




# Corporate Governance

Relevant materiality	What we aim to do
 <b>Improvement of management resilience by strengthening corporate governance</b>	<ul style="list-style-type: none"> <li>Strengthen stakeholder engagement</li> <li>Strengthen governance of sustainability issues</li> </ul>

## Basic Approach

We in the Yokohama Rubber Group work in the spirit of our Corporate Philosophy to achieve continuing growth in corporate value and to thereby earn the unwavering confidence of all our stakeholders. Our efforts have included building a corporate governance framework for ensuring sound management that is fair and transparent, and we have worked continuously to reinforce that framework.

### Basic Corporate Governance Policy

- Ensuring shareholders' rights and equality
- Appropriate collaboration with stakeholders other than shareholders
- Ensuring appropriate information disclosure and transparency
- Responsibilities of the Board of Directors
- Dialogue with shareholders

Basic Corporate Governance Policy

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

## Corporate Governance System

### Management and business execution system

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

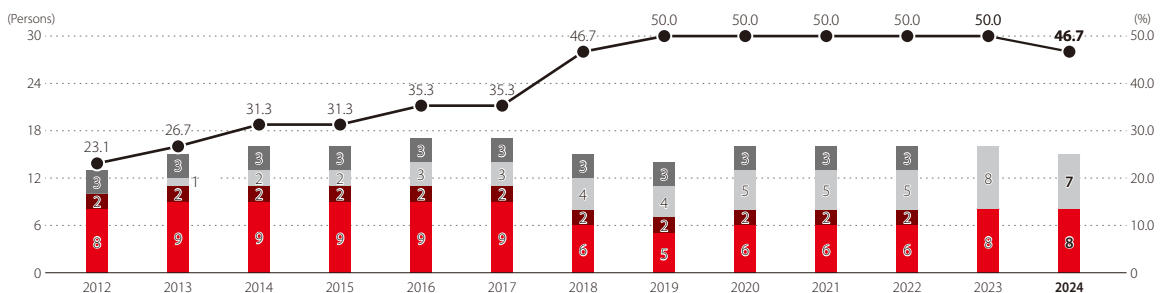
In addition to the institutional design under the Companies Act (General Meeting of Shareholders, Representative Directors, Board of Directors, Audit & Supervisory Committee, and Accounting Auditor), the Company's corporate governance system employs a corporate

officer system to clarify management oversight and business execution while thoroughly speeding up management decision making and business execution. Under the current structure, the Board of Directors comprises 15 members in total (including directors who are Audit & Supervisory Committee members), eight internal directors (including directors who serve concurrently as corporate officers) including the president, who holds the right to represent the Company, and seven outside directors. In addition, there are 17 corporate officers, excluding those who serve concurrently as directors.

In addition, to strengthen the strategic functioning of top management, we have established an Executive Committee on which directors serve as key members. The committee monitors the achievement status of business plans and deliberates matters concerning business strategy.

### Changes in executives

■ Internal Director ■ Internal Audit & Supervisory Board Member ■ Outside Director ■ Outside Audit & Supervisory Board Member ● Ratio of outside corporate officers



- Fiscal 2013** - Appointed 1 Outside Director
- Fiscal 2016** - Outside Directors account for one-third of all Directors
- Fiscal 2018** - Appointed 1 female Outside Audit & Supervisory Board member
- Fiscal 2019** - Outside corporate officers account for half of all corporate officers
- Fiscal 2020** - Appointed 1 non-Japanese Internal Director
- Fiscal 2022** - Appointed 1 female Outside Director
- Fiscal 2023** - Transitioned to a Company with an Audit & Supervisory Committee

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

### Management audit oversight

The Company has an Audit & Supervisory Committee that serves as an audit function for management, and consists of five members in total, two internal Audit & Supervisory Committee members, and three outside Audit & Supervisory Committee members. A system has been established for full-time Audit & Supervisory Committee members to learn of the state of business execution by attending important meetings and committees including the Executive Committee. The auditing structure comprises audits conducted by Audit & Supervisory Committee members to audit directors in the performance of their duties, financial auditing conducted by independent public accountants as outside audits and financial and business audits of each executive department and Group company conducted by the Internal Audit Dept.

