

# Yokohama Rubber CSR Report 2021

# Caring for the Future



### Corporate Philosophy

### **Basic Philosophy**

To enrich people's lives and contribute to their greater happiness and well-being by devoting our whole hearted energies and advanced technology to the creation of beneficial products.

#### Management Policies

- Take on the challenge of new technologies to produce new value.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves, and energizes people.
- Deal fairly with society and value harmony with the environment.

#### **Action Guidelines**

Develop ourselves so that we may give our personal best.
 Trust, challenge and improve one another.

Nurture a welcoming, open spirit.

#### **Corporate Slogan**

Excellence by nature

### The Founding Spirit

- 1. Production business is a social service. Its purpose is to make people's lives more convenient and enjoyable. Its aim should be to offer good, useful products at moderate prices.
- 2. There must be a basic commitment to delivering quality products unrivaled by those of competitors.
- 3. Management should adhere to the principles of fairness and consideration. The mission of a fair, honest management is to ensure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers to act, in other words, rationally.
- 4. A company should have as few employees as possible and make the best use of the productivity of machines. This is the great secret for improving efficiency.
- 5. The success or failure of a business depends on how much one is willing to study, and with how much determination, to mutually improve and grow. Accordingly, one must make a great effort.

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# CSR Slogan



### Yokohama Rubber and the SDGs



The Yokohama Rubber Group is implementing CSR-aware ESG management that involves the integrated promotion of business expansion and CSR, based on a mediumand long-term perspective that aims to realize a sustainable society.

By linking the Group's CSR vision – "Caring for the Future" – with the U.N. Sustainable Development Goals (SDGs), Yokohama Rubber is making clear its goal of addressing social issues through its business activities, and the significance of this goal. All of us in the Yokohama Rubber Group attach great importance to our family members and our work colleagues, and we strive to realize environmental and social harmony and fairness in our daily business activities. With this in mind, we are collaborating with all of our stakeholders to strive to realize an enhancement of the company's social value and corporate value through the SDGs.

\* Adopted at the United Nations Sustainable Development Summit in September 2015, the Sustainable Development Goals (SDGs) comprise 17 sustainable development goals and 169 individual targets.

# **Editorial Policy**

With the aim of realizing our corporate vision – "to build a trusted identity as a contributing member of the global community" – the Yokohama Rubber Group has been rolling out a series of corporate activities that are deeply rooted in the individual regions where we operate throughout the world, under our new YX2023 medium-term management plan. To this end, we are working to address social issues on the basis of the five key themes that our CSR slogan – "Caring for the Future" – embodies.

This Report was created to share the Yokohama Rubber Group's policies, code of conduct and approach to CSR, orientation, specific measures, performance, and how they relate to the U.N. Sustainable Development Goals (SDGs) and other international accords, in a concise and clear manner.

Period covered by the Report January 1, 2020 to December 31, 2020 (Information includes some activities which were conducted in or after January 2021)

# **Available Online Content**

To help ensure that our stakeholders enjoy peace of mind, we disclose information about our high-quality monozukuri manufacturing operations and our environmental, social and corporate governance (ESG) measures on our CSR website (which follows the GRI standard for sustainability reporting) and in our financial results and annual report.





### **Message from the President**

# Creating Value for All Stakeholders

# Masata<mark>ka Yamaishi</mark>

President and Representative Member of the Board

We will strive to generate value and solve social issues in a way that is compatible with the times, based on the belief that implementing a growth strategy to achieve stable corporate management and growth will contribute to the happiness and enrichment of people, society, and the world.

#### Making employee safety the No. 1 priority

The first incident I faced when I took over as president in 2017 was a factory accident. A fire broke out at our factory in the Philippines, and we were determined not to let it happen again. To that end, we have made efforts to create business operations that prioritize safety, and we have invested in safety measures. At present, we need to review our safety risks, reinforce our mentality, and raise our level of awareness. To rebuild the system, which includes evaluating safety measures, we have designated this as a key issue in our new medium-term management plan. We are more determined than ever to create a workplace where our employees can work with peace of mind.

With regard to the COVID-19 pandemic that began in 2020, the Yokohama Rubber Group has also been affected by the outbreak at its plants in India, the United States, and elsewhere. In addition to taking a number of measures to prevent infection clusters from occurring in the workplace, we declared a state of emergency within the company before the Japanese government declared its own emergency in March 2020. With the safety and security of our employees as our top priority, we have implemented measures that include announcing that we would pay employees' salaries even if plants were closed so that they could concentrate on their work with peace of mind.

# YX2023: Generating new value in anticipation of the next 100 years

In 2017, we celebrated the 100th anniversary of our founding. Ever since, we have formulated and implemented a medium-term plan every three years and fashioned a grand design for our business operations. While we created a plan for 2020, we were extremely disappointed that the COVID-19 pandemic forced us to suspend a variety of measures. However, in February 2021, we formulated a new medium-term management plan, Yokohama Transformation 2023 (YX2023), and were able to indicate the new direction we are heading in. Amidst the global upheaval occurring in the automotive industry, we are aiming for a new phase of growth by means of a global strategy that focuses its response on the CASE<sup>\*1</sup> and MaaS<sup>\*2</sup> trends, as well as a strategy that maximizes the number of high value-added products we provide.

One of the important themes of YX2023 is generating new value for Yokohama Rubber over the next 100 years. We will strive to create a system that offers value not only to our customers, but also to all of our stakeholders. The "Y" in YX2023 stands not only for YOKOHAMA, but also for "YOU." We will transform ourselves by raising awareness among our employees themselves.

#### ESG management that helps us care for the future

To make our goal of "Caring for the Future" a reality, we will engage in management that emphasizes both ESG management<sup>\*3</sup> and SDGs<sup>\*4</sup>.

• In terms of cooperating with industry organizations, we are taking part in the Tire Industry Project (TIP) being led by the World Business Council for Sustainable Development (WBCSD) along with 11 tire manufacturers. In doing so, we are establishing a roadmap for the SDGs and working together to address issues such as the environment, human rights, and sustainable procurement.

• In terms of products, we provide our customers with lightweight, fuel-efficient, durable, and safe products that help contribute to environmental conservation. We are also looking into new business opportunities, one of which is the SensorTire Technology Vision, a medium- to long-term vision for technological development of passenger vehicle tires. This will contribute to automobile safety and security by providing information from Sensor Tires equipped with sensing functions to drivers and a number of external businesses.

