety measures. In addition, we are enhancing Company-wide efforts to share information on disaster countermeasures to prevent recurrence of similar disasters.

We also conducted safety audits at all production sites of Trelleborg Wheel Systems Holding AB, which we acquired in May 2023.

### Developing safety-conscious human resources

Aiming to develop each employee's sensitivity for danger, employees practice hazard prediction training (KYT), every day along with near-miss (hiyari-hatto) detection and improvement activities as well as experiential training called "Taikan Dojo," both of which are activities that all workers are encouraged to participate in. In addition, supervisors talk with workers one-on-one for close communication to help them to understand the meaning of each task so that they are able to act more safely at their own

discretion. In addition, as fellow workers, we also invite employees of partner companies to participate in the Group's safety awareness improvement activities to deepen their understanding of our safety activities and deeper their level of cooperation on this end so that together we can build a safe work environment and achieve zero occupational accidents.

### Development of standard work manuals

We systematically conduct open work observation and continually review work process to identify all unsafe behaviors and areas of insecurity, and are working on the development of standard work manuals. At workplaces with workers from overseas, we are building safe work environments by adding their native languages to the standard work manuals.

### Promoting both physical and mental health

Our improvements in mental health include management of working hours through an attendance management system, face-to-face guidance and work improvement suggestions for employees working long hours, and education for improving communication skills including attentive listening training classes, etc.

For the long-term absentees who have been absent due to mental health reasons, we conduct interviews with them and cooperate with their

attending physicians, industrial physicians, public health nurses, and workplace representatives to support well-planned reinstatement in the workplace. Even after the reinstatement of an employee, regular three-party interviews are conducted between the employee, the industrial doctor, and the workplace representative with work-related restrictions gradually being lifted to support the complete reinstatement of the employee without restrictions. In order to improve their health, we also conduct activities to help employees quit smoking, and hold seminars on physical fitness. Since fiscal 2023, we have been conducting monthly education sessions aimed at improving health literacy at all offices and workplaces.



Walking event co-sponsored by labor and management

### Improvements in workplaces

At workplaces handling chemical substances, we conduct chemical risk assessment to prevent health disorders caused by chemical substances.

We also ensure that equipment is maintained, personal protective equipment is provided, working methods are improved, and facilities are maintained to manage the maintenance of a comfortable working environment based on environment measurement results. We aim to realize a safe and comfortable working environment by also promptly responding to legal revisions that came into effect in 2023. In addition, we promote 5Ss (seiri [tidiness], seiton [being organized], seisou [cleanliness], seiketsu [hygiene], and shitsuke [discipline]) activities, aiming to achieve a level of manufacturing that creates only the products that are needed when they are needed and in the amounts required.

As a measure against heat stroke, which has become increasingly serious in recent years, we are measuring WBGT (heat index) values

at our workplaces and implement measures such as insulating roofs, discharging hot air, and improving air conditioning.

### Prevention of traffic accidents

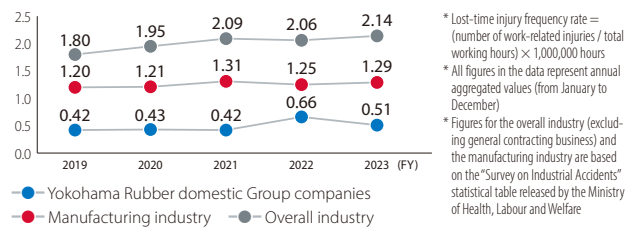
To ensure the safe commuting of employees, we conduct traffic safety seminars at each of our business sites in collaboration with local police departments and conduct activities to raise awareness in cooperation with traffic safety-related organizations. Furthermore, we are working to raise traffic safety awareness through traffic safety driving education using drive recorders and by talking to people passing at the front gate to invite their attention to safety.

### Establishment of a safety and health platform

We have acquired a certification for Occupational Safety and Health Management System (ISO 45001) at 13 out of our 20 domestic and overseas business sites, with six sites renewing their certification in fiscal 2023 (certification for the other business sites is also ongoing). We plan to acquire certification at the remaining seven business sites in a sequential manner. Through continuous improvement of the management system and the operation of the PDCA cycle, we will further enhance our safety and health platform.

The frequency of occupational accidents (consolidated) in fiscal 2023 was 0.51. We will continue our efforts to achieve zero accidents and zero risks.

### Frequency of Occupational Accidents (Lost-time Injury Frequency Rate)



## Future Issues and Measures

Despite promoting various initiatives to realize a safe and pleasant working environment and promote health, we need to work harder in order to reach our goal of zero accidents.

In the future, we will thoroughly practice "isolation from hazardous sources," as a measure for equipment, and actively engage in human resource development to ensure that safe actions are naturally taken.

### Voice of Employee

## Promoting the creation of a work environment where everyone can work safely and with peace of mind


The combined Head Office and Hiratsuka Factory serves as our largest site in Japan with more than 2,500 employees. At this site, we have a manufacturing plant, a development and design department, and a management and sales department with employees that hold various positions. "Safety" is a common theme even in this type of environment. The Hiratsuka Safety and Environment Section, the section that I work in, is responsible for activities ranging from the formulation of plans for safety and health activities for the entire plant to activities to achieve zero accidents in cooperation with safety and health personnel in each department. I am in charge of confirming legal compliance and notifying government agencies when installing equipment. My current challenges are the prevention of falling accidents and compliance with laws and regulations on chemical substance management. Falling accidents lead to loss of business, and it is a topic of high importance in both manufacturing and non-manufacturing sectors. We listen to opinions from employees regarding risks within the site, prioritize them, and implement countermeasures. Meanwhile, autonomous management of chemical substances is required. We share information on related legal revisions with each department and take measures to create a safe working environment.



**Motoyasu Suzuki**  
 Hiratsuka Safety and Environment Section  
 CSR Division



# Environment —Contribution to a Decarbonized Society and Circular Economy

Relevant materiality	What we aim to do
 <p><b>Contribution to a decarbonized society and circular economy</b></p>	<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 materials</li> </ul>

## Basic Approach

As the impact of climate change has been progressively increasing on a global level in recent years, it is also necessary for companies to actively respond to climate change, such as by implementing decarbonization initiatives. The Yokohama Rubber Group also considers our materiality “Contribution to a decarbonized society and circular economy” as one of our most important management issues for contributing to a sustainable society and ensuring sustainable corporate growth.

The Yokohama Rubber Group will work to minimize the burden on the environment by providing products and services in accordance with the Yokohama Rubber Basic Environmental Policy, the Yokohama Rubber Environmental Policy, and the Yokohama Rubber Group Action Guidelines. To this end, we will develop and introduce environmental technologies while working together with various people involved in the provision of products and services to promote the reduction of emissions into the atmosphere throughout the entire value chain. Furthermore, from the perspective of contributing to a circular economy and promoting decarbonization throughout the value chain, we aim to expand the use of renewable and recycled materials for our products.

Yokohama Rubber Basic Environmental Policy, Yokohama Rubber Environmental Policy, and Yokohama Rubber Group Action Guidelines  
<https://www.y-yokohama.com/global/sustainability/environment/natural/>

## Contribute to a Decarbonized Society through Our Products

### Yokohama Rubber begins placing its original “E+” mark on tires for electric vehicles

In response to the growing demand for tires for electric vehicles\*1 in recent years, since the second half of fiscal 2023, the Company started placing its original “E+” mark on tires for electric passenger cars, trucks, and buses, signifying that the tires are compatible with electrified vehicles. The “E+” mark is placed on products equipped with technologies that meet the unique needs of EVs, such as support for high loads due to installed batteries and high torque output from the motor, quietness appropriate for quiet electric vehicles without engine noise, improvement of vehicle electricity and energy consumption efficiency, and increased driving range.

