

Management

Policy

Yokohama Rubber believes that considering the sustainability of society and companies in decision making and execution is important in order to achieve the Corporate Philosophy of “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.” In addition, Yokohama Rubber makes various efforts based on appropriate corporate governance when addressing the core issues of human rights, labor practices, the environment, fair business practices, consumer issues, and community participation and community development.

Along with this policy, the actions that should be taken by employees are stipulated in the Yokohama Rubber Group Action Guidelines.

Yokohama Rubber Group Action Guidelines (Excerpt)

We shall conduct corporate activities with a high degree of transparency and practice proper disclosure of information.

Basic stance of the Yokohama Rubber Group

1. We shall conduct corporate activities with a high degree of transparency, in keeping with our Corporate Philosophy.
2. We shall make effective use of our corporate assets and heighten our corporate value.
3. We shall make systemic arrangements for ever-vigilant monitoring of risks surrounding the Yokohama Rubber Group, deal promptly with such risks, and constantly review these arrangements.
4. We shall establish standards for business processing and see that they are rigorously applied for correct performance of such processing.
5. We shall practice timely and appropriate disclosure of information on our business results, financial position, and business activities to our stakeholders, and engage in open and fair communication with them.

Putting our basic stance into practice – our action

1. We shall treasure the tangible and intangible assets of the Yokohama Rubber Group, including our reputation and brand, and strive to heighten our corporate value.
2. We shall exclude any and all ties with anti-social forces.
3. We shall be on guard against risks in our midst that could lead to disasters, scandals, and accidents, and deal promptly and appropriately with any related occurrences.
4. We shall obtain personal information on our customers, third parties, our employees, and other persons as well as confidential information on our customers and third parties, only by legitimate methods. In addition, we shall strictly manage any such information, utilize it only within proper scope, and carefully protect it.
5. We shall properly manage exports in accordance with the laws and regulations in the host countries and regions.
6. We realize that the pool of information acquired through our work includes some important undisclosed information otherwise known internally or only within the other organization. We shall properly manage all such information. We shall not engage in any buying or selling of stock etc. using such inside information.

Yokohama Rubber Group Action Guidelines

> [Yokohama Rubber Group Action Guidelines \(formulated in December 2014\)](#)

Yokohama Rubber Group Competition Law Compliance Policy and Anti-corruption Policy

In accordance with the Yokohama Rubber Group Action Guidelines, we implement employee education to ensure that employees are familiar with and comply with these Policies, and we also implement related management and supervision.

[Competition Law Compliance Policy \(formulated in July 2017\)](#)

[Anti-corruption Policy \(formulated in July 2017\)](#)

Yokohama Rubber Group Tax Policy

> [Taxation transparency](#)

Yokohama Rubber Group Basic Policy on Information Security

> [Information Security Initiatives](#)

Message from a manager

With the aim of having our management continue to maintain unshakeable credibility, Yokohama Rubber Group is making every effort to fortify and improve the support system needed to establish corporate governance that can realize management with transparency and fairness under our Corporate Philosophy.

At the Ordinary General Meeting of Shareholders held in March 2024, the company elected a total of 10 directors, consisting of 6 internal directors (including female and foreign national directors) and 4 external directors.

In addition, officer personnel and remuneration matters are discussed by the Personnel and Remuneration Committee for Corporate Officers, of which two of three members are Outside Officers, and decided on by the Board of Directors to ensure transparency and fairness. In order to strengthening the compliance structure, a whistle-blowing system has been introduced in which responsible officers have been assigned to overseas business locations and the status of issues such as labor issues is confirmed every month.

We will strengthen the transparency and fairness of governance and risk management through these measures.

Shingo Ishimitsu, Head of Corporate Administration Division

Vision for FY2026

We will practice group governance to increase our oversight of subsidiaries and strengthen global management by extending the use of our whistleblowing system to overseas bases.

Priority action items to be addressed

The following items have been established as the main action items that the Yokohama Rubber Group will address first in consideration of the level of impact of business activities and the level of social interest.

Governance System >

Sustainability Management >

Participation in Initiatives in
Japan and Overseas >

Risk Management >

Compliance >

Economic Performance >

Taxation transparency >

Governance System




Corporate Governance Support System

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.

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.

The Chair of the Board Meeting is our Chairman and President, who cannot serve as a Corporate Officer at the same time. At the 148th Ordinary General Meeting of Shareholders held on March 28, 2024, six internal directors and four external directors were elected, resulting in a total of ten board members. The composition of each board committee is as follows.

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

Institution	Board of Directors	Audit & Supervisory Committee ^{*1}	Personnel Remuneration Committee for Corporate Officers and Directors	Executive Committee
Composition	 <p>15 directors^{*2} (of which, 7 outside directors)</p>	 <p>5 Audit & Supervisory Committee members (of which, 3 outside Audit & Supervisory Committee members)</p>	 <p>5 directors^{*3} (of which, 3 outside directors)</p>	 <p>8 directors (of which, 5 corporate officers)</p>
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.

Our board of directors is composed of individuals with diverse backgrounds, ensuring a balance of knowledge, experience, and skills relevant to our business. The board adheres to the company's articles of association, which stipulate a maximum of 15 directors (excluding directors serving as audit committee members) and a maximum of 5 directors serving as audit committee members. This approach prioritizes diversity, including the inclusion of independent directors, to ensure effective governance.

Board of Directors Composition (Post-Audit Committee Establishment)

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



The attendance rate of Internal Officers at meetings of the Board of Directors in 2023 was 100%, and the attendance rate of External Officers was as follows.

FY2023 attendance status

	Board of Directors	
	Number of times attended	Attendance rate
Director Hideichi Okada	14/14	100%
Director Masatoshi Hori	13/14	92.9%
Director Hiroko Kaneko	13/14	92.9%
Director Megumi Shimizu	14/14	100.0%
Director Junichi Hurukawa	9/10	90.0%
Audit & Supervisory Committee Member Gota Matsuo	14/14	100.0%
Audit & Supervisory Committee Member Hisao Uchida	14/14	100.0%
Audit & Supervisory Committee Member Hirokazu Kono	12/14	85.7%
Audit & Supervisory Committee Member Atsushi Kamei	13/14	92.9%
Audit & Supervisory Committee Member Hiroki Kimura	12/14	85.7%

※Positions as of the end of December 2023.

※Please refer to the section on officers in the [annual report and Directors, Audit & Supervisory Board Members, and Corporate Officers \(available only in Japanese\)](#) for the career history and scope of responsibilities of officers.

Reasons for the selection of Outside Directors and Outside Audit & Supervisory Board Members

- Hideichi Okada

Hideichi Okada will have served as an outside director of the Company for 11 years at the conclusion of this General Meeting of Shareholders.

He has actively expressed his opinions and made proposals from an international perspective based on his deep insight into the economy, society, and other issues surrounding corporate management.

He continues to serve as an outside director of the Company in order to reflect his abundant experience at government ministries and agencies and his insight into corporate management in the field of oil exploration and production, etc. in the management of the Company.

He has maintained his independence, with no incidents that could have been deemed to be in conflict with the interests of ordinary shareholders, as defined by the Tokyo Stock Exchange.

- Megumi Shimizu

Ms. Megumi Shimizu's term as an independent director of our company will reach one year upon the conclusion of this general meeting. We appointed Ms. Shimizu as an independent director to leverage her extensive expertise and experience in law, having served as a partner at a leading Japanese law firm and held other independent director positions. We believe her valuable insights and guidance will contribute to our company's management.