• In terms of the environment, we have been working to expand the utilization of renewable energy sources to achieve carbon neutrality. To fulfill our responsibility to supply decarbonized products that satisfy customer demands, we will formulate a vision of the company we want to be in 2030 and a roadmap to 2050 by the end of this fiscal year. With regard to achieving a circular economy, we have set a goal for using 30% or more renewable/recycled materials by 2030. In addition, we recognize the importance of the TCFD<sup>\*5</sup> and will consider disclosing information in accordance with its recommendations. I personally believe that it is important to clarify what our objectives are so that we can firmly integrate our goals into our business operations as opposed to simply setting goals.

 When it comes to other regions and human resources, it will be extremely vital for us to localize our operations as we accelerate our global expansion going forward so that we can hire the most appropriate personnel in each country and region. We will need to appoint local executives who have a solid understanding of the region in which they are based, as well as create a system that allows them to collaborate closely with the regional headquarters to make locally-led management a reality. We are hoping to achieve not only gender diversity, but global diversity as well. Another important point is evolution. If we simply go about our daily routine, innovation will not be possible. Promoting evolution will require us to recruit external human resources and bring in fresh knowledge and know-how, and then integrate this with what we have accumulated internally. I believe that this is only possible by encouraging diversity.

• In terms of governance, companies are public institutions that exist within society, and ensuring that management is transparent is of the utmost importance. We are making steady efforts to enhance our system of governance, and there are currently five outside directors on the Board of Directors and three outside corporate auditors on the Board of Corporate Auditors, with outside directors accounting for the majority of the members. When selecting our outside directors, we emphasize diversity in terms of skills, gender, and global background. With regard to global governance,



we have established a governance structure that includes a controlling company to ensure cooperation between the headquarters and subsidiaries, with the goal of harnessing the full potential each region's personnel. While we are taking affirmative steps to comply with revisions in the Corporate Governance Code, what essential is that we act based on sound logic. Growth requires that we continue to think and act in pursuit of generating value within the ESG framework, particularly as we work to promote governance and diversity.

#### To our stakeholders

In promoting YX2023, we are working to create value that is appropriate for the times. Doing this requires not only that we firmly establish a profitable model in the tire business, but that we work to achieve ESG and the SDGs. I believe that two-pronged management that emphasizes offense and defense, rather than one or the other, is precisely what will lead us to success and what embodies the exploitation and exploration we are aiming for in YX2023. I am convinced that our mission is to help solve regional and social issues through ESG management by steadily implementing our current plans, all while keeping an eye on the future direction of our business. I am sure that all of us will make ESG management a reality by incorporating this mindset into our work and turning it into a steadily growing body of organizational knowledge. Next year, we would like to announce a clearer direction for our ESG management. I hope that all of our stakeholders will continue to show understanding toward our activities and trust in our future growth.

- \*1 CASE: An acronym that means "Connected, Autonomous, Shared & Services, and Electric."
- \*2 MaaS: An abbreviation for Mobility as a Service. It is a new concept in which several types of transportation services are integrated and provided to users.
- \*3 ESG: An acronym that means Environment, Social, and Governance, an evaluation of the long-term growth of a company.
- \*4 SDGs: An abbreviation for Sustainable Development Goals, which are goals set by the United Nations to be achieved by 2030.
- \*5 TCFD: Task Force on Climate-related Financial Disclosures, which recommends the disclosure of information related to climate-related risks, opportunities, and financial impacts.

### Formulating the Medium-term Management Plan YX2023 and Caring for the Future

Yokohama Rubber is committed to enriching both the earth and society through its medium-term management plan, Yokohama Transformation 2023 (YX2023).

### Social Change and Challenges

### Business Environment

- Decrease in the number of privately owned vehicles and increase in the number of infrastructure-related vehicles due to the expansion of CASE and MaaS
- Distribution using electric vehicles and automation
- Intensifying price competition for tires

#### Society

- Improvement of occupational health and safety and prevention of infectious diseases
- Changing values with regard to work styles
- Prevention of complicity in child and forced labor in the company and suppliers
- Social impacts on suppliers

### Medium-term Management Plan YX2023





Implement a growth strategy for the next generation based on two approaches: "Exploitation" of existing businesses and "Exploration" in response to changes in the market.





- Climate change problems
- Changes in/impact on the natural environment by our production bases and suppliers
- Dependence on natural resources
- Switch from fossil resources to sustainable resources

#### **Corporate Governance**

- Maintenance and strengthening of foundation for proper organizational governance
- Demanding effectiveness and diversity within the board of directors and organization

The Earth



People



Community



Corporate Governance

Exploitation Raise high value-added tire sales ratio ADVAN GEOLANDAR WINTER BOLANDAR WINTER ADVAN MINTER DVIN Services DX: Digital Transformation	<ul> <li>Consumer Tires</li> <li>Raise high value-added tire sales ratio</li> <li>Strengthen core products and brands by leveraging original technologies and superior quality</li> <li>Promoting product and regional business strategies</li> <li>Commercial Tires</li> <li>Strengthening cost competitiveness and our system of services</li> <li>Promoting Digital Transformation (DX)</li> <li>Formulating Yokohama Sensor Tire Technology, etc.</li> <li>Developing a full line of products to reform distribution</li> <li>Integrating off-highway tire business and multi-brand strategy</li> <li>Strengthening the foundation for growth in our truck and bus</li> </ul>	P. 07 -
Focusing resources in areas of strength       Strengthen / expand by allocating resources to core product areas       Hose & couplings Growth drivers     Inductis products Stable earnings       Business restructuring       Hamatite Focus on core areas     Aerospace products Structural reforms	tire business Multiple Business Shift Portfolio to Products with Highly Stable Earnings and Strong Growth Potential Hydraulic hoses: Strengthen market presence Car pipes: New growth-driving technologies (response to CASE) Strengthen efforts toward hydrogen society (hydrogen filling hose) Belts: Establish dominant presence in core-strength markets Marine products: Maintain high market share & strengthen production bases	
<ul> <li>Carbon neutrality init</li> <li>Circular economy init</li> <li>Renewable/recycled in</li> <li>Sustainable natural rule</li> </ul>	iatives raw materials: 30% or more by 2030	P. 11
	sures to enhance both management and managers nt where everyone can maximize their abilities. ecure workplace	P. 13 →
<ul> <li>Contribution to the lo</li> <li>Support for disaster a</li> </ul>	nt in accordance with the CSR Procurement Guidelines ocal community through COVID-19 measures rea ficult issues through the YOKOHAMA Magokoro Fund	P. 15
<ul> <li>Global governance</li> <li>Strengthen global ma</li> <li>Expand our whistlebl</li> </ul>	anagement ower system to overseas sites	P. 17 ➡