These activities maintain independence from each other and serve to establish a three-pronged audit structure. At the same time, Audit & Supervisory Committee members receive information from the accounting auditor and the Internal Audit Dept. as appropriate in an effort to strengthen audit functions. Furthermore, we have assigned employees to the Audit & Supervisory Committee Secretariat to assist the Audit & Supervisory Committee in order to enhance the effectiveness of audits and facilitate audit operations.

### Personnel Remuneration Committee for Corporate Officers and Directors

To ensure fairness and transparency in officer personnel affairs and remuneration, the Company has voluntarily established the Personnel Remuneration Committee for Corporate Officers and Directors. The committee comprises five members, namely, Chairman & CEO, President & COO, and three independent outside directors, ensuring that a majority of its members are independent outside directors. The Personnel Remuneration Committee for Corporate Officers and Directors met seven times in fiscal 2023 to deliberate on the personnel moves and remuneration of officers, and submitted recommendations to the Board of Directors.

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

(1) With regard to personnel matters, the committee deliberates on candidates for director to be submitted to the General Meeting of

Shareholders, advises the Board of Directors on the results the consent of the Audit & Supervisory Committee for directors who are Audit & Supervisory Committee members and the opinions of the Audit & Supervisory Committee for directors who are not Audit & Supervisory Committee members. In turn, the Board of Directors makes the final determination. In addition, the appointment of corporate officers is deliberated by the committee, which then advises the Board of Directors, which makes the final decision.

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

### Composition of the Personnel Remuneration Committee for Corporate Officers and Directors

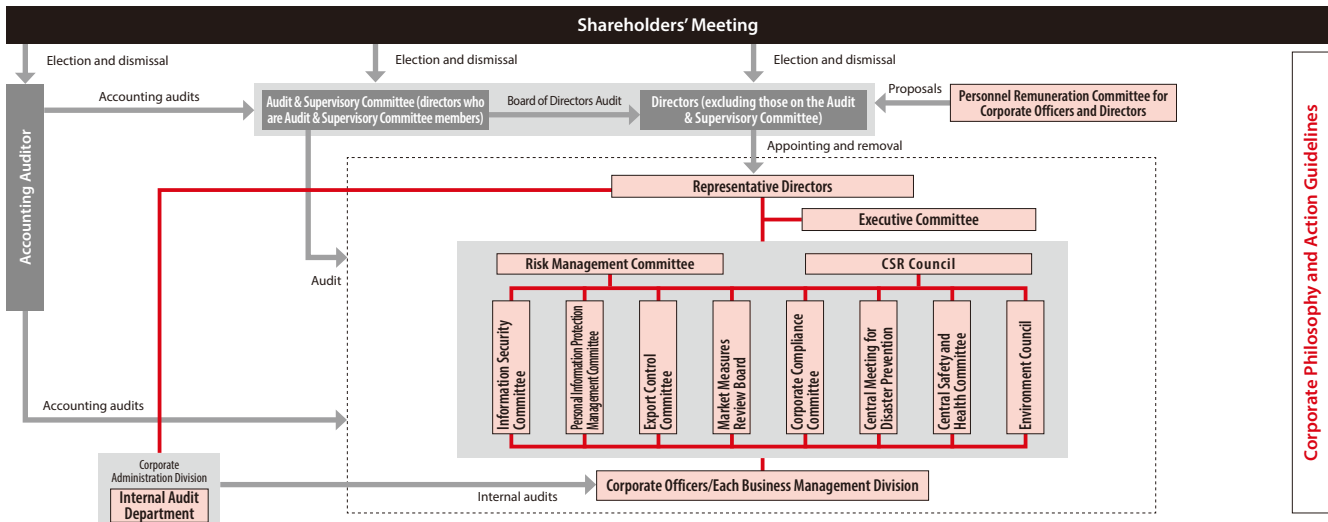
\*After the General Meeting of Shareholders on March 28, 2024

All members	5
Internal Director	Masataka Yamaishi (Chair) Shinji Seimiya
Outside Director	Hideichi Okada Hirokazu Kono Megumi Shimizu

### Executive Committee

The Executive Committee, a meeting body that serves as an executive organ, meets three times per month, in principle, with the attendance of full-time Audit & Supervisory Committee members, to deliberate and determine management policy as well as important matters concerning management execution. Important matters discussed at the Executive Committee are reported to the Board of Directors together with a summary of such matters, and those of the highest priority (as stipulated by the Board of Directors Regulations) are also discussed by the Board of Directors.