Furthermore, Ms. Shimizu does not fall under any category of potential conflicts of interest with general shareholders as defined by the Tokyo Stock Exchange, ensuring her independence. Notably, Ms. Shimizu previously served as an auditor for our company from March 2018 to March 2023.

- Junichi Furukawa

Mr. Junichi Furukawa, a seasoned executive with extensive experience in corporate management and broad perspectives, has served as an independent director of our company for one year, effective from the conclusion of this general meeting. We appointed Mr. Furukawa to leverage his financial and accounting expertise and contribute to our company's management. Mr. Furukawa is independent, meeting the Tokyo Stock Exchange's requirements for no potential conflicts of interest with general shareholders.

- Hisako Takada

Ms. Hisako Takada, currently an Executive Officer at OMRON Corporation, brings a wealth of experience from her career in both domestic and international companies. We appointed Ms. Takada as an independent director to leverage her knowledge and experience in M&A and corporate strategy, which we believe will be valuable to our company's management. Ms. Takada meets the Tokyo Stock Exchange's requirements for independence, as she does not fall under any category of potential conflicts of interest with general shareholders.

- Hirokazu Kono

Hirokazu Kono has actively provided opinions and suggestions based on his deep insight accumulated through his long-year studies of management engineering and business administration at universities in Japan and the United States. He has been appointed as an outside director of the Company so that his extensive academic knowledge of management engineering and business administration, as well as his experience and insight as an outside director at Stanley Electric, can be reflected in the management of the Company.

He has maintained his independence, with no incidents that could have been deemed to be in conflict with the interests of ordinary shareholders, as defined by the Tokyo Stock Exchange.

- Atsushi Kamei

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.

He has maintained his independence, with no incidents that could have been deemed to be in conflict with the interests of ordinary shareholders, as defined by the Tokyo Stock Exchange.

- Hiroki Kimura

Hiroki Kimura has provided useful suggestions and advice based on his business experience as a manager of a financial institution, his extensive experience as an outside director at other companies, and his professional insight in accounting, finance, and asset management to date.

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.

He has maintained her independence, with no incidents that could have been deemed to be in conflict with the interests of ordinary shareholders, as defined by the Tokyo Stock Exchange.

The Board of Directors' Meeting was held 14 times in fiscal 2023, and 60 proposals were deliberated. In addition, we seek and incorporate the opinions of institutional investors in matters including proposals at the General Shareholders' Meeting for Outside Officers, proposals on dividends and the Corporate Governance Code, and proposals regarding the Stewardship Code response policy.

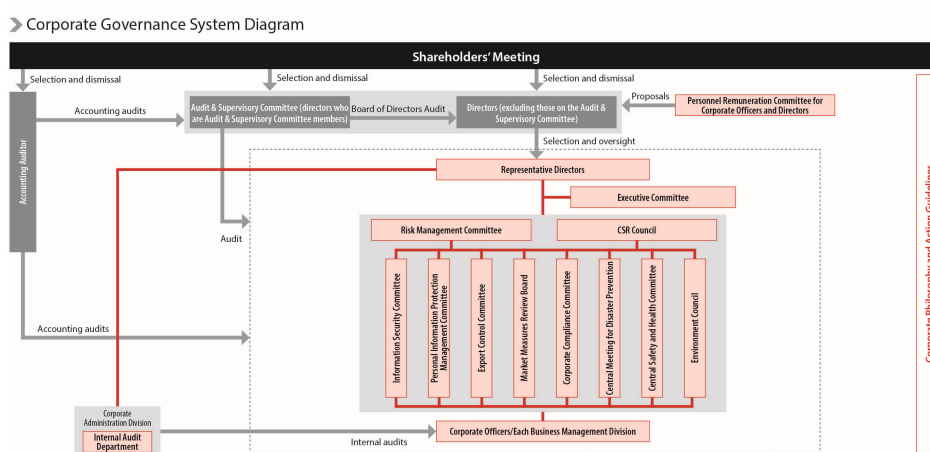
Under our systems, Audit & Supervisory Committee members can get know the status of our business operations by attending various important meetings or committees such as the Management Meeting, and the Internal Audit Office that serves as an independent organization conducts internal audits of each business to check that operations are being conducted properly.

We have three pillars in our auditing system: the audits done by our Audit & Supervisory Committee members who supervise work execution by our Directors, accounting audits done by our independent accounting auditors as external audits, and finally, the audits done by our Internal Audit Department for work operation by our each corporate division and group companies, plus accounting audits. They function by maintaining each other's independency; by establishing the three pillars of the audit system, our Audit & Supervisory Committee members can fortify the function of Audit & Supervisory Committee members by obtaining information from our Accounting Auditors and Internal Audit Department in a timely manner.

Also, in order to secure transparency and fairness in relation to the appointment and various benefits of our Directors, we determine them at the Board of Directors' Meeting by establishing a voluntary Personnel/Remuneration Committee for Corporate Officers and Directors followed by our review.

The Personnel/Remuneration Committee for Corporate Officers had five Members (of which three were Outside Members) . As required by law, all transactions by directors that could be deemed to have conflict of interest implications and all transactions involving competitor firms were subject to approval by the Board of Directors, with the results being reported at Board Meetings.

Corporate Governance Promotion Structure



This information covers the fiscal year 2023.

Improvement of our Corporate Governance System

We have made resolutions under the “Basic Guidelines for Corporate Governance in Accordance with the Companies Act” during our Board of Directors’ Meeting in May 2006. Not only do we follow up with their activity status every year, we also keep making further enhancements such as our review by aiming for clearer description of the “Guidelines of the Elimination of Anti-Social Behavior” in April 2009 and re-establishment of the Basic Guidelines following the revision of the Companies Act in June 2015. Also, to comply with the J-SOX Law effective from the fiscal year of 2008 (evaluation of support system for financial account in accordance with Financial Instruments and Exchange Act), it has been confirmed that our corporate governance system is effective both in internal and external evaluation in the fiscal year of 2022. We will continue to make improvements on this aspect as well in order to maintain sustainable and effective functionality.

In addition, the Audit Department conducts annual operational audits.

Based on the Audit Procedures, audits are conducted on 11 items ranging from accounting operations to safety, environment, and industrial waste management to ensure that operations are carried out in accordance with rules and procedures, and recommendations for improvement are made to prevent fraud and errors.

We then make recommendations and suggestions for improvement and strive to prevent fraud and errors.

In FY 2023, 20 business sites were audited and 495 recommendations and suggestions were made.

Remuneration for Corporate Officers and Directors

Candidates for Directors and Audit & Supervisory Board Members are selected by the Personnel/Remuneration Committee for Directors and Audit & Supervisory Board Members, which consists of two internal officer and three external officers, and after a resolution by the Board of Directors, the appointment is submitted to the General Meeting of Shareholders for approval. With regard to remuneration, transparency and fairness are secured by the Personnel/Remuneration Committee for Corporate Officers and Directors, and remuneration is decided on by the Board of Directors. Regarding the remuneration of Audit & Supervisory Board Members, the Board of Directors has established a policy of “determining remuneration by Audit & Supervisory Board Members after deliberation by the Board of Directors in order to ensure the transparency, fairness, and independence of audits.”