- Providing even greater safety and convenience by creating services for tires
- Stable driving on snowy and wet roads
- Reduced fuel consumption with ultra wide base tires
- Contributing to hydrogen vehicles

#### **Product-related Initiatives**

- Customer health and safety
- Marketing and labeling
- Customer privacy

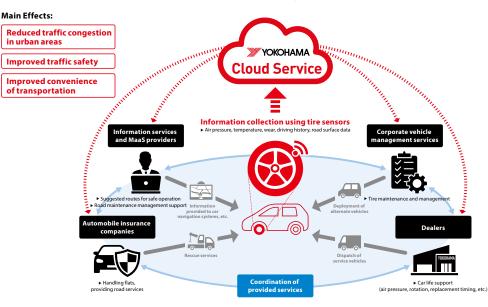
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### More Comfortable Tires with Tire Sensor Technology Establishing the SensorTire Technology Vision

The DX<sup>\*1</sup> movement in the automotive industry is said to be a once-in-a-century period of transformation, and the so-called CASE<sup>\*2</sup> and MaaS<sup>\*3</sup> trends are expected to penetrate the market and significantly change consumer behavior.

The mobility-based society of the future aims to allow users to lead rich, sustainable lives while using mobility in a safe and secure manner. Advantages of such a society include eliminating traffic congestion in urban areas, reducing CO<sub>2</sub> emissions, reducing air pollution, increasing green spaces by reducing the number of parking lots, and contributing to last mile mobility to help those with limited mobility and access to transportation.

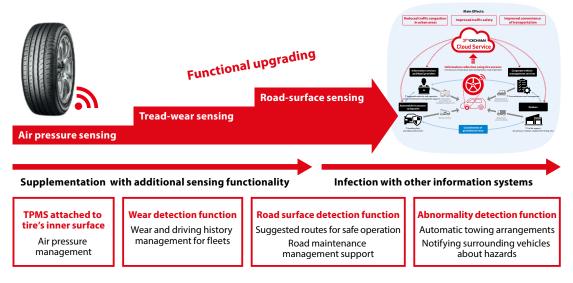
- \*1 DX: Digital Transformation (penetration of advanced IT technologies)
- \*2 CASE: Acronym for Connected, Autonomous, Shared & Services, and Electric.
- \*3 MaaS: Abbreviation for Mobility as a Service. An abbreviation for Mobility as a Service, a new concept in which various types of transportation services are combined into a single service and provided to users.



#### Services to be achieved through SensorTire Technology

To support this mobility-based society, Yokohama Rubber will encourage the enhancement of information services through the digitization of tires in response to vehicles becoming increasingly electric and automated. We will develop IoT tires under our "SensorTire Technology Vision," a medium- to long-term technology development vision for passenger car tires announced by Yokohama Rubber in February 2021. These are advanced sensor tires that can detect tire wear and road surface conditions as well as air pressure. This information will be used to improve our mobility services. We will also expand the implementation of service vehicles that perform replacements, inspections, and tire management at corporate clients such as car dealers and car-sharing operators. As a tire manufacturer, we will strive to deliver safe and secure information services in addition to the comfort offered by conventional tires, such as low noise and riding comfort.

#### Conceptual diagram for YOKOHAMA SensorTire Technology Vision



#### Improved services provided by enhanced sensing functions and real-time capabilities



**Examples of sensors under development** 

#### Looking Toward a New Mobility-based Society

Yokohama Rubber is conducting R&D with Alps Alpine Co., Ltd., a company skilled in sensor development, to process and manage the data acquired from tires and road surfaces using digital tools. Going forward, we will develop systems and applications that feed the data acquired from tires back to users or automated vehicles. Based on the concept of turning the real world into a library, we are looking into creating a new business by working with ZENRIN CO., LTD., which has a large supply of information on maps, road regulations, road slopes, and more, to link a wide variety of dynamic information.

Alps Alpine, ZENRIN, and our company will utilize

experimental vehicles equipped with IoT tires to acquire a variety of road surface information from public roads and link it with high-precision maps and road regulation information.

Our goal is to provide future solutions by analyzing the data from this demonstration experiment. For example, we will investigate and propose solutions that include navigation that avoids steep slopes and curves by detecting wear and lack of air pressure, safe driving support through the provision of information on frozen road surfaces and road cave-ins, and automatic vehicle control.



Ultra-flat tires

Normally, the rear wheels of trucks are dual wheels due to the heavy loads they bear. Yokohama Rubber's 903W tire for trucks and buses is an ultra-flat tire that offers both excellent studless performance and long wear life. Combining dual tires into a single tire reduces the weight (by approximately 19-28%) and saves space. This makes it possible to increase the loading and unloading capacity of the cargo bed while simultaneously making maintenance work such as tire reassembly and daily inspections easier. This was made possible through the use of SpiraLoop®, a proprietary technology that utilizes seamless belts to reinforce the structure of wide tires and maintain their shape. The product was praised highly for its commercialization and received the "Good Design Best 100" award in 2020.

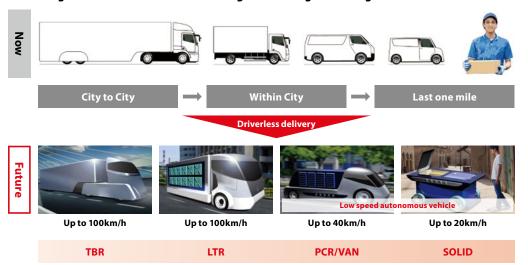
In terms of truck distribution, where demand is expected to increase in the future, we will lend our support by addressing the shortage of drivers and providing labor-saving maintenance.

Our strength lies in our ability to provide a one-stop shop for a wide variety of tires for long-distance truck transport, short-distance transport, and last mile delivery that puts cargo into people's hands. We will continue to improve logistics efficiency with our ultra-flat tires using our proprietary SpiraLoop® technology, while also developing technologies and expanding our product lineup to meet the need for fully automated transportation. This will secure our place in the market in the face of future transformations in distribution.