As for electric passenger car tires, the ADVAN Sport EV ultra-high

performance summer tire for EVs, which was launched in Europe in autumn 2023, and the ADVAN dB V553 premium comfort tire released in February 2024 bear the “E+” mark. In the electric truck and bus tire category, the 507U, which is sold in Japan, and the 120U, which is sold in Europe, have carried the “E+” mark since 2024.

We will continue to strengthen R&D and installation of tires on new vehicles to meet the increasing demand for tires compatible with EVs for the realization of a decarbonized society.



“E+” mark on the side of a 507U truck and bus tire



“E+” mark

\*1 Electric vehicles include BEV (battery electric vehicles), EV (electric vehicles), PHEV (plug-in hybrid vehicles), HEV (hybrid vehicles), and FCEV (fuel cell electric vehicles)

## Reduce Greenhouse Gas Emissions and Energy Consumption

### Started tire production using electricity derived from renewable energy

At the Shinshiro-Minami Plant (Shinshiro City, Aichi Prefecture), we introduced electricity derived from renewable energy in April 2023, officially started operation of our own solar power generation system in August 2023, and started production of ADVAN Sport EV ultra-high performance summer tires for premium EVs and other high-performance tires using that electricity for production.

The photovoltaic power generation system, which has been officially put into operation, has an output capacity of approximately 1.1 MW and an annual output of approximately 1,469 MWh, which is expected to reduce CO<sub>2</sub> emissions by approximately 599 tons per year. This project is supported by the Japanese Ministry of the Environment’s FY2021 Subsidy for CO<sub>2</sub> Emission Control Measures (Project to Promote the

Acceleration of Communities’ Use of Renewable Energy and Stronger Energy Resilience through Use of Power Purchase Agreements (PPA), etc. [Project to Promote Price Reduction of Solar Power Generation Equipment, etc. to Achieve Storage Parity])<sup>\*2</sup>.

The renewable-energy electricity is considered to be derived 100% from renewable energy sources and deemed to generate zero CO<sub>2</sub> emissions as electric power provider Chubu Electric Power Miraiz Co., Inc. has procured FIT non-fossil fuel certificates with tracking information<sup>\*3</sup> and non-FIT non-fossil fuel certificates with renewable energy attributes<sup>\*4</sup> for the electricity being provided to the plant. The Shinshiro-Minami Plant’s shift to renewable-energy electricity is expected to reduce the plant’s annual CO<sub>2</sub> emissions by about 570 tons.

The Shinshiro-Minami Plant aims to become a carbon-neutral model plant with zero CO<sub>2</sub> emissions by 2030. In addition to its new solar panel

power generation system and use of renewable-energy electricity, the Shinshiro-Minami Plant is now converting boiler fuel to natural gas.

\*2 This project subsidizes a portion of the expenses required by projects that aim to achieve storage parity by installing solar power generation and storage batteries for self-consumption through on-site PPA models, etc.

\*3 FIT non-fossil fuel certificates are certificates of the environmental value of energy generated from non-fossil renewable energy sources that are subject to the FIT (Feed-In Tariff) system, including solar, wind, small hydropower, and biomass. FIT non-fossil fuel certificates with tracking information include a tracking function that provides such information as the specific power source and the type of power source linked to the production site. FIT non-fossil fuel certificates with tracking information can be used by companies to report their progress in advancing the use of renewable energy to such international organizations as RE100, a global corporate renewable energy initiative bringing together companies committed to using 100% renewable-energy electricity in all their business activities; CDP, a non-profit organization that aims to realize a sustainable economy; and the Task Force on Climate-related Financial Disclosures (TCFD).

\*4 Non-FIT non-fossil fuel certificates with renewable energy attributes are awarded to renewable energy sources that are not subject to FIT, such as large hydropower plants.

### Aiming to acquire SBT certification

In January 2024, the Company submitted a commitment letter to the Science Based Targets Initiative (SBTi),\*5 an accreditation body, with the aim of obtaining accreditation for Science based Targets (SBT), a corporate greenhouse gas emission reduction target that is

scientifically consistent with the standards of the Paris Agreement.\*6 SBT certification requires companies to set reduction targets for all business activities, from direct emissions by companies to indirect emissions by other companies and customers.

Going forward, we will aim to acquire SBT certification in order to accelerate the reduction of greenhouse gas emissions throughout the supply chain in response to the increasingly serious climate change problem in recent years.



A solar power generation system installed on the roof of the Shinshiro-Minami Plant

\*5 The SBTi was established by the CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) as an organization to evaluate companies' greenhouse gas emission reduction targets.

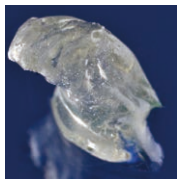
\*6 An international treaty on climate change adopted at the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Paris in 2015. The treaty signees agreed to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the increase to 1.5°C.

## Promote the Use of Renewable and Recycled Raw Materials

### Development of manufacturing technology for synthetic rubber core chemicals with carbon resource recycling

In January 2022, ZEON Corporation and Yokohama Rubber's "Development of Manufacturing Technology for Synthetic Rubber Core Chemicals with Carbon Resource Recycling" has been adopted by the New Energy and Industrial Technology Development Organization (NEDO) as a "Green Innovation Fund Project /Development of Technology for Producing Raw Materials for Plastics Using CO<sub>2</sub> and Other Sources." The Green Innovation Fund Project is a program established by the Ministry of Economy, Trade and Industry (METI) to support businesses in conducting innovative research for reducing greenhouse gas emissions.

This demonstration project aims to establish two advanced technologies to produce butadiene and isoprene based on carbon resource recycling, from renewable carbon resources such as used tires and biomass at high yield rates, and to implement them in society in the 2030s.



Butadiene produced from biomass

### Supplying racing tires made from sustainable materials

Since 2023, the Company has been supplying ADVAN A005 dry racing tires using sustainable materials in support of the SUPER FORMULA NEXT 50 project by Japan Race Promotion Inc., which runs the SUPER FORMULA series. The dry tires being supplied by Yokohama Rubber use natural rubber and various naturally derived compounding agents including oil produced from oil palm nuts and orange peels, as well as wires made from recycled iron, and rubber recycled from waste tires. As a result, sustainable materials account for about 33% of all materials used in the tires, which have demonstrated performance equivalent to that of the conventional tires.



ADVAN racing tires (dry use) made from sustainable materials

#### Voice of Employee

### Taking on the challenge of tire development that maximizes the use of sustainable raw materials


The circular economy, which includes the use of sustainable raw materials (recycled materials derived from non-petroleum resources and waste tires), is attracting attention worldwide. In the past, achieving a balance between conflicting performance characteristics such as low rolling resistance, wet grip, and anti-abrasion performance has been an issue in tire development, but in addition, it has become necessary to achieve this by using sustainable materials. Yokohama Rubber has been working on the adoption of sustainable raw materials such as orange oil and rice husk silica before it attracted public attention. However, this alone is no longer sufficient, and all raw materials used in tires must be replaced. I am constantly asking myself how can I use sustainable raw materials myself and how can we achieve both performance and cost. Such technological development leads to the creation of a circular economy and contributes not only to the Company but also to society. While there are difficulties involved in promoting the project while making contact with people around the world, our contribution is also on a global scale. I am proud to be working on this major issue.



**Manabu Kato**  
Manager  
No. 1 Tire Materials Dept., Research & Advanced Development Div.



# Environment — Coexistence with Nature

Relevant materiality	What we aim to do
 <b>Coexistence with nature</b>	<ul style="list-style-type: none"> <li>• Promote nature positive-oriented initiatives</li> <li>• Strengthen environmental management</li> </ul>

## Basic Approach

The Yokohama Rubber Group's businesses depend on the blessings of nature (ecosystem services) and the impact biodiversity at the same time. To achieve a "world living in harmony with nature", based on this recognition, the Yokohama Rubber Group complies with global goals, initiatives, and regulations such as the Kunming-Montreal Global Biodiversity Framework and reduces negative impacts on biodiversity throughout its entire business and promotes the restoration/regeneration of nature to contribute to a nature positive world.