### Corporate Governance System Diagram








## Corporate Governance

### Members of each institution (As of July 31, 2024)

 Internal officers  Outside officers

Institution	Board of Directors	Audit & Supervisory Committee*1	Personnel Remuneration Committee for Corporate Officers and Directors	Executive Committee
Composition	 15 directors*2 (of which, 7 outside directors)	 5 Audit & Supervisory Committee members (of which, 3 outside Audit & Supervisory Committee members)	 5 directors*3 (of which, 3 outside directors)	 8 directors (of which, 5 corporate officers)
Number of meetings held in fiscal 2023	14 times	Audit & Supervisory Board: Three times Audit & Supervisory Committee: Five times	Seven times	50 times

\*1 The Audit & Supervisory Board operated until March 30, 2023.

\*2 There were 16 directors (of which, 8 outside directors) until March 28, 2024.

\*3 There were 3 directors (of which, 2 outside directors) until March 28, 2024.

### Reason for election of outside directors and attendance in meetings

	Name	Activities in FY2023	Reason for election
Directors who are not Audit & Supervisory Committee member	Hideichi Okada	Board of Directors: attended all 14 meetings	Hideichi Okada actively provides opinions and suggestions from his international perspective and based on his deep insight of economic and social events surrounding corporate management. The Company appointed him as an outside director in the belief that he will contribute to the management of the Company with his ample experience in the government ministry and knowledge of corporate management accumulated in Japan Petroleum Exploration Co., Ltd. and other companies.
	Megumi Shimizu	Board of Directors: attended all 14 meetings Audit & Supervisory Board: attended all 3 meetings*  * Served as an Audit & Supervisory Board Member until March 2023	Megumi Shimizu has long worked as an attorney and currently serves as a partner at a leading law office of Japan. The Company appointed her as an outside director in the belief that she will use her ample insight and knowledge as a law expert for the management of the Company.
	Junichi Furukawa	Board of Directors: attended 9 of 10 meetings	Junichi Furukawa is a corporate manager who possesses abundant experience and extensive knowledge of corporate management. The Company appointed him as an outside director in the belief that he will reflect his insights in finance and accounting and abundant knowledge with a sense of balance in the management of the Company.
	Hisako Takada (newly elected)	—	Hisako Takada has abundant experience working at companies in Japan and overseas, and she currently is an Executive Officer of OMRON Corporation. The Company appointed her as an outside director in the belief that she will reflect her knowledge and experience in management strategy, including M&A, in the management of the Company.
Directors who are Audit & Supervisory Committee members	Hirokazu Kono	Board of Directors: attended 12 of 14 meetings Audit & Supervisory Committee: attended all 5 meetings	Hirokazu Kono has actively provided opinions and suggestions based on his deep insight accumulated through his long-year studies of management engineering and business administration at universities in Japan and the US. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management by utilizing his ample expertise and experience in management engineering and business administration.
	Atsushi Kamei	Board of Directors: attended 13 of 14 meetings Audit & Supervisory Board: attended all 3 meetings Audit & Supervisory Committee: attended all 5 meetings	Atsushi Kamei has actively provided frank opinions from the perspectives of his long years of experience and corporate management in leading retail business players. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will continue to supervise the management of the Company from an external viewpoint.
	Hiroki Kimura	Board of Directors: attended 12 of 14 meetings Audit & Supervisory Board: attended all 3 meetings Audit & Supervisory Committee: attended all 5 meetings	Hiroki Kimura serves as President and Representative Director of Asahi Mutual Life Insurance Company, and he actively provides suggestions from his experience as a corporate manager of a financial institution. The Company appointed him as a director who is an Audit & Supervisory Committee member in the belief that he will contribute to further reinforcing the auditing functions of the Company's management with his professional knowledge accumulated in the fields of accounting, finance and asset management.

## Operational Status of the Board of Directors

The Board of Directors holds an ordinary Board of Directors meeting monthly and interim Board of Directors meetings as needed, where decision-making is undertaken after flexible and sufficient deliberation. In fiscal 2023, the Board of Directors met 14 times. At the Board of Directors meetings held in fiscal 2023, in addition to the disposition and acceptance of important property, the election and dismissal of important employees, the establishment, modification, and

discontinuation of important organizations, and the statement of accounts, which are required to be resolved under the Companies Act, medium-term management plans, business investment, the progress status of efforts related to sustainability and ESG, and IR and SR, capital efficiency, risk management and compliance, internal control, etc., were handled as main subjects for discussion.