# Recognized as a winner of the Good Design Best 100 Award in fiscal 2020



- Weight reduction of approx. 100 kg per axle (for a set of tires and wheels)
- Improved flexibility in vehicle design due to space saved in the tire unit
- Environmental impact reductions due to waste tires
- Environmental impact reductions due to fewer discarded tires



#### Predicting current and future vehicle changes according to the stage of distribution

#### Strengthening the R&D System (Improving Winter Tire Performance on Ice and Snow)

We are constantly engaged in research and development to ensure that our customers can enjoy safe and secure driving in various weather conditions and on rough roads.

We are also actively working to improve the ice and snow performance of winter tires, including studless tires, and have winter tire test centers in Hokkaido and Sweden. The Hokkaido Tire Test Center features one of the largest indoor ice testing facilities in Japan at approximately 100 meters long, and we are enhancing its system of development by installing new refrigerant equipment that enables development in various temperature ranges\*.

\* At a reference room temperature of 5 degrees Celsius, it has the ability to adjust the ice surface temperature between -10 and 0 degrees Celsius.



Tire Test Center of Hokkaido (TTCH)



Massive New Cooling Unit at the indoor ice testing facility

#### **Hydrogen Refueling Hose**

#### Hoses for hydrogen refueling that support a decarbonized society

Currently, a number of efforts to reduce CO<sub>2</sub> emissions are actively underway. That being said, Japan is highly dependent on fossil fuels as part of its power supply mix, and it largely relies on overseas sources for its energy needs. There are also concerns about price instability due to the growing demand for energy from emerging countries.

In the Basic Energy Plan, there is an accelerating movement toward achieving a society based on hydrogen energy, which can be produced from a variety of primary energy sources, can be stored and transported in solid, liquid, and gaseous forms, and is expected to have high energy efficiency and a low environmental impact.

In this context, promoting the use of fuel cell vehicles (FCV) necessitates a hydrogen gas filling hose that can be used safely at hydrogen stations. Yokohama Rubber was commissioned by the New Energy and Industrial Technology Development Organization (NEDO) to pursue joint development and commercialization of this technology with Iwatani Industrial Gases Corp.

In our "ibar" series of hoses for high-pressure hydrogen gas, we sell ibar HG35 for hydrogen filling pressures of 35 Mpa. Compared to metal hoses, this hose is lighter and more flexible, making it easier to transport and fill, and it also provides a high degree of safety and durability.

In the future, as the cruising range of FCVs increases (assumed to be 700km), we plan to commercialize high pressure hydrogen hoses that match the international standards for the hydrogen stations in Japan and the other countries, and we are currently actively developing hoses that can handle 87.5MPa.

The hydrogen hose we are developing is intended to be lightweight, flexible, and durable, and we are evaluating it through domestic and international testing organizations. For example, we are investigating and evaluating a variety of durability tests and hydrogen gas filling cycle tests that simulate actual conditions.

Japan's strategic roadmap for hydrogen and fuel cells aims to promote and expand the use of next-generation vehicles. This includes household fuel cells and FCVs and calls for the widespread use of 5.3 million household fuel cells and about 800,000 FCVs by 2030. The target for number of hydrogen stations installed is about 320 stations by 2025. We will continue to contribute to the development of the infrastructure necessary for a hydrogen-based society.



Hydrogen station







- Achieving a decarbonized society
- Achieving a recycling-oriented society
- Securing stable and sustainable raw materials

#### **Environment-related Initiatives**

- Energy
- Water and Wastewater
- Biodiversity
- Effluent and waste
- Emissions

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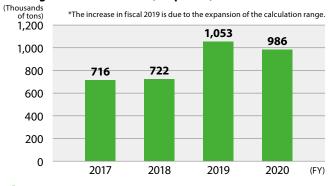
#### **Working Toward Carbon Neutrality**

Global warming is giving rise to natural disasters, including abnormal weather conditions such as heavy rain and typhoons and extreme changes in the climate such as heavy snowfall and long stretches of hot days. This is also having a major impact on ecosystems and our daily lives. If economic activity continues to expand at the rate it has been expanding at since the Industrial Revolution, the average temperature is expected to rise by up to 4.8 degrees Celsius by 2100. This brings with it a significant risk of ecosystems being destroyed due to rising sea temperatures and the disappearance of land due to rising sea levels, as well as widespread wind and flood damage. To prevent this, the international community has set a common goal of achieving carbon neutrality (zero effective CO<sub>2</sub> emissions based on the amount of CO<sub>2</sub> emitted and absorbed) by 2050.

Yokohama Rubber will continue advancing the following initiatives to achieve carbon neutrality while also pursuing its economic activities. We will also address customer demands for a decarbonized society in a timely manner, as well as promote research and development and the provision of products and services as a company that plays a part in this effort.

- Environment-related social contribution activities (in cooperation with local communities)
- Environmental risk prevention and countermeasures
- Energy-saving activities (including the use of renewable energy)
- Resource recycling activities (reduce, reuse, and recycle)
- Promoting efficiency as part of new lifestyles

#### Changes in CO<sub>2</sub> Emissions (Scope 1+2)



# Development of wave-receiving plates for wave power generation

Wave power generation is a marine-based renewable energy system that uses the power of waves to generate electricity. It has been attracting increased attention in recent years because it has almost no impact on nature or ecosystems and is expected to generate power more efficiently than solar and wind power. Our company was in charge of the rubber plate portion of the wave-receiving plate attached to the lower part of the power generation equipment in the demonstration experiment

conducted by the Hiratsuka Marine Energy Study Group, a joint research project between the public, private, and academic sectors. The rubber plate is able to swing back and forth in large arcs by creating an appropriate "deflection" according to the size of the waves, thus achieving high energy efficiency.



Power-generating equipment being installed

#### **Working Toward a Circular Economy**

Achieving a sustainable society requires establishing a circular economy as well as carbon neutrality. Instead of the conventional economic system in which we extract resources, use them to make things, and then throw them away, our goal is to utilize discarded products and raw materials as new resources and eliminate waste. To achieve this goal, we will promote the sustainable use of materials derived from natural resources, the development of new types of biomasses and other raw materials, and the expansion of the use of renewable and recycled raw materials in cooperation with suppliers. Our goal is to achieve a usage rate of 30% or more of those raw materials by 2030.