## Yokohama Rubber Group Biodiversity Guideline

The Yokohama Rubber Group revised its Biodiversity Guideline in December 2023, based on the adoption of the Kunming-Montreal Global Biodiversity Framework at the 15th Conference of the Parties (COP15) to the UN Convention on Biological Diversity in December

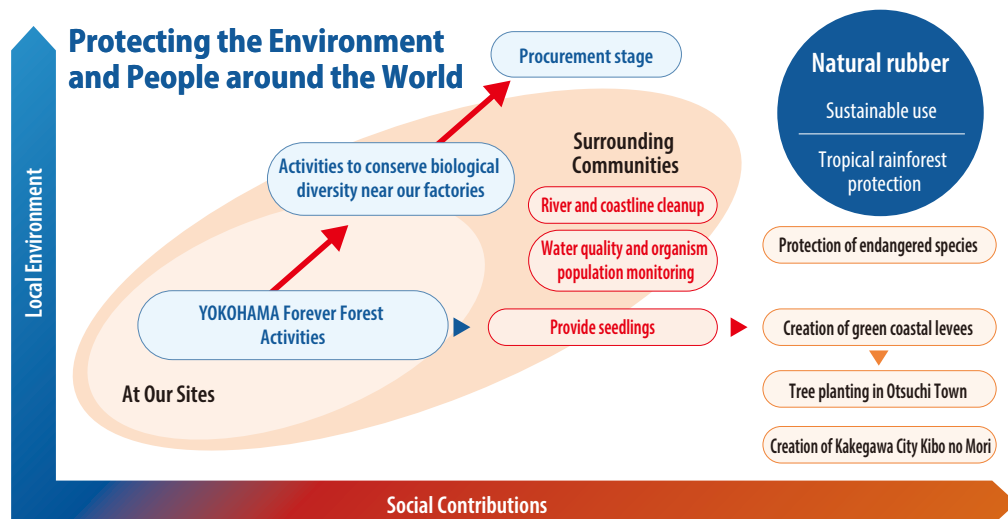
2022, and the Japanese Government's Cabinet decision on the National Biodiversity Strategy 2023-2030 in March 2023. We will continue to work for the conservation, restoration and regeneration of biodiversity throughout the value chain.

**The Yokohama Rubber Group Biodiversity Guideline: Action Guidelines (extract)**

1. Recognize the issue of biodiversity as a business challenge and continually monitor the sustainable use of natural resources and biodiversity conservation.
2. Understand the relationship between business and impacts on biodiversity and its dependency on nature by scientific approaches.
3. Reduce negative impacts caused by our business activities, while increasing positive impacts.
4. Promote the sustainable use of natural resources throughout the entire value chain through technological innovation.
5. Have the integrated perspective to solve social issues including biodiversity and climate change.
6. Promote biodiversity conservation in collaboration with suppliers to increase sustainability of natural resources.
7. Support employees so they can contribute to biodiversity conservation.
8. Build a trust relationship through communication and collaboration with stakeholders to increase the effectiveness of initiatives.
9. Actively disclose information on a regular basis about efforts for biodiversity conservation in accordance with these policies.

Yokohama Rubber Group Biodiversity Guideline  
[https://www.y-yokohama.com/global/sustainability/data/pdf/biodiversity\\_guideline\\_en.pdf](https://www.y-yokohama.com/global/sustainability/data/pdf/biodiversity_guideline_en.pdf)

### Overview of Yokohama Rubber Group's Activities to Conserve Biological Diversity

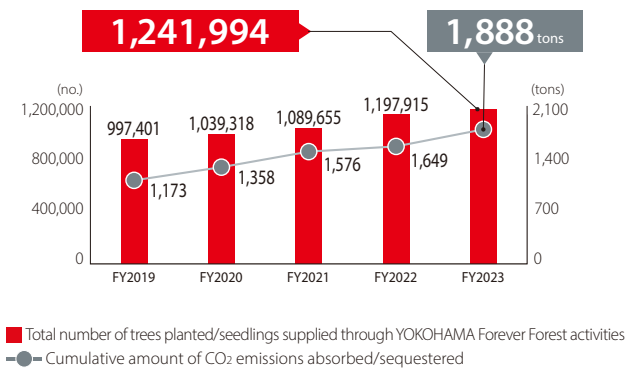


## Initiatives for Coexistence with Nature

### YOKOHAMA Forever Forest Activities

To implement sustainable business activities, corporate management must seek to consider natural capital and conserve biodiversity. YOKOHAMA Forever Forest is a company-wide afforestation activity launched in 2007 in preparation for Yokohama Rubber's 100th anniversary in 2017 with the aim of curbing global warming and preserving the ecosystem. We planted trees at 14 sites in Japan and 21 sites in 8 countries overseas, achieving our target of 500,000 trees in September 2017. We have continued these activities since 2017, when the target was achieved, and as a result of calculating the fixed amount of carbon dioxide in YOKOHAMA Forever Forest from a survey of seedling growth, it is estimated that the entire area of planted forests had absorbed 1,888 tons of CO<sub>2</sub> by the end of 2023. Going forward, we will continue our activities at each of our domestic and overseas bases, targeting a total of 1.5 million trees planted and seedlings supplied by 2030.

#### Results of YOKOHAMA Forever Forest Activities



### Ibaraki Plant certified by the Ministry of the Environment as a "Nationally Certified Sustainably Managed Natural Site"

In October 2023, our Ibaraki Plant (Omitama City, Ibaraki Prefecture) was certified as a "Nationally Certified Sustainably Managed Natural Site" by the Ministry of the Environment. The "Nationally Certified Sustainably Managed Natural Sites" certification system was officially launched by the Ministry of the Environment in 2023 with the aim of achieving 30by30, an

international goal of conserving and protecting more than 30% of land and sea that have normal ecosystems by 2030. The Ministry of the Environment evaluates land managed by companies in addition to land managed by the Japanese government and local governments, and certifies areas that contribute to the conservation of biodiversity as "Nationally Certified Sustainably Managed Natural Sites." Areas certified as "Nationally Certified Sustainably Managed Natural Sites" are registered in the international database as OECM,\*<sup>1</sup> except for nature reserves and other areas.

The Ibaraki Plant aims to be a plant that coexists with the grey-faced buzzard,\*<sup>2</sup> which was designated as an endangered species. In addition to the maintenance of the foraging environment, the Company has been monitoring the animals, plants, and water quality at the site and in the surrounding areas. These long-term biodiversity conservation activities led to this certification. In 2019, the plant acquired the ABINC\*<sup>3</sup> Certification and received the ABINC Award of Excellence in 2023 as an outstanding business site.

Since 2023, Yokohama Rubber has been participating in the 30by30 Alliance for Biodiversity, a coalition of companies, local governments, and other organizations committed to making efforts throughout Japan to achieve 30by30. In the future, we will aim to obtain OECM certification for other plants as well, aiming to further contribute toward achieving 30by30.

\*1 OECM (Other Effective area-based Conservation Measures): A geographically defined area other than protected areas, such as national parks, which is governed and managed in ways that contribute to biodiversity conservation  
\*2 A migratory bird of the hawk family designated as Threatened II (VU) by the Ministry of the Environment  
\*3 Abbreviation for Association for Business Innovation in Harmony with Nature and Community. This organization was established in December 2013 for the purpose of promoting the creation of frameworks that enable human beings to live in harmony with other living things, the verification of such frameworks using scientific and technological methods, and the commercialization of such frameworks.