Details of executive remuneration

Executive category	Total remuneration (Million yen)	Total by type of remuneration (Million yen)				Number of applicable executives (persons)
		Basic remuneration	Performance-linked remuneration			
			Bonus	Restricted stock compensation	Medium-term performance-linked remuneration	
Directors (excluding Outside Directors)	549	190	87	117	153	9
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	11	11	-	-	-	2
Audit Committee Members (Excluding External Audit Committee Members)	64	37	27	-	-	2
Outside Officers	96	96	-	-	-	13

※From the Securities Report, Fiscal Year 2023, 148th Term, Page 66

Strategic Portfolio Holdings

Our company strategically holds shares in certain companies to strengthen vital partnerships and facilitate business collaborations with key stakeholders. We consider a comprehensive range of factors, including strategic alliances and business partnerships, when determining the need for policy-based shareholdings. Annually, we conduct a thorough review of our policy-based shareholdings, evaluating both qualitative and quantitative aspects, including the nature and scale of transactions, along with associated benefits and risks. These assessments are presented to the board of directors, and based on the findings, we gradually divest shares in a phased approach. Information regarding our policy on strategic shareholdings and their current status is disclosed in the shareholder meeting notice and other relevant materials.

 <https://www.y-yokohama.com/ir/pdf/document/notify2023.pdf>

(Japanese only)

Sustainability Management

Sustainability Management Promotion Framework

Twice a year (in May and November), we hold a CSR Council where our President serves as a chairperson, as part of an organizational framework that was set up to discuss and develop plans for addressing the social responsibility issues that Yokohama Rubber Group is currently facing.

Organizations including the CSR Council, the Corporate Compliance Committee, the Environment Council, the Central Labor Relations Committee, the Central Safety and Health Committee, and the Risk Management Committee have been established, with the responsible officers serving as chairpersons to deliberate on various issues.

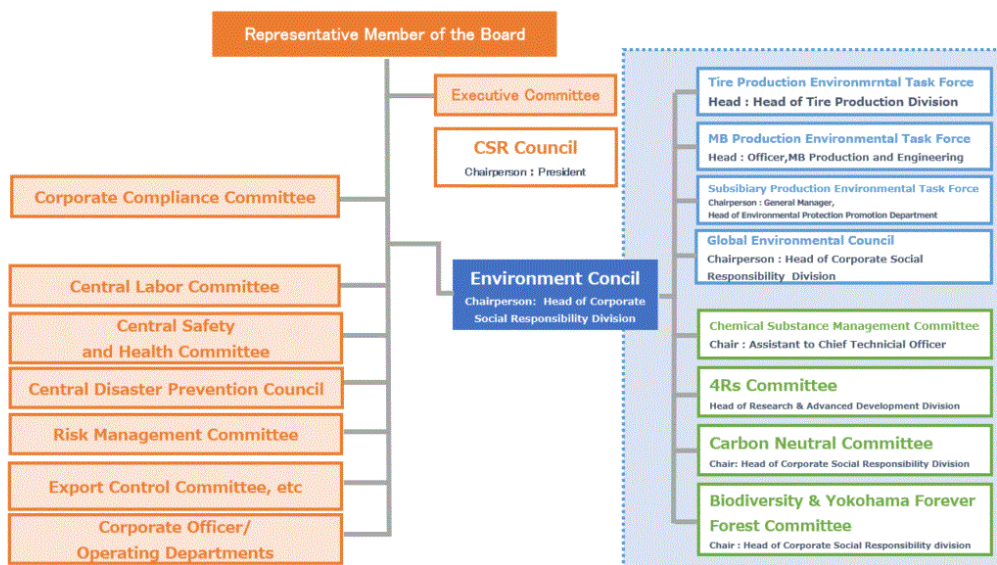
Matters with a material impact on management are submitted to the Management Meeting for approval.

We have three task forces, two sub-councils, and four committees that promote environmental activities as sub-bodies within the Environmental Council. The Environmental Council engages in business activities as a product development framework and continues to provide environmentally friendly products.

In addition, with the aim of implementing high quality and homogeneous sustainability management at all of our bases around the world, we are promoting area management of internal controls, including the environment and compliance, under the control of the regional management company.

In fiscal year 2023, we implemented training on the grievance handling system in Indonesia starting in November.

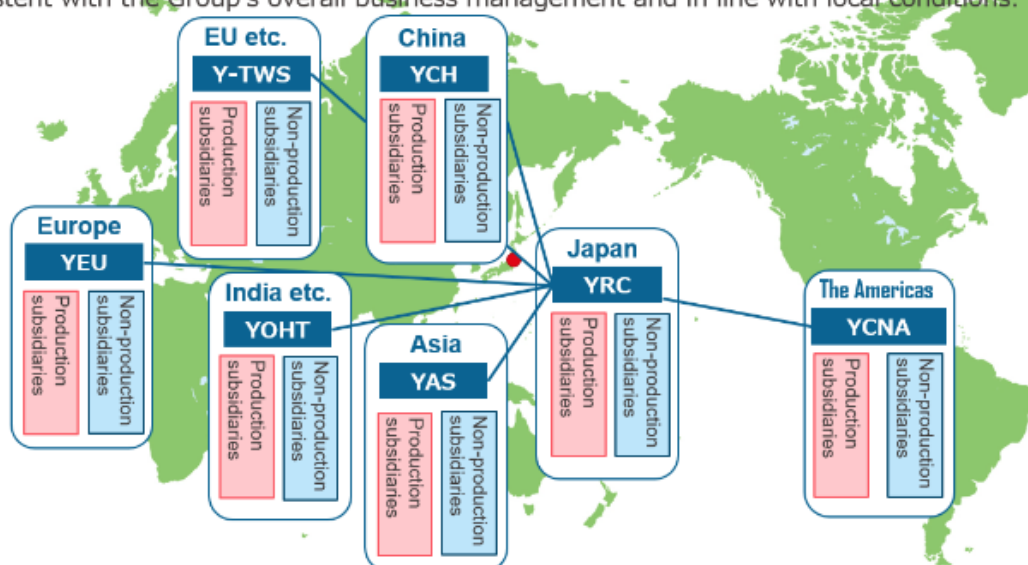
Sustainability Promotion Framework



Sustainability Management and Area Management

Sustainability Management and Area Management

Regional management companies will take the lead in autonomously promoting sustainability that is consistent with the Group's overall business management and in line with local conditions.



Important Issues of the Yokohama Rubber Group

In order to build a trusted identity as a contributing member of the global community, Yokohama Rubber Group acts in accordance with the Yokohama Rubber Group Action Guidelines together with its stakeholders, which include customers, shareholders and investors, business partners and suppliers, and employees.

To this end, the Yokohama Rubber Group has specified the following critical issues in reference to benchmarks including the GRI Guidelines and ISO26000, and conducts activities in response as the "[Critical Issues of the Yokohama Rubber Group](#)".

Guided by our fundamental philosophy of "Contributing to happiness and prosperity through product creation with heart and technology," the Yokohama Rubber Group will continue to move forward with our stakeholders by executing the strategies outlined in our medium-term management plan, YX2026. In doing so, we will create and provide the following values to society, based on our code of conduct.

For more information about the YX2026 Medium-Term Management Plan, please visit our corporate website under the "[Investor Relations](#)" section.

For information on our sustainability initiatives, please visit "[Yokohama Rubber's Sustainability](#)".

Enforcement of Environmental Training and Education

CSR and Environmental Training

We have incorporated CSR and environmental training as one of the subjects to be studied by recent graduate hires and mid-career hires. In addition, a career development course, "CSR and Environmental Knowledge," was held for employees in their second to third year of employment in personnel training for career-track positions.