# Developing the world's first new technology to produce butadiene from biomass

Our company developed the world's first new technology capable of efficiently producing butadiene from biomass (biological resources) through joint research by the Bio-monomer Production Laboratory with the Institute of Physical and Chemical Research (RIKEN) and Zeon Corporation. We were able to do so by discovering a metabolic pathway that can produce butadiene via less expensive intermediates, then creating and incorporating into

cells a new enzyme to achieve this. Butadiene is used as the primary raw material for the synthetic rubber in automobile tires. Butadiene is currently produced industrially as a byproduct of naphtha pyrolysis, but the creation of this



Butadiene rubber created from butadiene through new fermentation production technology

technology allows us to reduce our dependence on petroleum and reduce carbon dioxide emissions.

#### Sustainable procurement initiatives for natural rubber

Tires, hoses, and industrial products, which are our main products, require resilience, and natural rubber is widely used for this purpose.

However, most natural rubber is produced from the sap of a single species of rubber tree (*Hevea brasiliensis*), which is grown on rubber farms. This comes with risks, such as reduced production due to disease, illegal labor and child labor, and destruction of ecosystems caused by deforestation. To ensure stable procurement for the future, we are working with local government and suppliers to conduct surveys and lend our support to natural rubber farms. In fiscal 2020, we visited and interviewed 128 farms (179 in total) in the Surat Thani district of Thailand. We also collaborated with the Rubber Authority of Thailand (RAOT) to provide agroforestry seedlings for planting in natural rubber farms.

We also participated in industry activities through the TIP\*<sup>2</sup> being led by the WBCSD\*<sup>1</sup>, which we identified as an important initiative in our SDGs roadmap, as well as worked to protect tropical rainforests and the working environments and livelihoods of rubber farmers in accordance with the policies set by the GPSNR\*<sup>3</sup>, a group consisting of natural rubber producers, related organizations, tire manufacturers, automobile manufacturers, and so on.

\*1 WBCSD: World Business Council for Sustainable Development. \*2 TIP: Tire Industry Project (subcommittee).

\*3 GPSNR: Global Platform for Sustainable Natural Rubber.

#### Carbon-positive Initiatives: Yokohama Forever Forest Activities

Under the Yokohama Forever Forest Activities initiative, we have been planting trees at 14 sites in Japan and 21 sites in 8 countries overseas since 2007. By fiscal 2020, a cumulative total

of 1.04 million saplings were provided to local communities and trees planted. To date, the amount of CO<sub>2</sub> absorbed by planted trees has increased to an estimated 1,300 tons.

# Contributing to our SDGs

Here's what one person involved in wave power generation said



Wave power generation systems that utilize wave energy have a low impact on the environment, and the pendulum-type wave power generation system installed on the coast of the Hiratsuka Wave Power Station can be installed on many coasts throughout Japan. Because it can coexist with fisheries, regional revitalization efforts, and industrialization, it is the closest thing we have to a practical solution. To integrate this wave power generation system into society, it is important to harmonize and combine a number of fields, including environmental studies, regional sociology, ocean engineering, coastal engineering, mechanical engineering, electrical engineering, and ocean observations.

Dr. Rheem Changkyu Professor, Institute of Industrial Science, The University of Tokyo







- A comfortable workplace culture that encourages the acceptance of diverse values
- Improved productivity through the creation of innovation
- Cultivating a culture of safety to promote physical and mental health and eliminate risks

#### Initiatives related to people

- Child labor
- Forced or compulsory labor
- Occupational health and safety
- Training and education
- Diversity and equal opportunity

Visit our website for more information 😐

#### Promoting Diversity - Creating an Environment Where All Can Demonstrate Their Abilities

Yokohama Rubber aims to create an employee-friendly environment where employees can fully demonstrate their abilities, regardless of gender, nationality, age, or other factors.

To this end, the Diversity Promotion Taskforce will play a pivotal role in fostering a corporate culture in which each and every employee, including those of diverse backgrounds, can acknowledge and respect one another and play an active role in the company, thereby increasing productivity and generating new value that transcends conventional boundaries.

As part of this, we are promoting the theme of equality, including gender equality, beginning with support for women's participation and advancement, childcare, and senior caregivers, and expanding to include people with disabilities and members of the LGBTQ\* community.

\* LGBTQ: A general term used to describe sexual minorities, including homosexuals, bisexuals, and those whose gender identity is not clearly defined.

# Examples of various systems for a supportive work environment

- Expansion of work from home
- Reduced working hours to allow for childcare
- Expand scope of usage for staggered working hours
- Annual leave in hourly units
- Abolition of the core time period in the company's flextime system
- Formulation of measures to support employees returning to work after taking maternity & childcare/senior care leave
- Expand scope of usage for senior care and nursing systems

#### Initiatives to promote diversity

To promote diversity, we are implementing various measures to create an employee-friendly working environment.

In fiscal 2020, we held a number of online awareness-raising seminars based on the theme of "diversity of work styles."

#### Fiscal 2020 events

- Nikkei BP Lecture (Employing people with disabilities)
- LGBTQ seminars (49 participants)
- Providing health education materials on COVID-19 harassment
- Gathering seminar for working mothers and fathers
- Implementing the Cabinet Office's babysitter discount coupon system
- Course for those returning from childcare leave
- Mini MBA seminar for women (Three of six seminars held: 115 participants)
- Career development support seminar (56 participants)
- Health seminars (Mental health support, anti-harassment support, sleep, breast cancer, uterine cancer, etc.)
- Joint survey by labor and management on work from home conditions
- For all employees (1,610 employees)
- Interviews with managers (114 managers)

#### New work styles and issues

The use of the work from home system has accelerated during the COVID-19 pandemic, and while we are sorting out the advantages and disadvantages, one advantage is that a number of seminars and other events can now be held online, providing more opportunities for colleagues around the world in the Yokohama Rubber Group to learn and grow whenever it is convenient for them.