Staff at the Ibaraki Plant monitoring plants and animals living within site grounds



A grey-faced buzzard spotted near the Ibaraki Plant



## Future Issues and Measures

With the expansion of global business activities, environmental sustainability issues are diversifying, including environmental impact in raw material procurement, energy consumption and emissions in the manufacturing process, waste issues after product use, and water risk management as well as environmental risk management in the global supply chain and compliance with environmental regulations in each region. In the future, we will identify our environmental materiality in the overall global business activities of the Yokohama Rubber Group, and promote activities to pursue the materiality and actively share and disclose information to deepen the understanding of our employees and stakeholders.

With regard to biodiversity, we will work to avoid and reduce the negative impact of biodiversity on land use, use of natural rubber, use of water and other resources, climate change, pollution, and invasive species through our business activities, and promote the sustainable use of natural resources and the conservation of biodiversity. Additionally, we aim to contribute to a nature positive world by enhancing the sustainability of natural resources throughout the supply chain in cooperation with suppliers and promoting the restoration/regeneration of nature.



# Disclosure Based on the TCFD and TNFD Frameworks

The Yokohama Rubber Group manufactures and sells tires and rubber products for industrial use by utilizing natural capital including natural rubber, etc. With environmental issues including climate change and damage to natural capital growing more and more serious on a global scale, we recognize the impact of greenhouse gas emission in our business activities on climate change and promote sustainable business activities. We are working on various initiatives including the development of tires compatible with changing climate conditions such as high temperatures, heavy rainfalls and snowfalls, and the procurement of highly sustainable raw materials.

We will proactively disclose information to a wide range of stakeholders with transparency in line with the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) while analyzing the risks and opportunities of issues related to climate change and natural capital and reflecting such risks and opportunities on business strategies.

## Governance

Our CSR Council, chaired by our Chairman and CEO, convenes twice a year (in May and November), and is positioned to plan and discuss sustainability issues to be addressed by the Yokohama Rubber Group.

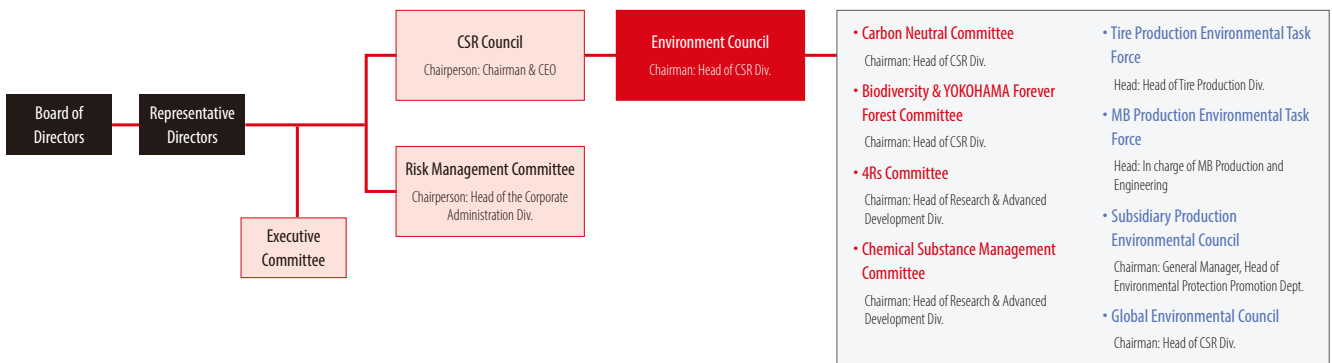
Regarding issues related to climate change and natural capital, we have established the Environment Council (chairman: head of CSR Div.) as bodies subordinate to the CSR Council to consider strategies related to climate change and natural capital including carbon neutral strategies and conduct monitoring. We have also established four committees, two task forces, and two councils, as bodies subordinate to the Environment Council to give in-depth consideration to individual themes.

In addition, in the case that it is necessary to make decisions on important matters or make early decisions, or make reports or

conduct deliberations, an Executive Committee will make reports and conduct deliberations, and submit the details of such reports and deliberations to the Board of Directors according to their importance.

The progress status of sustainability issues is reported to Chairman & CEO and Members of the Board in charge of the Corporate Social Responsibility Div., as well as to internal Audit & Supervisory Committee members on a monthly basis, and initiatives on carbon neutrality and circular economy are discussed as ongoing themes at meetings on management strategies held twice a year (May and November) by all senior management of the Group (including those of overseas group companies as continuous themes).

### Governance Support System



## Risk Management

Under the Environment Council, the Carbon Neutral Committee identifies and assesses risks related to climate change, and the Biodiversity & YOKOHAMA Forever Forest Committee and other individual committees, task forces and councils identify and assess risks related to natural capital, and engage in activities to mitigate them.

The more critical environmental risks identified by the individual committees, task forces, or councils will be directly worked on by the Environment Council to decide corporate actions. For physical risks such as natural disasters, the Central Meeting for Disaster Prevention

promotes disaster control, and BCP and risk reduction efforts. Of the above-mentioned types of risks, the most critical and urgent ones are discussed, evaluated and acted upon by the Risk Management Committee, chaired by the head of our Corporate Administration Division. The Risk Management Committee is a body provided for the purpose of strengthening our defense against various risks surrounding the Yokohama Rubber Group. The activities of the Risk Management Committee are regularly reported to the Board of Directors.

## Strategy

### Climate change

We have classified climate-related risks into two specific categories, risks associated with the transition to a low-carbon economy (transition risks), and risks associated with the physical impacts of climate change (physical risks). We have also assessed the magnitude of the resulting financial impacts and summarized the risks and opportunities for our business. In addition, we have conducted an analysis

using scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) regarding temperature increases, and examined adaptation measures and financial impacts based on the risks and opportunities of the 1.5°C and 4°C scenarios, respectively.

### Major risks and opportunities related to climate change

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

### Summary of scenario analysis results

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





## Disclosure Based on the TCFD and TNFD Frameworks

### Natural capital

First of all, regarding tire business, our Group's major business, we have summarized items that our stakeholders expect us to address related to

the nature-related dependence and impact in consideration of the value chain based on analysis by ENCORE, a nature-related risk assessment tool.

### Heat map of dependence

Low High

ENCORE Industry		Land use	Water use	Use of biological resources	Stabilization of climate	Decrease in natural disasters	Coordination/ decomposition/purification	Pest control
Tire business Sales ratio 89%	Tires	Low	Medium	Low	Low	Low	Low	Low
	Agricultural products	High	High	High	High	High	Low	High
	Forestry products	Medium	High	High	High	High	Low	High
	Chemical products	Low	High	Low	Low	Low	Low	Low
	Metal/mining	Low	Medium	Low	Low	Low	Low	Low
	Water disposal	Low	High	Low	Low	Low	Low	Low
MB business Sales ratio 10%	Rubber/automotive parts	Low	Medium	Low	Low	Low	Low	Low
	Agricultural products	High	High	High	High	High	Low	High
	Forestry products	Medium	High	High	High	High	Low	High
	Chemical products	Low	High	Low	Low	Low	Low	Low
	Metal/mining	Low	Medium	Low	Low	Low	Low	Low
	Marine products	Low	Low	Low	Low	Low	Medium	Low
PRGR business Sales ratio 1%	Leisure products	Low	Medium	Low	Low	Low	Low	Low
	Apparel products	Low	High	Low	Low	Low	Low	Low
	Measurement instruments	Low	Low	Low	Low	Low	Low	Low
	Chemical products	Low	High	Low	Low	Low	Low	Low
	Forestry products	Medium	High	High	High	High	Low	High
	Metal/mining	Low	Medium	Low	Low	Low	Low	Low
Paper package containers	Low	Low	Low	Low	Low	Low	Low	