## Evaluation of Board Effectiveness

Regarding the evaluation of the effectiveness of the Board of Directors, the Company conducted an anonymous survey in October 2023 targeting all directors (excluding the Chairman of the Board of Directors), including all outside directors, and all Audit & Supervisory Committee members, in which the participants evaluated themselves on a scale of one to four in terms of the following three themes and a total of 18 items, and put their opinions, etc. for each item.

- 1 Operation of the Board of Directors
- 2 Agenda items and discussions at Board of Directors meetings
- 3 Composition of the Board of Directors and its operational support

In addition, after an additional questionnaire survey was conducted on the outside directors based on aggregate and analytical results, a meeting was held to exchange opinions with the outside directors, and then, the Board of

Directors summarized its effectiveness, shared issues and discussed measures.

The results indicated that the Board of Directors of the Company is operating appropriately from a comprehensive perspective and that the effectiveness of the Board of Directors is ensured.

At the same time, however, as various issues such as those related to the improvement of discussion from strategic and diversified stand-points, and follow-up of the progress status of management plans and investment plans were recognized, the Company will continue to address the improvement of the Board of Directors' functions.

Regarding the expansion of training opportunities, about which recommendations were made at the previous evaluation, steady improvement has been made through holding training and briefings for new directors, and Board of Directors' meetings including a plant inspection tour, etc.

## Remuneration for Corporate Officers and Directors

### Basic policy

The Company has established the basic policy regarding the determination of the amount of remuneration of directors (excluding directors who are Audit & Supervisory Committee members), and to ensure the fairness and transparency, the details of remuneration amounts are deliberated by the Personnel Remuneration Committee for Corporate Officers and Directors serving as an advisory council, and then determined by the Board of Directors. The Board of Directors has confirmed that the details of the remuneration amounts of individual directors of the current business year are consistent with the basic policy and determined that they were decided in line with the policy.

### Remuneration system

Remuneration of directors (excluding directors who are outside directors and Audit & Supervisory Committee members) consists of basic remuneration, which is provided as fixed remuneration, short-term performance-linked remuneration, and restricted stock remuneration provided as medium- to long-term performance-linked remuneration. Short-term performance-linked remuneration refers to a bonus linked to the company performance (the performance of the Company and individual performance, etc. corresponding to that) against published value and the attainment level related to the extension rate, etc. of performance. Restricted stock remuneration provided as medium- to long-term performance-linked remuneration was introduced\* in order for directors (excluding directors who are outside directors and Audit & Supervisory Committee members) to become more highly motivated than ever to contribute to an increase in stock prices and the enhancement of corporate value through sharing the benefits and risks of stock price fluctuations with shareholders.

\* Resolution approved at the 142nd Ordinary General Meeting of Shareholders held on March 29, 2018 (With the resolution to transfer to a Company with an Audit & Supervisory Committee approved at the 147th Ordinary General Meeting of Shareholders held on March 30, 2023, the above resolution was made again.)

### Medium-term performance-linked remuneration

Starting in fiscal 2021, the Company has introduced a medium-term performance-linked remuneration system for all directors, excluding outside directors and Audit & Supervisory Committee members, and corporate officers, with the aim of further incentivizing the achievement of quantitative targets in the Medium-term Management Plan.

### Eligibility for medium-term performance-linked remuneration

The officers eligible for medium-term performance-linked remuneration as of March 28, 2024, are as follows.

Position	Number of persons
Representative Director	2
Member of the Board and Senior Managing Officer	1
Member of the Board and Managing Officer	2
Member of the Board and Corporate Officer	1
Corporate Officer	17

### Method for calculating medium-term performance-linked remuneration

The applicable period is the three years from fiscal 2024 to fiscal 2026 that represent the quantitative target of the Group's Medium-term Management Plan. The standard is set at a cumulative consolidated business profit of ¥365 billion in total, with the remuneration calculated for all eligible persons according to the following formula.