In addition to learning about the environment in general, education on biodiversity conservation including a river monitoring experience was provided. In fiscal year 2023, training sessions were primarily conducted in person, with some online participation offered in the second half of the year to accommodate employees working in remote locations. A total of 65 employees participated in these sessions across both semesters. Additionally, we offered a "CSR (Intermediate Level)" career development course for employees with approximately 10 years of experience. This online course covered topics such as SDGs, ESG investing, and CSR challenges related to the environment, safety and health, disaster preparedness, and business continuity planning (BCP). Forty employees participated in this course. These career development courses are mandatory for promotion. To date, 928 employees have participated in CSR training, representing 17% of Yokohama Rubber's workforce.

In addition, in order to ensure that our managerial and supervisor level employees thoroughly understand ISO14001, we are conducting training classes for environmental internal auditors. Including 92 personnel who have completed this course to get certified in fiscal 2023, currently a total of 2,460 personnel have been registered and are already active as our internal auditors. (47% are qualified internal auditors in the scope of the integrated certification.)

Enhancement of Education Activities

As part of our environmental education activities, we conduct improvement activities by getting involved with all our personnel by sending our President's message to all our employees in the Energy Saving Month in February and the Environment Month in June every year. For our Environment Month from June 1 to 30, we accept suggestions for environmental month slogans and posters from all Yokohama Rubber Group employees and family members up to elementary school student age.

In fiscal year 2023, we received 6,266 eco-declarations and 114 posters from domestic participants, while international participants submitted 5,402 eco-declarations and 640 posters.

	Japan	Overseas
Environmental Slogan Excellent Works	18	11
Poster Excellent Works	9	10

In addition, the best works were selected for both Japan and overseas.

Environmental Slogan Best Work

I will learn the names of wild birds. Birdwatching will help me increase my awareness of environmental protection. Mr. Yoshikatsu Tase, Product Planning Group, OHT Business Planning Department

To combat fast fashion and reduce textile waste, I pledge the following:

1. I will always think before I buy clothes. I will never buy anything I plan to wear only once and then discard.
2. Instead of throwing away clothes I no longer wear, I will pass them on to family members or friends.

While my individual actions may not seem like much, every small step towards reducing textile waste makes a difference. By making these changes, I am contributing to a more sustainable future.

Human Resources and General Affairs Department Pharita Rongthong

Environmental Poster Best Work



Mr. Yuto Matsumoto and Ms. Mio Matsumoto (family of Mr. Kenichi Matsumoto, Technical Department, Mie Plant)



YTVI QAS Nguyễn Khả Đăng

A commemorative gift was given by the secretariat for Excellent Works and Best Works in Japan and overseas.

President's Award for Environmental Contribution

The Environmental Activity Awards were newly established in FY2022 with the aim of improving environmental management throughout the Group.

The award areas are "prevention of environmental pollution and spills," "reduction and elimination of chemical substances," "carbon neutrality," "promotion of resource recycling," and "contribution to biodiversity and local communities.

All divisions of the Yokohama Rubber Group are eligible for the awards, which are selected after reviewing and deliberating the activities conducted during the year for each case study in each field. Each award-winning division will receive an award from the General Manager of the CSR Division.

Environmental Accounting

Environmental conservation costs

Calculated since fiscal 2013 with the Head Office and domestic production bases as a boundary in reference to the environmental accounting guidelines issued by the Ministry of the Environment.

※(Millions of yen)

Item		Major initiatives	FY 2022		FY 2023	
Business area costs			Investments	Costs	Investments	Costs
	Pollution prevention costs	Installation of deodorization equipment, supporting CFC regulations, etc.	379	69	525	99
	Global environmental conservation costs	Compressors, air conditioning renewal, adoption of hybrid forklifts, etc.	263	65	124	478
	Resource recycling costs	Costs related to waste segregation and processing	0	523	0	556
	Subtotal		642	657	649	1,133
	Upstream and downstream costs	Expenses for reuse of tire bladders and plastics liners for rubber take-up	0	63	0	67
	Management activity costs	EMS maintenance, management, and information disclosure costs	0	184	0	161
	Research and development costs	Research and development costs for reducing the environmental burden	79	875	228	914
	Social activity costs	Tree planting activities in areas affected by the Great East Japan Earthquake, social contribution activities, etc.	0	56	0	32
	Environmental remediation costs	Reserves for PCB processing, etc.	0	43	0	31
	Subtotal		721	1,879	877	2,338
	Total			2,599		3,214

Economic effect

※(Millions of yen)

Type of effect	Major initiatives	FY 2022	FY 2023
Profits	Profits gained from wastes and recycling from business activities	92	58
Cost reduction	Cost reductions through energy conservation	270	206
	Cost reductions through the use of recycled products	726	868
Total		1,088	1,132

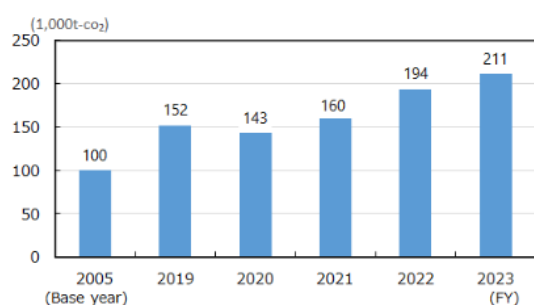
Environmental conservation effects

Type of effect	Year-on-year reduction	
	FY 2022	FY 2023
Greenhouse gas emissions (thousand tons, CO ₂)	-4,243.3	2,712.4
VOCs emissions (tons)	52.9	-4.0
Waste reclamation quantity (tons)	Zero emissions achieved domestically in FY 2010	
Waste emissions (tons)	833.3	-105.7

Environmental efficiency

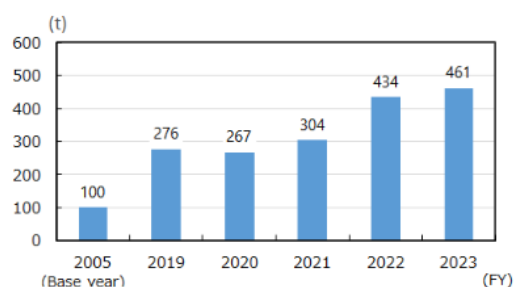
Greenhouse gas indicator

Index of sales/greenhouse gas emissions, with a value of 100 for the base year (FY 2005)



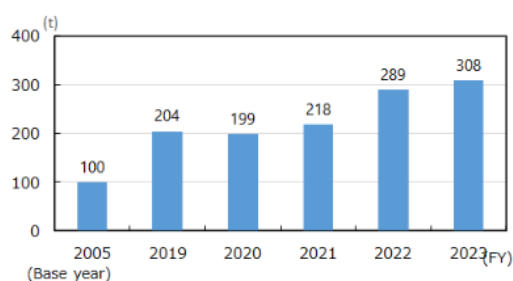
VOCs indicator

Index of sales/VOC emissions, with a value of 100 for the base year (FY 2005)



Industrial waste emission indicator

Index of sales/industrial waste emissions, with a value of 100 for the base year (FY 2005)



Economic Performance

Responsible Department

Each business location and department

Our position and Targets

Why is “Economic Performance” a critical issue to be addressed?

Explanation of the reason and background

The Yokohama Rubber Group launched its new medium-term management plan, "Yokohama Transformation 2026" (YX2026), in 2024.

The previous medium-term management plan, "YX2023," focused on both "deepening" the strengths of our existing businesses and "exploring" new value propositions to meet the evolving needs of the automotive industry. We vigorously pursued this across all business domains, enhancing product development, production, and sales. Furthermore, we undertook initiatives to bolster market competitiveness through acquisitions and business restructuring.

In particular, the tire business underwent significant transformation, shifting the sales ratio of consumer tires to commercial tires from 3:2 to 1:1, aligning it with market size. This "grand strategy" aimed to strengthen the highly profitable OHT (off-highway tire) business.