### Heat map of impact

Low High

ENCORE Industry		Land use	Depletion of water	Depletion of nature resources	Soil pollution	Water contamination	Air pollution	Impact on surrounding ecosystem	GHG emission	Waste
Tire business Sales ratio 89%	Tires	Low	Medium	Low	Low	Low	Low	Low	Low	Low
	Agricultural products	High	Low	High	Medium	Medium	Low	High	Low	Low
	Forestry products	High	Low	High	Medium	Medium	Low	High	Low	Low
	Chemical products	Medium	High	High	Medium	Medium	Low	High	Low	Low
	Metal/mining	High	High	High	Medium	Medium	Low	High	Low	Low
	Water disposal	Low	Medium	Low	Low	Low	Low	High	Low	Low
MB business Sales ratio 10%	Rubber/automotive parts	Low	Medium	Low	Low	Low	Low	Low	Low	Low
	Agricultural products	High	Low	High	Medium	Medium	Low	High	Low	Low
	Forestry products	High	Low	High	Medium	Medium	Low	High	Low	Low
	Chemical products	Medium	High	High	Medium	Medium	Low	High	Low	Low
	Metal/mining	High	High	High	Medium	Medium	Low	High	Low	Low
	Marine products	Medium	Low	Low	Low	Low	Low	High	Low	Low
PRGR business Sales ratio 1%	Leisure products	Low	Medium	Low	Low	Low	Low	Low	Low	Low
	Apparel products	Low	High	Low	Low	Low	Low	Low	Low	Low
	Measurement instruments	Low	Low	Low	Low	Low	Low	Low	Low	Low
	Chemical products	Medium	High	High	Medium	Medium	Low	High	Low	Low
	Forestry products	High	Low	High	Medium	Medium	Low	High	Low	Low
	Metal/mining	High	High	High	Medium	Medium	Low	High	Low	Low
Paper package containers	Low	High	Low	Low	Low	Low	Low	Low	Low	

As a result of the analysis, it was confirmed that regarding dependency, our tire business has a great dependency on the use of biological resources and climate change at the stage of raw material procurement, and regarding impact, it has a great impact on land use at the stage of raw material procurement, and it also has a great impact on climate

change; climate change and the surrounding ecosystem caused by in-house operation.

Based on these analytical results, we examined the potential impact of individual risks and opportunities on our tire business in reference to nature-related risks and opportunity classification of TNFD.

## Major risks and opportunities related to natural capital

TNFD classification		Business risks and opportunities for our organization	Potential impact on an organization's business	Time frame	
Risks	Transition risks	Policies	Introduction and enhancement of regulations	Increase in procurement and development costs due to response to the enhancement of existing regulations and the introduction of new regulations related to deforestation, raw materials, and water	Short- to mid-term
		Markets	Increase in raw materials prices	Increase in costs for the procurement of natural rubber and other raw materials due to increase in costs for ecosystem preservation	Short- to mid-term
			Change in consumer behavior	Consumers' decision to avoid purchasing our product due to insufficient efforts for ecosystem preservation	Short- to mid-term
		Technologies	Development and dissemination of technologies with low environmental impact	Delay in the development of sustainable raw materials contributing to the reduction of environmental impacts, and increase in introduction costs	Short- to mid-term
		Reputation	Evaluation from consumers and society	Defection of customers and degradation of corporate image due to insufficient efforts for ecosystem preservation	Mid- to long-term
	Evaluation from investors		Decrease in ESG ratings and stock prices due to insufficient efforts for ecosystem preservation	Mid- to long-term	
	Compensation liability	Occurrence of compensation liability due to the development of laws and regulations, and legal precedents	Increase in the number of lawsuits related to the violation of rights of indigenous people and local community	Short- to mid-term	
		Response to lawsuits and administrative guidance by strengthening environmental regulations, etc.		Short- to mid-term	
	Physical risks	Acute	Increase in natural disasters	Production halt due to the occurrence of natural disasters associated with ecosystem degradation around production sites	Short- to mid-term
		Chronic			
Opportunities	Resource efficiency	Dissemination of efficiency solutions	Cost reduction by the adoption of recycled raw materials and the improvement of resource efficiency	Mid- to long-term	
	Markets	Change in consumer behavior	Response to increased demand for products giving consideration to the reduction of environmental impacts and ecosystem preservation	Mid- to long-term	
	Products and services	Expansion of businesses related to natural capital	Development and sales of tires for agricultural and forestry machinery vehicles giving consideration to ecosystem preservation	Mid- to long-term	
	Reputation	Evaluation from consumers and society	Improvement of customer evaluation and corporate image due to accelerated efforts toward nature positive	Mid- to long-term	
		Evaluation from investors	Improvement of ESG ratings and corporate value due to accelerated efforts toward nature positive	Mid- to long-term	

## Metrics and Targets

## Climate change

Metrics (KPIs)	FY2026 Targets	FY2030 Targets	FY2050 Targets
Reduction of greenhouse gases emissions (Scope 1+2)	30% reduction compared with the FY2019 level	40% reduction compared with the FY2019 level	Achievement of carbon neutrality
Percentage of renewable energy	—	—	Achieving 100%
Renewable/recycled raw material usage	28%	30%	Achieving 100%

## Actual greenhouse gas emissions

## Scope 1, 2 (consolidated)

Category (Unit: thousand tons)	FY2019 (Base year)	FY2020	FY2021	FY2022	FY2023
Scope 1	656	605	699	648	588
Scope 2	614	550	601	593	494
Scope 1 and 2 combined	1,270	1,155	1,300	1,241	1,082
Reduction rate of Scope 1 and 2 combined (Base year: FY2019)	—	(9.1%)	2.3%	(2.3%)	(14.8%)

\* Actual greenhouse gas emissions of each fiscal year (Scope 1 or 2) include actual emissions from Yokohama TWS before its merger.

## Scope 3 (consolidated)

Category (Unit: thousand tons)	FY2019	FY2020	FY2021	FY2022	FY2023
1 Purchased goods and services	2,628	2,317	4,031	4,022	3,381
2 Capital goods	58	52	152	175	199
3 Fuel- and energy-related activities (not included in Scope 1 or 2)	106	135	147	129	139
4 Upstream transportation and distribution	141	167	154	125	136
5 Waste generated in operations	2	16	50	27	29
6 Business travel	11	3	5	5	13
7 Employee commuting	25	20	21	19	24
8 Upstream leased assets	—	—	—	—	—
9 Downstream transportation and distribution	54	59	72	59	74
10 Processing of sold products	10	10	10	14	10
11 Use of sold products	18,394	16,776	19,940	21,087	20,735
12 End-of-life treatment of sold products	1,179	1,132	875	906	913
13 Downstream leased assets	—	—	—	—	—
14 Franchises	—	—	—	—	—
15 Investments	135	112	246	92	67
Total of the above	22,745	20,799	25,702	26,661	25,718

\* Actual greenhouse gas emissions of each fiscal year (Scope 3) do not include actual emissions from Yokohama TWS before its merger. In addition, there were no actual emissions classified in the categories of 8, 13 or 14.

## Natural capital

Metrics (KPIs)	Results			Targets
	FY2021	FY2022	FY2023	
(1) Total number of trees planted/seedlings supplied through YOKOHAMA Forever Forest activities	1,090,000	1,200,000	1,240,000	FY2030: Total number of trees planted and saplings provided of 1.5 million
(2) Number of business sites certified as Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment	—	—	1	FY2026: 5 sites in total
(3) Number of major environmental incidents (air, water, or soil)	0	0	0	Continuation of zero incidents

\*1"—" indicates that there were no results.



# Sustainable Natural Rubber Procurement

Relevant materiality	What we aim to do
<b>Establishment of a sustainable supply chain</b>	<ul style="list-style-type: none"> <li>• Procure sustainable natural rubber</li> <li>• Respect human rights in the supply chain</li> </ul>
<b>Coexistence with local communities</b>	<ul style="list-style-type: none"> <li>• Help solve local community problems</li> </ul>

## Basic position

The Yokohama Rubber Group is actively working to utilize natural rubber, which is indispensable for the manufacture of tires and industrial rubber products, as a sustainable resource. Natural rubber accounts for approximately 20% of the raw materials used by the Group and is an important raw material for the continuous provision of products to customers.