Cumulative consolidated business profit over the applicable period ÷ 365 billion yen x 100	Calculation method
120% or more	Monthly remuneration x 12 months x payment factor of 1.5
100% or more but less than 120%	Monthly remuneration x 12 months x payment factor of 1
Less than 100%	No payment

Monthly remuneration used in the above formula is the remuneration set for each position in April 2024, and if a position changes part way through the applicable period, the calculation is to be made based on the monthly remuneration in the month the new position was assumed. For eligible persons, an individual monetary limit of ¥84.78 million is set.

Medium-term performance-linked remuneration is paid in cash within one month of the day following that day on which the cumulative consolidated business profit during the applicable period has been finalized at the first Ordinary General Meeting of Shareholders held after the end of the applicable period.



## Corporate Governance

### Amount of remuneration of Directors, Audit & Supervisory Board Members and Audit & Supervisory Committee members (fiscal 2023)

Category	Total remuneration (millions of yen)	Total by type of remuneration (millions of yen)				Number of eligible officers (persons)
		Basic remuneration	Performance-linked remuneration			
			Bonus	Restricted stock compensation	Medium-term performance-linked remuneration	
Member of the Board (excluding Member of the Board (Outside))	549	190	87	117	153	9
Audit & Supervisory Board Members (excluding outside members)	11	11	—	—	—	2
Audit & Supervisory Committee members (excluding outside members)	64	37	27	—	—	2
Member of the Board (Outside) and Audit & Supervisory Board Member (Outside)	96	96	—	—	—	13

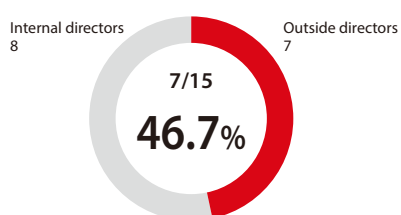
## Board Diversity

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

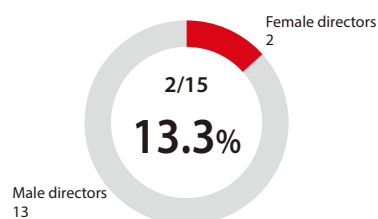
Incorporation. Our basic approach is to ensure their diversity, including outside directors, and an appropriate composition, while giving consideration to the balance of knowledge, experience, and abilities associated with each business.

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

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



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



## Officer Training

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

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

## Tax Transparency and Tax Governance

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

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

preferential tax treatment available in each country, and utilize it within the scope of normal business activities to improve tax efficiency.

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

### Corporate income taxes paid

(Unit: billions of yen)

	FY2021	FY2022	FY2023
Japan	5.29	9.23	7.64
Overseas	8.53	16.29	20.13
Total	13.82	25.52	27.77

Yokohama Rubber Group Tax Policy

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

## Status of Reducing Cross-Shareholdings

### Policy on cross-shareholdings

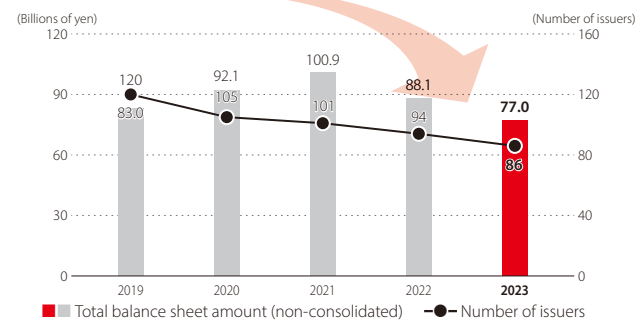
In the interests of corporate expansion and sustainable development, the Company believes it is essential to maintain cooperative ties with various companies. We adopt a medium-to-long-term perspective for enhancing the Company's corporate value and follow a policy of holding shares deemed strategically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

### Verifying the appropriateness of cross-shareholdings

Once a year, the Company verifies, in both qualitative and quantitative terms, the benefits and risks associated with its individual cross-shareholdings from a medium- to long-term perspective, also considering the nature and scale of transactions, among other factors. These findings are reported to the Board of Directors. In fiscal

2023, the Company sold all shares held in six companies and some of the shares it holds in ten companies in light of verification by the Board of Directors in February 2023.

### Trend in cross-shareholdings (amount on balance sheet [non-consolidated] and number of issuers) (\*excludes deemed shareholdings)



## Constructive Dialogue with Shareholders

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

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

and Legal Division strive to respond to shareholders by exchanging opinions based on their respective professional perspectives.

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

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