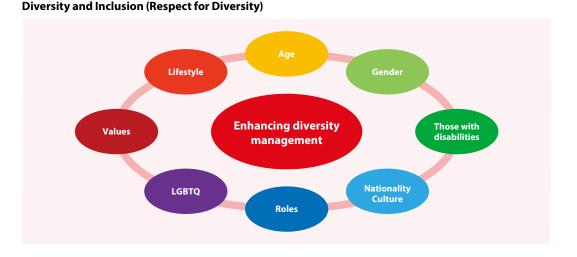
That being said, we have encountered some issues related to this new work style, such as stress caused by the telecommuting environment and a lack of communication. This includes ways of communicating with members who cannot meet directly and management methods. Now more than ever, it is imperative that we value the individual and deal with each person on a personal level, as well as utilizing a variety of management styles.

For this reason, we will make efforts to promote the reinforcement of true diversity management that respects and acknowledges each individual.

#### Promoting mental and physical health

We made efforts to address mental health through stress checks, improving the environment through heat control measures, improving health checkups, and addressing the risk of COVID-19.

We have been advancing the promotion of health in cooperation with health insurance unions, and we will continue to do so going forward.



#### Fostering a Culture of Safety: Creating a Safe and Employee-friendly Workplace

Although occurrences of occupational injuries resulting in lost work time are rare, it is important to work continuously to eliminate risks by observing decisions and identifying hazardous areas and dangerous operations. It is especially important to be prepared for troubleshooting. Workers must recognize abnormalities and follow the "stop, call, and wait" procedure, as well as shift to equipment that prevents access to sources of danger and stops when danger is approached. In fiscal 2020, through safety diagnoses and follow-ups, we strove to prevent the recurrence of accidents and identify and eliminate their potential causes, as well as eliminate hazards in advance through risk assessment and provide training related to safety and health. We will continue our efforts to foster a workplace environment free from accidents and risks.

Ms. Yuko Kobayakawa

President and CEO, Work Shift Institute

# Contributing to our SDGs

#### Becoming a Company Where Diverse Human Resources Can Shine



In fiscal 2020, we provided training for the development of women employees as well as diversity training. This training was a great success thanks to the talented employees, their devotion to the company, and the assistance of the secretariat, the members of which believed in the employees' potential and channeled their passion into making this training possible. In this era of VUCA\*, the ability to respond to change in a flexible manner is more vital than ever, and I believe that this ability can be cultivated through training. I hope you will continue to take on new challenges and evolve your mindset. I look forward to seeing future careers and continuous development of Yokohama Rubber. \* VUCA: An acronym for Volatility, Uncertainty, Complexity, and Ambiguity.









- Supporting independence from poverty and hardship
- Creating communities where people can live safely
- Revitalizing partnerships with communities
- Contributing to solutions to social issues

#### Initiatives related to local communities

- Local communities
- Market presence

#### **Initiatives related to customers**

- Supplier environmental assessment
- Supplier social assessment

Visit our website for more information 😐

### Medical Support that Addresses the Spread of COVID-19

### Support for medical funds in Tokyo and seven prefectures

In September 2020, we made individual donations of 200,000 yen (1.6 million yen total) to medical professionals in Tokyo, Ibaraki, Kanagawa, Shizuoka, Nagano, Aichi, Mie, and Hiroshima prefectures, where our headquarters and plants are located.

#### Supplying masks and disinfectant to Asahikawa City, Hokkaido

In December 2020, we donated 1,000 medical masks and 100 bottles of alcohol disinfectant to Asahikawa City in Hokkaido, where our tire test course is located and where COVID-19 was spreading rapidly.

### Donating 100 tires to Kanagawa Prefecture

for use in vehicles transporting COVID-19 patients Yokohama Rubber's Hiratsuka Plant donated 100 passenger car tires to Kanagawa Prefecture in March 2021. The tires were installed on vehicles used to transport patients with COVID-19 at 21 public health centers in Kanagawa Prefecture. (The YOKOHAMA Magokoro (Sincere Heart) Fund also contributed 100,000 yen to cover tire replacement costs.)



# Support for Organizations Through the YOKOHAMA Magokoro (Sincere Heart) Fund, and Messages from These Organizations

# Hyogo Social Welfare Corporation, The Hyogo Institute of Assistive Technology

#### Mr. Takaaki Chin, Director

The support we received in fiscal 2020 will be applied toward the manufacture and repair, etc., of myoelectric hands\* used for operation training. To ensure as many children as possible have access to myoelectric hands, we will expand the Pediatric Myoelectric Hand Bank support network, develop and commercialize myoelectric hands specialized for operation training, and work to further encourage the spread of myoelectric hands.

\* Myoelectric hand: An electric prosthetic hand that allows the user to move the fingers at will by using the small amount of muscle potential generated when muscles contract.



Myoelectric hand

#### Certified NPO corporation ChildFund Japan

#### Mr. Tetsuo Ohara, Fundraising and Public Relations Team Leader Communications and Marketing Department

Through the Sponsorship Program, our support for fiscal 2020 is being used to help four children in the Philippines gain access to education, health, nutrition, and other resources, thus enabling activities that will allow them to grow alongside their

communities. In areas we support where lives and livelihoods are at risk due to the COVID-19

pandemic, we are currently working to help the children continue their studies while preventing infection.



A letter from an employee to a child receiving support

#### Japan marrow donor program

#### Mr. Shinji Tanaka, Public Relations Team, Public Relations and External Affairs Department

This support was applied with care to cover the costs of liaising with donors and patients, organizing donor drives, and creating educational materials to recruit donors.



Donor drive



Yokohama Rubber Employees' Social Contribution Fund, The YOKOHAMA Magokoro (Sincere Heart) Fund

### Yokohama Rubber's Support for Disaster Relief Efforts

Taking part in the Japanese Red Cross Society's "ACTION! Disaster Prevention and Mitigation" efforts "ACTION! Disaster Prevention and Mitigation" is an initiative conducted by the Japanese Red Cross Society to think about those who are still suffering in disaster-stricken areas and to bolster all of society's ability to cope with potential future disasters by utilizing the lessons and experiences gained from previous disasters. This is the third time that Yokohama Rubber participated in this project, which is held every March, the month in which the Great East Japan Earthquake occurred, in cooperation with companies, organizations, and volunteers nationwide.

Yokohama Rubber has been enhancing its disaster prevention and mitigation system by promoting fire and disaster prevention activities and developing a business continuity plan (BCP). By participating in this project, we are trying to keep the memory of the Great East Japan Earthquake alive and to raise awareness about daily disaster prevention activities and disaster preparedness.