In 2018, Yokohama Rubber joined the Global Platform for Sustainable Natural Rubber (GPSNR)\*1 which was established by the Tire Industry Project (TIP)\*2 of the World Business Council for Sustainable Development (WBCSD)\*3 as a founding member as a sustainable natural rubber procurement effort. In October 2018, we established our Procurement Policy for Sustainable Natural Rubber, aiming to improve the sustainability of natural rubber throughout our supply chain.

\*1 GPSNR: Global Platform for Sustainable Natural Rubber

\*2 TIP: Tire Industry Project

\*3 WBCSD: World Business Council for Sustainable Development

## Natural Rubber Supply Chain

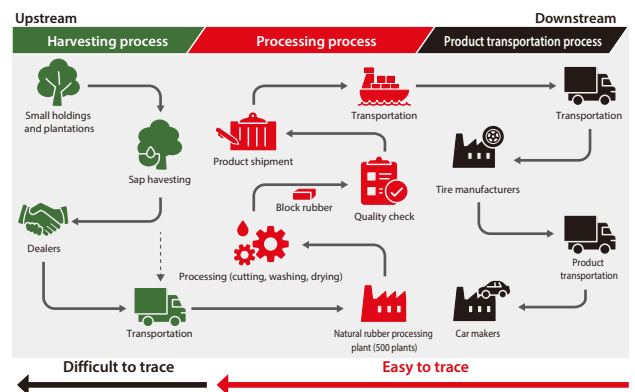
Natural rubber is mainly produced by small farms called “small holdings”. It is estimated that there are six million such “small holders” primarily in Southeast Asia. These are concerns about inefficient production on such small farms due to economic hardship, insufficient knowledge, know-how, and experience in rubber farming and harvesting, and greater detrimental impact on nature due to lack of environmental consideration.

Because the price of natural rubber is volatile in the international market, dealers who purchase the raw material decide where to sell it and where to store it based on the price of that day. Since solid raw rubber can be effectively stored, it is frequently traded among dealers and across regional and national borders. Because distribution is complex, it can be difficult to identify by what commercial channel a given supply of natural rubber has reached the final rubber processing factory from the producer to establish traceability.

In recent years, however, it has become increasingly important to prove that the natural rubber purchased does not lead to

deforestation or human rights violations. Sustainable procurement of natural rubber requires greater transparency and ethical procurement throughout the supply chain.

### Natural Rubber Supply Chain



## Sustainable Natural Rubber Procurement Policy

Yokohama Rubber has established the following concepts and initiatives to maintain natural rubber as a sustainable resource throughout the entire supply chain, and requests the cooperation of our suppliers.

- Enhancing traceability
- Respect for human rights and prohibit any form of harassment
- Fair and equitable treatment
- Prohibition of child labor and forced labor
- Compliance
- Initiatives for zero deforestation
- Consideration for biodiversity
- Respect for the land rights of indigenous peoples, etc.
- Creation of innovative technologies
- Communication with suppliers

Procurement Policy for Sustainable Natural Rubber

[https://www.y-yokohama.com/global/sustainability/pdf/SNR2.0\\_English.pdf](https://www.y-yokohama.com/global/sustainability/pdf/SNR2.0_English.pdf)

## Yokohama Rubber's Thai Natural Rubber Processing Company Obtains CoC Certification from FSC

Y.T. Rubber Co., Ltd. (hereafter, YTRC), a Thai natural rubber processing company of the Yokohama Rubber Group, obtained the Chain of Custody (CoC) certification in July 2023. The CoC certification is provided by FSC<sup>®</sup>,\*4 an international forest certification organization, for the management of processing and distribution.

The FSC<sup>®</sup> certification is a mechanism to provide consumers with visibility toward products using forest materials from well-managed forests and other low-risk forest products consistent with environmental, social, and economic benefits. The CoC certification certifies the processing and distribution of products until certified materials harvested from FSC<sup>®</sup>-certified forests reach consumers. This

certification guarantees that all the processes up to the completion of products are controlled to prevent contamination by ineligible raw materials when YTRC manufactures natural rubber products using rubber harvested from FSC<sup>®</sup>-certified forests.

The acquisition of this CoC certification is an important step in increasing transparency throughout the supply chain and promoting sustainable natural rubber procurement. The Yokohama Rubber Group will continue to strengthen cooperation with suppliers and actively work to improve traceability.

\*4 FSC<sup>®</sup>: Forest Stewardship Council<sup>®</sup>. An international non-profit organization founded in 1994 with the goal of promoting responsible forest management worldwide.

## Actions in Surat Thani, Southern Thailand

The Yokohama Rubber Group is strengthening its initiatives for procurement of sustainable natural rubber in Surat Thani Province in southern Thailand. Surat Thani is home to Y.T. Rubber Co., Ltd. (YTRC), the Group's natural rubber processing subsidiary, and is an important base for natural rubber production.

Since 2019, we have been conducting surveys of natural rubber farms in the province, focusing on YTRC suppliers, and by the end of December 2023, we had surveyed a total of 667 farms. As a result of the investigation, no illegal activities, such as unjust deforestation or human rights issues, have been confirmed at this time. We will continue to conduct the survey

and plan to survey a total of 1,300 natural rubber farms by fiscal 2030.

In addition, we are actively engaged in activities that contribute to raising awareness of local farmers, such as holding seminar events to improve productivity. Yokohama Rubber will accumulate the survey results to analyze the issues faced by natural rubber plantations, and use the data to contribute to the sustainable management of natural rubber farmers, as well as improve traceability.



## Seminars for Natural Rubber Farmers

As part of its sustainable natural rubber procurement activities, Yokohama Rubber works to strengthen cooperation with its natural rubber suppliers.

In Thailand, YTRC has been holding regular seminar events to improve the quality of natural rubber in collaboration with the Rubber Authority of Thailand (RAOT) with the aim of continuously supporting small-scale natural rubber farmers (small holders). In December 2023, a seminar event was held for 50 farmers in the Surat

Thani region and were provided with 250 kg of fertilizer free of charge per farmer using RAOT's knowledge. In addition, participating natural rubber farmers also cooperate in follow-up surveys on the physical properties and productivity of natural rubber.



Natural rubber farmers who attended the event

### Voice of a seminar participant

### I will contribute to making better rubber products by making use of what I learned at the seminar

As a natural rubber farmer, I have been growing natural rubber by relying on what I have learned from my family and experience. However, I learned so much from professionals by acquiring new information. In particular, detailed explanations on how to choose saplings and how to fertilize them became valuable knowledge that will be useful for future cultivation. Until now, I had been giving fertilizers without much thought. However, I was very surprised to learn that the quality and yield of rubber greatly change depending on fertilizer type and how it is used. In addition, a specific method to prevent contamination of rubber was explained in an easy-to-understand manner, which was very helpful.



I would like to use what I learned at the seminar to produce high-quality natural rubber in order to contribute to the manufacture of better tires and rubber products. Thank you very much for this valuable opportunity.



Ms. Nobpamas Anuran  
Natural rubber farmer from Surat Thani



# Supply Chain Management

Relevant materiality	What we aim to do
 <b>Establishment of a sustainable supply chain</b>	<ul style="list-style-type: none"> <li>• Procure sustainable natural rubber</li> <li>• Respect human rights in the supply chain</li> </ul>
 <b>Coexistence with local communities</b>	<ul style="list-style-type: none"> <li>• Help solve local community problems</li> </ul>

## Basic position

Aiming to be a company that continues providing value to society, Yokohama Rubber gives greater importance to strong partnerships with business partners. Considering that the scope of corporate responsibility extends to not only one's own company, but also business partners for the procurement of raw materials, goods, and services required for business activities, we aim to promote CSR activities that will contribute to building win-win relationships for both our business partners and Yokohama Rubber as well as to the enhancement of their corporate value.