To enhance asset efficiency, we strategically executed the sale of businesses, subsidiaries, policy-held stocks, and idle assets. Funds generated from these activities were reinvested strategically to fuel growth and enhance corporate value. Building upon the success of "YX2023," we aim to drive further corporate value enhancement by continuing these initiatives with even greater vigor.

Vision (attainment goal) / target

The "Yokohama Transformation 2026" (YX2026) builds upon the success of the previous medium-term plan, "Yokohama Transformation 2023" (YX2023), by further deepening the strengths of our existing businesses and exploring new value propositions. With a resolute commitment to leaving no negative legacy for future generations, YX2026 will serve as the "grand finale" of our transformation journey.

Guided by this vision, we will aggressively execute growth strategies across all business units, aiming to achieve "Hockey Stick Growth" (exponential growth) by the end of YX2026 or during fiscal year 2027.

For fiscal year 2026, we project the following ambitious targets:

- Revenue: ¥1,150 billion
- Operating Income: ¥1,300 billion
- Operating Income Margin: 11%
- ROE (Return on Equity): Over 10%

Quantitative targets for 2026

Revenue	1.15 trillion yen
Operating Income	130 billion yen
Operating Income Margin	11%
Equity Ratio	Around 50%
ROE	Over 10%
Operating Cash Flow	385 billion yen (Cumulative over 3 years)
Capital Expenditure (CAPEX)	Within Depreciation (Excluding Strategic Investments)

Consumer Tires	<p>The consumer tire market has witnessed a surge in low-cost, low-priced tires from emerging manufacturers, leading to increased market share. YX2026 aims to counter this trend by aggressively maximizing the proportion of high-value-added products, driving profitability.</p> <p>To achieve "Hockey Stick Growth" and compete effectively against the cost competitiveness of emerging players, we will implement a "One-Year Factory" initiative, aiming to build and operationalize a new factory within a single year. To further maximize the proportion of high-value-added products, we will continue to promote the adoption of our tires as original equipment on premium vehicles and actively participate in global motorsports to enhance brand value. Additionally, we will continue to implement our "Product and Regional Business Strategy," strengthening our development, supply, and sales capabilities in alignment with regional market trends.</p>
Commercial Tires	<p>Off-Highway Tires business</p> <p>The OHT market is projected to be worth approximately ¥4 trillion, with an anticipated annual growth rate of 6%. This represents a significantly higher growth rate than the 2% annual growth expected in the consumer tire market, indicating strong potential for expansion.</p> <p>Yokohama Rubber Group currently holds the top market share in agricultural and forestry machinery tires, which are expected to account for around 40% of the OHT market. We will leverage our multi-brand strategy, encompassing Tier 1 to Tier 3, to further strengthen our position by capitalizing on our strengths in manufacturing, sales, and technology.</p> <p>In the industrial and port vehicle tire market, which is estimated to represent 25% of the OHT market, Yokohama Rubber Group currently holds the second-largest market share. We will expand the reach of our specialized tire maintenance service, "Interfit," provided by dedicated staff.</p> <p>While our share in construction and mining vehicle tires remains relatively small, we will explore "Programmatic M&A" opportunities to drive growth in this segment and across the OHT business as a whole, targeting "Hockey Stick Growth."</p> <p>In addition to expanding production capacity, we will accelerate the creation of synergies within the Yokohama Rubber Group, following the acquisition of Trelleborg Wheel Systems (now Yokohama-TWS or Y-TWS) in May 2023.</p> <p>Truck & Bus Radial business</p> <p>The TBR (truck and bus) tire market is facing increased competition from emerging tire manufacturers, who are expanding their production and market supply. In response, governments in Europe and North America have implemented protective measures such as anti-dumping and countervailing duties.</p> <p>Yokohama Rubber Group will capitalize on these measures by focusing on sales in countries and regions where fair pricing is maintained, aiming for profitable growth.</p>

<p>Multiple Business</p>	<p>The MB (Multiple Business) segment has established a profitable foundation through the restructuring and cost improvement initiatives implemented during "YX2023." Under "YX2026," we will position the hose and piping business as a "growth driver" and undertake value chain restructuring and production structure reform in North America.</p> <p>In the industrial materials business, we will solidify our dominant market position in conveyor belts within Japan and implement internal improvements to achieve a stable, high-profit structure in marine hoses.</p> <p>Overall, the MB segment aims to achieve a 10% operating profit margin by fiscal year 2026, enhancing its presence within the Yokohama Rubber Group.</p>
<p>Technology/production</p>	<p>"YX2026" will focus on strengthening the foundation of the Yokohama Rubber Group as a whole, guided by the motto "High quality, affordable, and fast."</p> <p>"High Quality" will involve strengthening the adoption of our tires as original equipment on next-generation premium vehicles.</p> <p>"Affordable" will be achieved through a fundamental and aggressive cost reduction strategy, ensuring competitive pricing.</p> <p>"Fast" will involve accelerating tire development and pursuing the "One-Year Factory" initiative, a key element of the "Hockey Stick Growth" strategy for consumer tires.</p>

Financial Strategy : "YX2026" will prioritize enhancing corporate value through strategic investments aimed at achieving "Hockey Stick Growth."


Asset Efficiency: We will further advance the sale of policy-held stocks to optimize asset allocation.

Capital Structure: We will strive to achieve an optimal capital balance aligned with our business structure, targeting a 50% equity ratio.

PER (Price-to-Earnings Ratio) Improvement: We will enhance investor relations (IR) events through increased information dissemination and dialogue to reduce capital costs and improve expected growth rates.

Capital Allocation: Out of the projected cumulative cash inflow of approximately ¥450 billion over the next three years, around ¥320 billion will be allocated to strategic and operational investments.

Shareholder Returns: While prioritizing investments for sustained profit growth, we remain committed to our fundamental policy of maintaining stable dividends while ensuring sufficient internal reserves for future business development and strengthening our management structure. We aim to steadily increase dividends in a stable and continuous manner.

 [New Medium-term Management Plan YX2026](#)

Review of FY 2023 Activities

Distribution of economic value to stakeholders

Stakeholders	Distribution amount (million yen)			Calculation method
	FY 2023	FY 2023	FY 2021	
Business partners and suppliers	310,055	323,773	246,427	Cost of sales + SG&A expenses (excluding personnel expenses)
Employees	53,574	52,153	53,204	Cost of sales + SG&A expenses (personnel expenses)
Shareholders	10,767	10,603	10,277	Dividends paid
Creditors	6,155	2,890	2,158	Interest paid
Government and administration	24,284	28,444	12,951	Corporate taxes, etc. paid
Society	76	198	214	Donations (entertainment expenses), etc. [High school and university laboratories]
Internal	68,285	30,911	29,682	Net income - dividend amount
Total	473,196	448,972	354,913	

※The figure for “Creditors” and “Government and administration” are for Yokohama Rubber on a consolidated basis, while the other figures are on a non-consolidated basis.

Considerable financial assistance received from government

The amount of financial assistance in taxes and subsidies received from national and municipal governments was 1,665 million yen.