#### Donations to address natural disasters

To assist the areas affected by the torrential rains in July 2020, Yokohama Rubber donated two million yen and the YOKOHAMA Magokoro (Sincere Heart) Fund donated one million yen through the Japanese Red Cross Society, for a total of three million yen.

#### Y.T. Rubber Co., Ltd. lends support to areas affected by torrential rains and floods in Thailand

In December 2020, Y.T. Rubber Co., Ltd., a natural rubber processing company under Yokohama Rubber, donated relief supplies to households affected by the floods caused by heavy rains in Surat Thani, Thailand, where the company is located. The company distributed 5 kg of rice and 12 bottles of 500 mL bottled water to all 360 households affected in two villages adjacent to the company. We believe that our employees' prompt delivery of needed supplies to the affected households that found themselves in a dire situation helped us to further enhance our trust-based relationship with the local residents.



Yokohama Rubber Group staff delivering relief supplies and people in the Surat Thani area affected by the flood

Contributing to our SDGs

Messages from an Organization that We Have Supported



The COVID-19 pandemic has had a severe impact on children in the Philippines. Regional medical systems are inadequate, and face-to-face classes have not resumed in schools. We provided support to parents so that they can give their children lessons at home, and we provided desks and chairs to families who had difficulty providing a learning environment. With the support of our employees, we are continuing to support uninterrupted education even amidst the COVID-19 pandemic.



#### Mr. Tetsuo Ohara

Fundraising and Public Relations Team Leader, Communications and Marketing Department Certified NPO corporation ChildFund Japan







- Improving corporate value through sound management structure
- Strengthening global governance

#### Initiatives related to corporate governance

- Governance system
- CSR and environmental management
- Risk management
- Compliance
- Economic performance
- Taxation transparency

Visit our website for more information 😐

### **Management Practices that Earn Firm Trust**

We in the Yokohama 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.

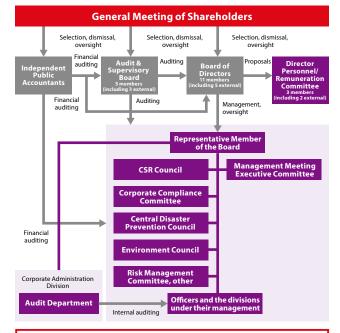
#### **Basic Corporate Governance Policy**

- 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

# Reforming the Board of Directors and Officer System and Strengthening Management

The Company's Board of Directors consists of 11 members (6 internal directors (including foreign directors) and 5 external directors (all independent directors)). Traditionally, annual bonuses for directors and corporate officers, excluding outside directors, have been based on company-wide results and individual performance. We subsequently instituted a compensation system that uses transfer-restricted stock. Furthermore, starting fiscal 2021, we introduced a medium-term performance-linked compensation system to give employees more motivation to achieve the quantitative targets presented in the medium-term management plan. In addition, the Director Personnel/Remuneration Committee for Corporate Officers and Directors of the Board of Directors, which consists of one internal director and two external directors, decides matters related to personnel/remuneration. Audit & Supervisory Board Members attend meetings of the Board of Directors as well as management meetings and other important meetings and committees to get a sense of how business operations are being conducted, obtain information as needed, and audit directors' performance of their duties.

#### The Yokohama Framework of Corporate Governance



#### **Fiscal 2020 Committee Meetings**

- Risk Management Committee: 11 times
- Personal Information Protection Committee: 2 times
- Export Control Committee: 2 times
- Information Security Committee: 2 times, etc.

The activities of the above four committees, including the Risk Management Committee, 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.

With regard to our cross-shareholdings policy, we strive to increase shareholder value through share buybacks when shares are unbundled. In terms of Group governance, we will strengthen management on a global scale by strengthening the subsidiary and expanding the internal reporting system to overseas bases.

#### Compliance System

We have established a Compliance Committee chaired by the director in charge of compliance and a Compliance Promotion Office as the division that handles implementations. The committee meets four times a year for ongoing implementation of various measures related to the Group's compliance and to report on its activities to the Board of Directors and the corporate auditors. The Yokohama Rubber Group's Corporate Philosophy and Code of Conduct have been disseminated to all Group companies, including those overseas, and serve as guidelines for the execution of duties by the directors and employees of each company.

#### Overseas Development of Whistleblowing System

For overseas subsidiaries, we have established a global whistleblowing system in which the Corporate Compliance Dept. directly identifies instances of bribery or violations of competition laws through a point of contact outside of the company. We introduced the system for the first time at our China headquarters and distributors in 2018. The system will be introduced at our production site in the Philippines in August 2020 and at our Thailand distributor in September 2020.



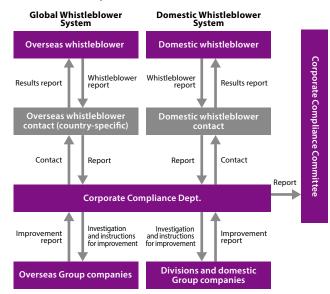
Compliance education in Thailand

Preparations are currently underway to introduce the system at our production site in Thailand.

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.

To prepare for the implementation of the whistleblowing system, training with regard to competition law violations, bribery, and fraud prevention was provided at each site. In addition, 169 Compliance Promotion Managers have been assigned to Group companies in Japan and overseas. They work closely with the Corporate Compliance Dept. to take appropriate action with regard to workplace incidents, transactions with external parties, and various other situations.

#### Whistleblower System



#### **Compliance training**

- 2020 Thailand distributor: 60 employees
- 2020 European headquarters and distributors: 230 employees
- 2020 antitrust compliance training: 2,081 employees
- 2021 Production sites in Thailand: 700 employees (planned)

# Progress of Major Initiatives

This report will contain data on our group's main efforts within the context of the ISO26000\* framework, along with three-year's worth of corresponding data. Please see our website for detailed information on each initiative.

\* ISO26000: Guidance on social responsibility for organizations such as corporations, issued by ISO (International Organization for Standardization).