In particular, because there are business partners from emerging and developing countries in the upstream of the supply chain for our business, we also recognize the importance of assessment from a social and environmental perspective. Based on this approach, we have formulated the Yokohama Rubber's Basic Procurement Policy, and are contributing to the improvement of sustainability across the entire supply chain by ensuring that our employees observe the Yokohama Rubber Group Action Guidelines as their guidelines for action.

Yokohama Rubber's Basic Procurement Policy

<https://www.y-yokohama.com/global/sustainability/social/partner/#policy>

Yokohama Rubber Group Action Guidelines

<https://www.y-yokohama.com/global/sustainability/social/partner/#shishin>

## Initiatives for CSR Procurement

### CSR Procurement Guidelines

Yokohama Rubber gives greater importance to the establishment of strong partnerships with suppliers, and aims to establish a sustainable supply chain. To this end, we have formulated guidelines such as the Yokohama Green Procurement Guidelines and CSR Procurement Guidelines, and shared our policies and philosophy internally and with business partners by holding briefings. In 2012, we also joined the United Nations Global Compact and have been promoting global initiatives. Furthermore, in 2022, we reviewed the Yokohama Rubber Environmental Policy in light of changes in social conditions and other factors, and revised the CSR Procurement Guidelines to further strengthen our efforts to respect the environment and human rights.

CSR Procurement Guidelines

[https://www.y-yokohama.com/global/csr/pdf/CSR\\_Procurement\\_Guidelines\\_202210.pdf](https://www.y-yokohama.com/global/csr/pdf/CSR_Procurement_Guidelines_202210.pdf)

### Declaration of Partnership Building

Endorsing the objectives of the Declaration of Partnership Building established by the Cabinet Office, the Ministry of Economy, Trade and Industry, the Small and Medium Enterprise Agency and other organizations, Yokohama Rubber formulated and announced our Declaration of Partnership Building in March 2022, with the aim of promoting cooperation and prosperous coexistence with all business partners in the supply chain and businesses that create value.

Partnership Building Declaration of Yokohama Rubber

[https://www.y-yokohama.com/sustainability/report/pdf/partner00\\_2023.pdf](https://www.y-yokohama.com/sustainability/report/pdf/partner00_2023.pdf) (Japanese only)

### Environmental assessment of suppliers

The Yokohama Rubber Group's mainstay products are mostly petrochemical products (chemicals), including various synthetic rubbers, and the manufacturing process may have adverse impacts on environmental pollution and the lives of local residents. From the perspective of stable procurement of raw materials and from an ethical perspective, we are focusing on the environmental assessment of suppliers. We ask our suppliers, including new business partners, to comply with the Green Procurement Guidelines, and require them to conduct regular CSR self-checks and report the results.

#### Results of environmental assessments of suppliers

##### Environmental impact assessment when starting a new business relationship

- Confirmation whether newly adopted raw materials comply with environmental regulations
- Confirmation of environmental management system (ISO 14001) certification and management status of environmentally hazardous substances and greenhouse gas emissions, etc, through CSR self-checks

In fiscal 2023, none of our 57 new suppliers in Japan had adverse impacts on the environment.

### Social assessment of suppliers

The Yokohama Rubber Group emphasizes coexistence and co-prosperity with local communities in order to develop sustainable business operations. Smooth communication with local residents where the Yokohama Rubber Group's manufacturing factories are located and the continuation of fair transactions are essential for sustainable business development. Moreover, ensuring a work environment where people

involved in procurement can perform their job safely and respecting human rights are also important issues. From the above perspective, we assess whether our business partners comply with the Group's Code of Conduct and other guidelines, and if there is a significant adverse social impact, we ask them to take corrective action as part of our initiatives for improvement. In these ways, we aim to build the ethical supply chain. We are also committed to global procurement that takes into account impacts on human rights, the environment, and society, and are careful not to intentionally use minerals from conflict zones.

### Results of social assessments of suppliers

#### Social impact assessment when starting a new business relationship

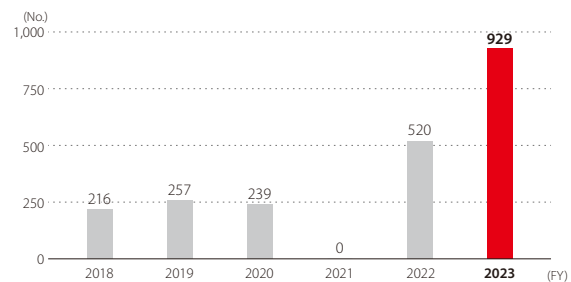
- Confirmation of fair and equitable transaction mechanisms and external communication mechanisms for newly adopted raw materials
- Confirmation of working conditions, initiatives to respect human rights, and the use of conflict minerals through CSR self-checks

In fiscal 2023, none of our 57 new suppliers in Japan had adverse impacts on society.

### Holding of CSR briefings

We hold CSR briefings for business partners to share our philosophy and policies related to sustainability. In 2023, we held two briefings online as in 2022 with participation of 929 companies. We also held Suppliers' Day biennially for suppliers of natural rubber to call for their cooperation in our CSR initiatives after explaining the Procurement Policy for Sustainable Natural Rubber.

#### Number of companies participating in CSR briefings



## Establishment of Supplier Hotline

For business partners, the compliance promotion managers of procurement and sales departments collect complaints and consultations regarding transactions through a business partner hotline and other means. When a complaint is filed, the Corporate Compliance Department confirms the facts and takes necessary measures in consultation with the procurement and sales departments.

In addition, the Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), and has established a system to receive complaints from all stakeholders in Japan and overseas through the JaCER's complaint reporting desk and to respond appropriately.

\*See "Human Rights" (p. 72) and "Compliance" (p. 84) for details.

## Future Issues and Challenges

With the basic policy of practicing equitable and fair trade, the Yokohama Rubber Group has established trust relationships with partners in the supply chain, promoting cooperation and prosperous coexistence. Going forward, we will make Group-wide efforts to

further strengthen partnerships with suppliers by bolstering cooperation with overseas subsidiaries with the aim of establishing a sustainable supply chain.

### Voice of Employee

#### Utilizing a home office scheme to contribute to strengthening ties with suppliers and new business developments in Thailand

Following my family's job transfer to Thailand, since September 2022, I have been working from my home in Thailand by using the home office scheme. In addition to continuing almost the same contents of work I was doing in Japan, taking advantage of living in Thailand, I sometimes visit our plant in Thailand to participate in meetings with a manufacturer organized by local personnel and support the on-site purchase department with its business operations. I also attend trade exhibitions held in Thailand, where I conduct activity to cultivate new suppliers. In the past, I used to have face-to-face meetings with people inside and outside of the Company, but due to an increase in opportunities to work from home during the COVID-19 pandemic, it has become commonplace to have web conference meetings. Currently, I sometimes join face-to-face meetings with suppliers held in Japan by getting my co-worker to invite me to such meetings held on the Web. I am truly grateful that I have been able to continue to work without taking a leave of absence from work by using the home office scheme. I would like to strongly encourage workers who think they have to take a leave of absence from work due to their family's job transfer, etc. to consider using this scheme.



**Yuri Mizuta**  
Indirect Materials  
Procurement Department



# Respect for Human Rights

Relevant materiality	What we aim to do
 <b>Development of human capital capabilities for sustainable corporate value enhancement</b>	<ul style="list-style-type: none"> <li>• Foster diversity and inclusion</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>	<ul style="list-style-type: none"> <li>• Procure sustainable natural rubber</li> <li>• Respect for human rights in the supply chain</li> </ul>

## Basic Approach

Human rights are fundamental rights afforded to all people, and since the Yokohama Rubber Group's business involves a very large number of people through its supply chain, there is a wide range of human rights that must be respected. With the globalization of our business activities, our interactions with various people have increased, and the possibility of having a direct or indirect impact on human rights violations has also increased.