Risk Management

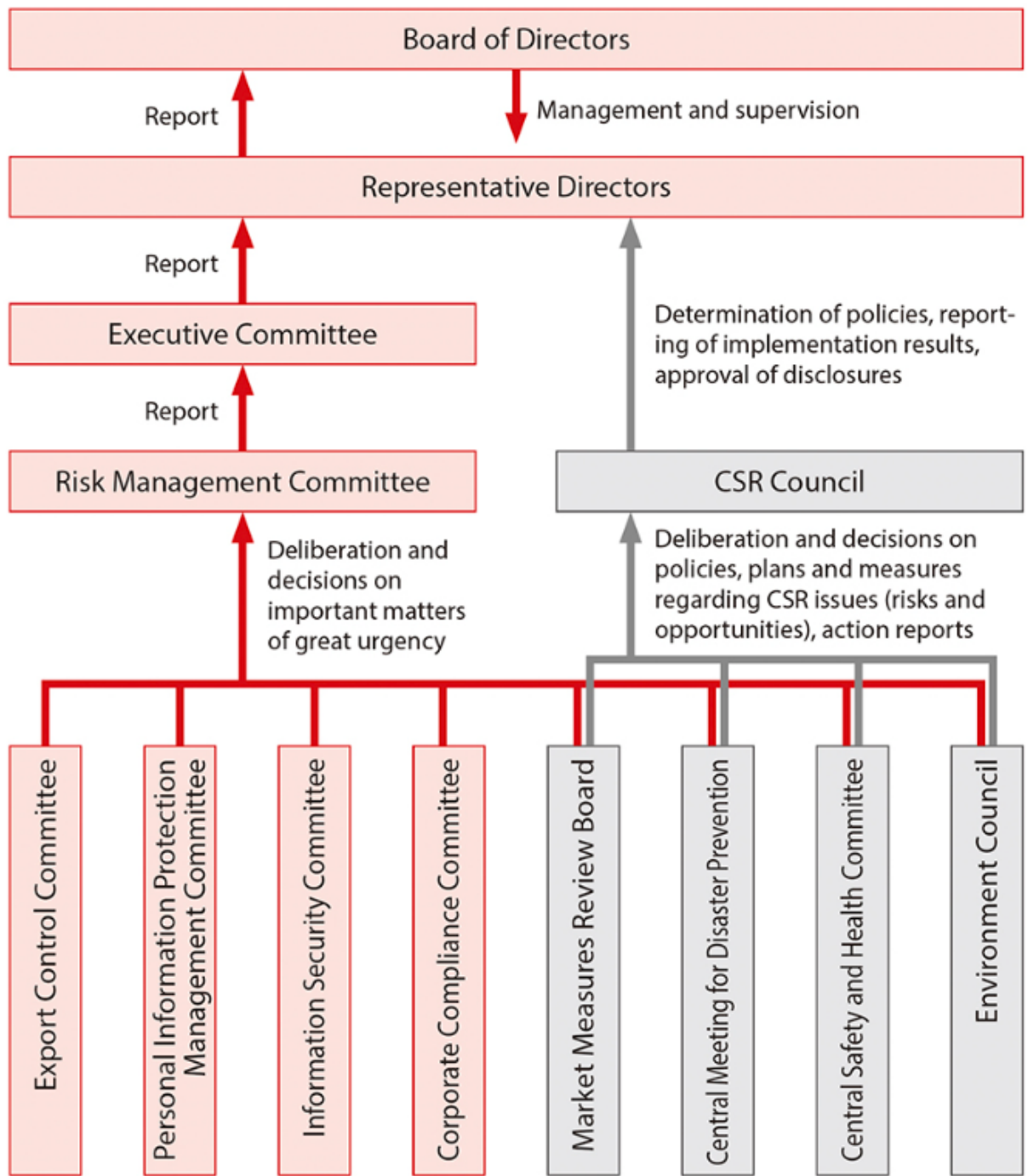
Risk Management System

A Risk Management Committee chaired by the Head of Corporate Administration Division has been established to strengthen the defense system in response to the various risks facing the company, and risks that can have a significant impact on management are managed throughout the organization, and appropriately evaluated and responded to. Furthermore, in response to the specific individual risk involving compliance, safety, disasters, information security, and export management, we have established committees and councils including the Corporate Compliance Committee, Central Safety and Health Committee, Central Disaster Prevention Council, CSR Council, Environment Council, Information Security Council, Personal Information Protection Management Committee, and Export Control Committee. We have prepared and developed regulations, guidelines, and manuals for implementing risk management, and we also conduct education and training activities.

The activities of the Risk Management, Corporate Compliance, Export Control, and Personal Information Protection committees are periodically reported to the Board of Directors.

Other committees' activities are reported at management meetings as appropriate, and matters are reported to the Board of Directors if doing so is deemed necessary.

Risk management system



Risk Management Structure

The following meetings* were held in FY 2023:

* Includes ad hoc committee meetings

Risk Management Committee	Met 8 times
Personal Information Protection Management Committee	Met 3 times
Export Control Committee	Met twice
Information Security Committee	Met twice

In addition to regular committee meetings held twice a year, the Risk Management Committee and other committees may hold extraordinary committee meetings based on the criteria set forth in the committee rules.

In FY2023, the Risk Management Committee and the Personal Information Protection Committee held extraordinary committee meetings, and the results of the meetings are shown in the table above.

Going forward, we will not neglect our daily activities, and we will implement the PDCA cycle by identifying possible risks, considering countermeasures, notifying the parties involved, and conducting verification.

Information Security Initiatives

Yokohama Rubber Group Basic Policy on Information Security

【Purpose】

Yokohama Rubber Co., Ltd. and each of its group companies (hereinafter collectively referred to as “our group”) recognize the importance of managing and utilizing information systems and information assets, and we will take appropriate measures for all information systems and information assets based on the following basic policy, in order to contribute to maintaining business activities by ensuring information security levels, and to prevent information security incidents and accidents, which we consider to be our social responsibility.

【Basic Policy on Information Security】

1. Protection and appropriate management of information assets
Our group will establish appropriate management requirements and protect and manage information assets based on their level of importance.
2. Compliance with laws and internal regulations
Our group will take responsibility for information security and strictly adhere to information management by complying with laws and regulations.
3. Implementation of ongoing education and training
Our group's employees will endeavor to acquire information security knowledge through ongoing education and training.
4. Response to information security incidents and accidents
In the event of an information security incident or accident, the Group will formulate an incident response plan to ensure a swift response and business continuity, and will implement measures to minimize damage and prevent recurrence.
5. Formulation and continuous improvement of information security management rules
The Group will conduct regular information security audits to promote the establishment and improvement of information security.

Yokohama Rubber and the Yokohama Rubber Group promote various information security measures based on our Information Security Basic Policy to protect our customers' personal information and other confidential information from cyber attacks and other information leak risks that are becoming more sophisticated and complex every day.

As for information security rules and regulations, we have established information security management rules and procedures, which are periodically reviewed in response to changes in the environment surrounding information security.

As part of the Yokohama Rubber Group's overall efforts, information management managers have been assigned to each organization and Group company, and an information security communication network has been established.

We consolidate and provide information at the "Information Security Liaison Desk" including issues from stakeholders.

We are working to strengthen relationships so that we can respond promptly in the event of an information security incident.

There were no major information security incidents (information security incidents proven to be violations of information security-related codes of conduct, corporate policies, or laws) in fiscal 2023.

Targeted attack e-mail training and e-learning are regularly conducted for employees.

Our information security management system is certified by TISAX (Trusted Information Security Assessment Exchange), an information security assessment developed by the German Association of the Automotive Industry, in 2022.

For Group companies, we regularly hold hearings on information security, conduct security education, share information on a daily basis, and alert employees, and we are working to foster information security literacy throughout the Group by encouraging them to raise their awareness.

Review of FY 2023 Activities

Verifying employee safety

In fiscal year 2009, we implemented a safety confirmation system encompassing our domestic production subsidiaries and have been conducting regular training exercises ever since. These exercises are conducted at each location on a regular basis and, since 2021, have included a nationwide safety confirmation drill every March. By increasing the frequency of these drills, we aim to enhance our initial response capabilities in the event of a disaster and foster a stronger sense of disaster preparedness among our employees. In the event of a large-scale disaster, we have established a central disaster response headquarters at the corporate level, along with mechanisms for information gathering and sharing. We have also implemented a multi-channel communication system and a virtual meeting room with a permanent information-sharing platform, ensuring swift communication even in situations where physical gathering is challenging.

Being prepared for a disaster (database activation)

Since 2017, we have stipulated in our "Disaster Prevention Guidelines" the stockpiles that should be deployed at each site, including quantities.

Based on the guidelines, the database manages and confirms that stockpiles have been secured for the required number of days, and any shortages, including replacement of expired stockpiles, are replenished.

In addition, we have confirmed the content, frequency, and number of participants in disaster drills to be prepared to respond quickly in the event of a disaster.



Stockpiling for disasters



Fire Prevention, Disaster Prevention and BCP Initiatives

In fire prevention activities, we revised in April 2024 our company-wide guideline "Fire Prevention Guideline" with the aim of preventing fires from occurring and preventing the spread of fire in the event of an accident.

Following this guideline, we successfully completed the initiative to replace aging electrical components at our domestic production facilities over a two-year period, starting in 2022.

This has enabled us to check the fire prevention organization system and firefighting equipment, identify fire risks and issues in factories, warehouses, and offices, and establish a system to prevent recurrence.

Beyond fiscal year 2024, we will continue to strengthen the Yokohama Rubber Group's fire safety system by implementing a continuous cycle of planning, doing, checking, and acting (PDCA) to focus on fire prevention and recurrence prevention activities.

In disaster prevention activities, we revised the "Disaster Prevention Guidelines" in November 2023 to clarify our preparedness for increasingly severe natural disasters and infectious diseases occurring in wide areas.

The purpose of these guidelines is to maintain the company's activities on the basis of putting human life first, and to enhance Yokohama Rubber's disaster preparedness by clarifying the actions employees should take in the event of a disaster, the company's disaster prevention system, and the enhancement and management of disaster supplies.

We conduct regular disaster preparedness drills, ensuring that we are prepared to respond effectively to emergencies by regularly reviewing the content, frequency, and participation levels of these drills.



Fire prevention audit

BCP Initiatives

For our Business Continuity Plan (BCP), we have prepared "Basic BCP Guidelines" and other guidelines for various destructive and non-destructive disasters, including infectious diseases, and revise them as necessary.

In 2023, we conducted a large-scale Business Continuity Planning (BCP) drill for the first time following the relocation of our headquarters to Hiratsuka. We remain committed to strengthening our BCP initiatives, ensuring the safety of our employees and the continued provision of products and services in the event of a disaster.



Business Continuity Planning (BCP) Drills (Headquarters and Hiratsuka Plant)

Future Challenges and Countermeasures

The business environment is becoming increasingly challenging due to global instability, the intensification and frequency of natural disasters caused by climate change, and the sophistication and complexity of cyberattacks. As such, further strengthening our risk management framework, along with fostering interdepartmental information sharing and communication, remain crucial priorities. We will continue to enhance our risk mitigation strategies through regular risk assessments and a continuous cycle of planning, doing, checking, and acting (PDCA) in each department. Furthermore, we will raise awareness among all employees by conducting Business Continuity Planning (BCP) drills and providing education and training on information security.

Compliance

Basic Stance Towards Compliance

In order to respond effectively to the increase in risk that has accompanied globalization, in July 2017 the Yokohama Rubber Group Competition Law Compliance Policy and Yokohama Rubber Group Anti-corruption Policy were approved by the Board of Directors and came into effect. By announcing these new policies both in Japan and overseas, and by formulating rules and guidelines that embody the policies in concrete form and familiarizing stakeholders with them, we aim to prevent violations of competition law and criminal offences involving bribery.

By integrating these policies with our Global Whistleblower System, adoption of which began in February 2018, and implementing them in our subsidiaries throughout the world, we believe we can raise the overall level of compliance in the Yokohama Rubber Group to an even higher level.

Compliance System

Yokohama Rubber has established a Compliance Committee chaired by the Director in charge of Compliance, as well as a Compliance Promotion Office as its implementation department. The Committee meets four times a year and continues to implement various measures related to compliance within our group. The Committee also reports its activities to the Board of Directors and Audit & Supervisory Committee. The corporate Philosophy and Action Guidelines of the Yokohama Rubber Group are made known and presented to Group companies, including overseas companies, to serve as the guidelines for the execution of duties by Directors and employees at each company. Every division in the Yokohama Rubber Group is assigned personnel who belong to the Corporate Compliance Department as well, to continue to share the progress of the activities in internal education and related information in the workplace. In our domestic and overseas group companies, we have appointed a compliance promotion manager to facilitate the development of the same level of activities in each company.

Whistle-Blowing System

The Corporate Compliance Hotline refers to the system of accepting even anonymous whistle-blowing in accordance with the Whistleblower Protection Act. The telephone number and email address are stated on the Corporate Compliance Card that is distributed to all domestic Yokohama Rubber Group's employees. There are two hotlines, an internal hotline and an external hotline. As the external hotline has been established at an external law firm, independence has been secured for this hotline. Additionally, we have established an "Anything You Can Ask" consultation service, where any employee can anonymously ask questions about compliance. In fiscal year 2023, there were a total of 242 reports and consultations through both the hotline and "Anything You Can Ask."

Yokohama Rubber has introduced a "Global Whistleblower System" at its overseas subsidiaries that allows the Yokohama Rubber Compliance Department to directly identify any violations of competition laws, bribery-related activities, and violations by local subsidiary executives through an external contact point. In February 2018, adoption of the new System began in China at the company responsible for overall supervision of our China-based operations and at our tire sales company in China.

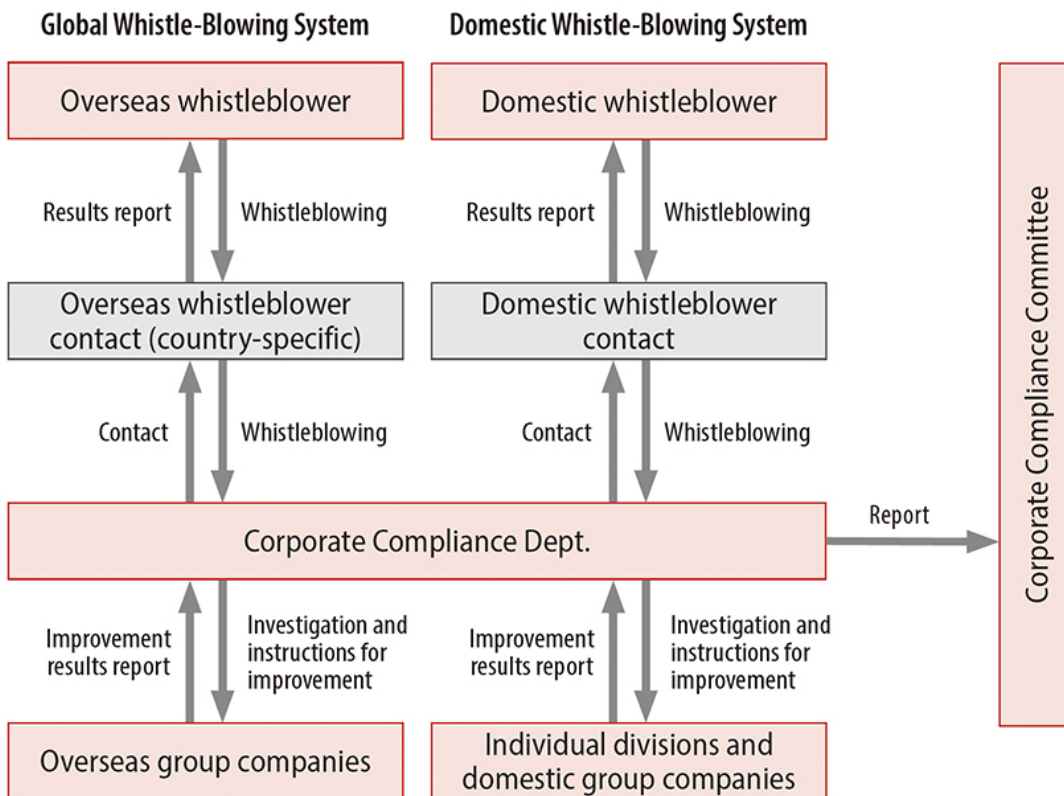
By 2022, the introduction of the system in China, the Philippines, Thailand, Vietnam, and North America has been completed with the exception of some offices.