For this reason, we believe it is important to fulfill our responsibility to respect human rights while considering the area of impact. Accordingly, we have established the Yokohama Rubber Group Action Guidelines, which stipulate that human rights should be respected both inside and outside the Company and define actions to be taken by employees.

Furthermore, based on the United Nations Guiding Principles on Business and Human Rights (UNGP),\* we have formulated the Yokohama Rubber Group Human Rights Policy and are promoting initiatives aimed at respecting the human rights of all people involved in our business activities. The Yokohama Rubber Group recognizes the importance of implementing Group-wide efforts to respect human rights as the basis of our business activities in order to contribute to the realization of a sustainable society as a company that is widely trusted by society.

\* The Guiding Principles on Business and Human Rights (UNGP) were approved by the United Nations Human Rights Council in 2011 as a framework for respecting human rights applicable to all nations and all companies. The Guiding Principles position "the responsibility of companies to respect human rights" and "the obligation of states to protect human rights" as important pillars of this effort.

Yokohama Rubber Group Action Guidelines

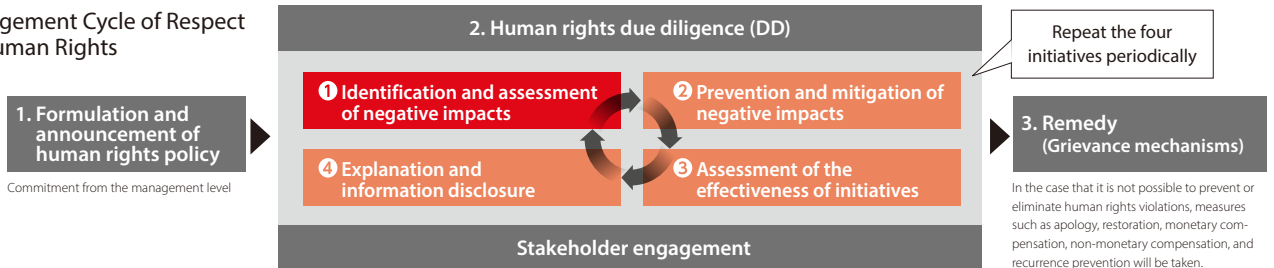
<https://www.y-yokohama.com/global/sustainability/feature/>

Yokohama Rubber Group Human Rights Policy

[https://www.y-yokohama.com/global/sustainability/people/human\\_rights/policy/](https://www.y-yokohama.com/global/sustainability/people/human_rights/policy/)

## Management Cycle of Respect for Human Rights

Management Cycle of Respect for Human Rights



## Human Rights Due Diligence Initiatives

Based on the Yokohama Rubber Group Human Rights Policy formulated in April 2022, the Yokohama Rubber Group will develop and strengthen its human rights due diligence (human rights DD) system and conduct human rights due diligence on a regular basis to make sure that responsibilities to respect human rights are carried out, and that related duties are executed properly.

### Fiscal 2023 initiatives

In fiscal 2023, in order to identify important human rights themes that can bring potential risks from the perspective of human rights in the supply chain, we held a Human Rights Due Diligence Workshop

and conducted an impact assessment\*<sup>1</sup> based on the identified three material human rights themes.

### <Material human rights themes>

1. Working environment of foreign workers in Japan
2. Impact on the working environments of workers and the environment of nearby residents at small holdings (Thailand, Indonesia, etc.) from which rubber raw materials are procured
3. Workplace environment for workers at contractors (manufacturing, distribution, sales, and disposal)

\*1 A survey in which on-site interviews are conducted regarding specific human right issues and stakeholders to find out whose and what human rights are actually affected or not.

## Conducting an impact assessment

In fiscal 2023, we conducted an impact assessment about the first theme, "working environment of foreign workers in Japan."

<Questionnaire surveys of foreign workers working at manufacturing sites in Japan>

From September to October in 2023, we conducted questionnaire surveys on the employment status and working environment of foreign workers, including dispatched workers, engaging in services at seven manufacturing sites in Japan (Hiratsuka Factory, Mie Plant, Mishima Plant, Onomichi Plant, Shinshiro Plant, Ibaraki Plant, and Nagano Plant).

The questionnaire surveys were conducted in such a way that respondents read a QR code with their smartphone and answered questions (available in six languages of Japanese, English, Portuguese, Tagalog, Burmese, and Chinese) anonymously. Of 536 subjects, 484 people responded to the questions (response rate: 90.3%).

After analyzing the contents of questionnaire replies, we measured an overall trend and the level of respect for human rights of foreign workers at each manufacturing site, and selected sites to interview with foreign workers in person.

<Interviews with foreign workers>

Based on an analysis of the results of the questionnaire, we conducted first-person interviews with foreign workers at two sites in December, 2023. The interviews were conducted by CRT\*2 Japan on

a group of four or five foreign workers without the presence of Yokohama Rubber's managers or representatives. One of the foreign workers interviewed acted as interpreter at each site.

As the result of the interviews, even though it was found that there were no serious problems that would have negative impact on human rights, we received the following recommendations from CRT Japan regarding the working environment of the foreign dispatched workers working at our sites.

1. Encourage staffing companies to provide thorough explanations on workers' rights at the time of contract.
2. Encourage staffing companies to pay salaries as contracted faithfully.
3. Promote the development of substantial bailout measures.
4. Confirm whether living wages are guaranteed on a regular basis.
5. Record the contents of consultations and responses to such consultations.
6. Give feedback to workers (reports and disclosures about the way the contents of their consultations have been handled).

Going forward, we will more actively exert our influence on the staffing companies and enforce engagement with foreign workers in light of the recommendations from CRT Japan, and evaluate and improve the status of such efforts on a regular basis.

\*2 CRT: Caux Round Table

## Human Rights-related Grievance Mechanism

### For Yokohama Rubber Group employees

For Yokohama Rubber Group employees working in Japan, we have established the Corporate Compliance Hotline and the General Counseling Room, where we directly receive complaints and consultations via phone and e-mail. We ensure that the privacy of whistle blowers and consulters is protected, and that the fact that we have received reports or consultations and their details are kept confidential. We also make sure that such whistleblowers and consulters will not suffer detrimental treatment on the ground of blowing the whistle or consulting unless they have done so for a malicious and fraudulent intention.

### Grievance mechanism for all stakeholders worldwide

The Yokohama Rubber Group is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), and has developed a system facilitating the receipt and appropriate response to grievances from all domestic and overseas Yokohama Rubber Group stakeholders through JaCER's grievance reporting platform. This grievance reporting platform is accessible to anyone through the Contact Us page on the Yokohama Rubber's website or the JaCER's website. When a grievance is filed, JaCER confirms its details and takes necessary measures.

Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) grievance reporting platform  
<https://jacer-bhr.org/en/index.html>

## Practical Example of Exploitation × Exploration

### Holding of Human Rights Due Diligence Workshop

In May 2023, we held a Human Rights Due Diligence Workshop to discuss matters that can bring potential risks on a Group-wide level from the perspective of human rights in the supply chain developed by the Yokohama Rubber Group. Inviting Hiroshi Ishida, Executive Director of the Caux Round Table (CRT) Japan, as an instructor and advisor from a third-party institution, we held the workshop featuring 32 employees (20 in the meeting room, 12 online) at the department or section manager level from domestic and overseas sites of the Group. They carried out the discussion while drawing advice from CRT, and identified important human rights themes of the Yokohama Rubber Group.



Lecture presented by Mr. Ishida from CRT Japan