Beginning in 2023, we will begin studying the introduction of the system at our production facilities in Indonesia. We have begun implementing this initiative at our production facility in Indonesia, starting in November 2023. In Europe, our European headquarters signed a contract with a company that provides a whistleblowing system, and it implemented a joint whistleblowing system that it uses along with its eight subsidiaries. In addition to serving as a whistleblowing system for these nine companies, including the controlling company, the system also functions as a global whistleblowing system in which the Corporate Compliance Dept. directly receives reports from local employees depending on the content of the report. This system has been in operation since January 2021.

Whistle-Blowing System (Flow chart)

In operating both our global and domestic internal reporting systems, we have established Yokohama Rubber Group Internal Reporting Rules and Global Internal Reporting Rules that include whistleblower protection provisions. These rules explicitly state that whistleblowers will not suffer any disadvantages for reporting violations.

Whistle-Blowing System



Thorough enforcement of compliance through monthly reports

84 Compliance Promotion Managers have been assigned to Group companies in Japan and overseas. We respond appropriately in coordination with the Corporate Compliance Department to issues that occur in various situations including the workplace and external transactions.

Each compliance officer sends a monthly report to the Corporate Compliance Department as part of efforts to enable an advance understanding of issues.

Manager of the regional headquarters in China



Li Xu
(Yokohama Rubber (China) Co., Ltd.
; Y-CH)

Manager of Japanese tire distributors



Tsutomu Ishijima
(Yokohama Tire Japan; YTJ)

Manager of Japanese industrial product distributors



Seiichi Endo
(Yokohama Rubber MB Japan; YMJ)

Being able to appropriately monitor the state of compliance at overseas subsidiaries is an important issue. By making effective use of the periodic reporting system that is already being implemented, and of the global whistle-blowing system that we have begun to adopt, we are approaching the stage where we will be able to effectively monitor compliance issues at each overseas business location.

Compliance Audit

We conduct an annual operational audit by our Audit Office. This audit covers 11 areas, ranging from accounting to safety, environment, industrial waste management, and our code of conduct and compliance. We use audit procedures based on our rules and guidelines to ensure that operations are conducted in accordance with these standards. We then issue recommendations and suggestions for improvement, aiming to prevent irregularities and errors. In fiscal year 2023, we conducted audits at 20 locations and issued 495 recommendations and suggestions.

Review of FY 2023 Activities

Education and Awareness Raising Activities

Using internal compliance issues as themes, we offer both general compliance materials that we would like all employees to know about, as well as contents for specific departments and positions, with teaching methods that include the distribution of educational materials, group learning at work, and group education.

In 2023, we continued our education programs on harassment and quality misconduct, and also expanded them to include topics such as personal information protection, paid leave, and workplace accidents.

Workplace Learning in 2023	
January	Personal Information Protection
February	There are cases where we may not be able to respond to reports.
March	Difficulty Taking Paid Leave
April	Adhering to Operational Guidelines
May	Instances Where Harassment Was Not Addressed
June	Taking Confidential Business Information
July	Driving Under the Influence of Alcohol
August	Regarding Workplace Accidents
September	Regarding Stamps and Signatures
October	Appearance
November	Preventing Quality-Related Misconduct
December	Establishment of a Reporting Hotline and Request for Cooperation

Anti-Corruption Initiatives

The Yokohama Rubber Group Code of Conduct declares the following; We will not only comply with laws and regulations but also with social norms. We will not engage in any act that violates competition laws, bribery, or any act that deviates from the law or business practices. We will maintain sound relationships with political and administrative entities, both inside and outside the country, and will not engage in bribery. We do not entertain, give gifts or give money to our business partners for the purpose of gaining unfair advantage. It refers to actions against business partners as well as public officials. The Anti-Bribery Policy also prohibits the act of bribery for the following "officers and employees of a private company subject to commercial bribery, and any other person who may be a guest of any bribery offense".

Furthermore, regarding the approval procedures for delicate transactions (gifts, entertainment, etc.), we are processing these in accordance with the "Points to Note When Disbursing Funds, etc." and "Points to Note When Receiving Funds, etc." sections of this policy. We are working to ensure compliance through awareness and education of Yokohama Rubber Group members, and through the CSR Procurement Guidelines for third-party suppliers.

The global whistleblower system is designed to provide an external point of contact to prevent "bribery" as well as "competition law violations" from occurring as quickly as possible.

To ensure the effectiveness of the system, we are making every effort to educate all employees at planned subsidiaries overseas prior to implementation.

Educational achievements (FY 2023)

(Unit: persons)

Training opportunities	Persons
Antitrust Law Training (Cartel Prevention)	2,718
Antitrust Law Training (Abuse of a Dominant Position)	3,399
Pre-Departure Training for Overseas Assignments	23
Pre-Departure Training for Overseas Branch Managers	5
Newly Appointed Manager Training	21
Grand total	6,166

Privacy policy for employees

We strictly manage employees' personal information by obtaining prior consent by quoting the purpose of its usage. We understand the importance of employees' personal information and ensure its proper treatment; we also let our employees know, through our internal intranet, that we continue to take measures to protect their personal information.

Measures against violations

- No sanctions against violations of the Anti-Monopoly Act have been imposed on our company.
- No sanctions against fraudulent accounting practice, discrimination or misconduct in the workplace have been imposed on our company.
- No sanctions against violations of environmental regulations have been imposed on our company.
- No complaints have been lodged over loss of customers' data.

Taxation Transparency

Yokohama Rubber Group Tax Policy

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. We also disclose Tax Policy to ensure the tax transparency of the Yokohama Rubber Group. This policy covers Yokohama Rubber Co., Ltd. and its subsidiaries.

Legal Compliance

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. Furthermore, the Group understands and respects the legislative purpose and spirit of such tax laws etc.

Tax Governance

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.

Transfer pricing taxation

With regard to intra-group transactions within the Yokohama Rubber Group, the Group's policy is to set prices based on function and risk, in accordance with the arm's length principle specified by the OECD Transfer Pricing Guidelines.

Tax planning

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.

Application of tax incentives

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

Relations with Tax Authorities

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

Corporate income taxes paid were as follows.

Yokohama Rubber's corporate tax payments

(Unit : billion yen)

	FY2021<1/th>	FY2022	FY2023
Domestic	52.9	92.3	76.4
Overseas	85.3	162.9	201.3
Total	138.2	255.2	277.7