		_	n Standard] $\bigcirc$ = Objective achie		-	2	
	ISO26000	ltem		FY2018	FY2019	FY2020	Self-assessment
Corporate Governance	Organizational Governance	Economic Performance	Distribution of economic value (total/non-consolidated)	348,169 million yen	360,277 million yen	302,493 million yen	$\triangle$
		Compliance	Number of employees who attended educational classes (non-consolidated) * Attendance percentage based upon employee attendance targets	100% (Number of attendees: 597)	100% (Number of attendees: 94)	100% (Number of attendees: 2,385)	(Attendance rate of over 90%) *Including educational classes at overseas and Group companies
			Number of whistle-blower incidents (consolidated) * Including anonymous and non-anonymous consultations	112	139	154	0
Products	Consumer Issues	Health and Safety of Customers, Labeling of Products and Services, Compliance	Number of cases where rules and regulations or voluntary rules have been violated regarding safety of products, labeling, or offering/use of products (consolidated)	1	0	0	0
The Earth	The Environment	Raw Materials	Total amount of raw materials used (consolidated)	796 thousand tons	812 thousand tons	700 thousand tons	0
		Water	Total amount of water used (consolidated)	8,102 thousand m <sup>3</sup>	8,718 thousand m <sup>3</sup>	8,036 thousand m <sup>3</sup>	0
		Products and Services	Percentage of total production yielding environmentally-friendly products (consolidated)	100%	100%	100%	0
			Ratio of sales of fuel-efficient tires for passenger vehicles (summer replacement tires/non-consolidated)	89.9%	90.1%	89.6%	Δ
		Biodiversity	Enforcement rate of conservation activities at production sites (consolidated)	58%	67%	69%	0
		Energy	Total consumption (consolidated)	1,333,451MWh 337,461Kl	1,787,203MWh 451,777Kl	1,647,934MWh 416,550Kl	0
		Atmospheric Emissions	Greenhouse gas emissions (consolidated)	Scope 1 371 thousand tons Scope 2 349 thousand tons Scope 3 22,055 thousand tons	Scope 1 583 thousand tons Scope 2 469 thousand tons Scope 3 22,744 thousand tons	Scope 1 535 thousand tons Scope 2 451 thousand tons Scope 3 20,798 thousand tons	0
		Environmental Complaint Processing System	Number of complaints made to the official complaint processing system (consolidated) *Number of cases resulting in official action	0	1	0	0
People	Human Rights	Child Labor/Forced Labor	Businesses projected to be at risk of child labor/forced labor involvement	0	0	0	0
			Number of complaints made to the official complaint processing system (consolidated) * Number of cases resulting in official action	0	0	0	0
	Labor Practices	Occupational Health and Safety	Rate of lost-worktime injuries (consolidated/per 1 million work hours)	0.36	0.26	0.20	0
		Diversity and Opportunity	Percentage of women employed in comprehensive work positions (management positions or positions that lead to management positions) (non-consolidated)	37%	31%	25%	Δ
Community	Fair Operating Practices	Assessment of Environmental Impact, Human Rights, Labor Practices, and Societal Impact of Business Connections	Percentage of business connections developed after the impact assessment (consolidated)	100%	70%	100%	0
		Compliance Complaints regarding Business Connections (Societal Impact Complaint Processing System)	Number of complaints made to the official complaint processing system (consolidated) *Number of cases resulting in official action	0	0	0	0
		Number of CSR Study Session Participants from Business Connections * Certain business connections are targeted each year for participation.	Number of participants/ Percentage of participation (non-consolidated) * Targets: Small-to mid-sized companies which we interact with regularly	82.1% 216	93.8% 136	100% 239	O (Participation rate of 90% or more)
	Community Involvement and Development	Local Community	Implementation percentage of community activities and dialogs at production sites (consolidated)	100%	100%	100%	0
		Promotion of Yokohama Forever Forest	Number of trees planted per year (cumulative)/Percentage of goal met	943,788 72.6%	997,401 76.7%	1,039,318 79.9%	0
		Market Presence	Percentage of business locations that have made salary payments exceeding the minimum wage (consolidated)	100%	100%	100%	0

### Yokohama Rubber Group at a Glance As of December 2020

Number of applicable

**Total Assets** Number of employees subsidiaries **Owners of Parent** 860.4 billion yen 27,252 48.3 " 13 Main Regions Where Yokohama Rubber Is Developing Its International Operations Business is conducted in **U** countries Europe **North America** Major business sites: 13 Major business sites: 12 Number of people: 1,035 Number of people: 2,885 Japan Major business sites: 35 Number of people: 10,299 Asia Major business sites: 30 Number of people: 12,832 Latin America Major business sites: 3 Number of people: 201

### **Main Businesses**

Various tires, tire tubes, aluminum alloy wheels, and other peripheral products for passenger cars, trucks and buses, pickup trucks, construction vehicles, industrial vehicles, etc.

#### **Multiple Business Operations**

Conveyor belts, various hoses, fenders, oil fences, marine hoses, rubber bearings for bridges, adhesives, sealants, coating materials, sealing materials, aircraft parts

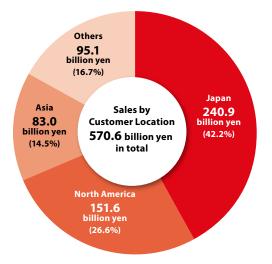
#### Tires for agricultural, industrial, Sports business, etc. construction, and forestry machinery

**Alliance Tire Group** 

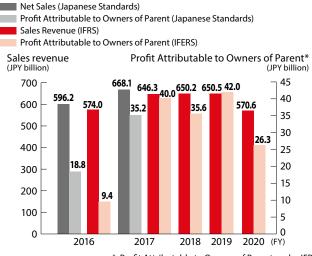
Others

**Ratio of Equity Attributable to** 

### Sales by Region (FY2020)



### Net Sales (consolidated) and Profit Attributable to **Owners of Parent**



\*: Profit Attributable to Owners of Parent under IFRS

# Third-party Opinion

This opinion has been written based on the contents of this report, and interviews held with people at Yokohama Rubber.



#### Keisuke, Takegahara Executive Fellow Research Institute of Capital Formation, Development Bank of Japan Inc.

He joined the Development Bank of Japan in 1989. Prior to assuming his current position, he served as the Chief Representative in Frankfurt, Germany, as General Manager of the Environmental Initiative & Corporate Social Responsibility-Support Department, and as an Executive Officer. He has held a number of government positions, including as temporary member of the Central Environmental Council of the Ministry of the Environment.

In brief, CSR Report 2021 is characterized by being greatly organized as a medium for disclosing non-financial information by focusing on the new medium-term management plan, Yokohama Transformation 2023 (YX2023). As a result, while maintaining its function as a bridge to convey the essence of the Group's CSR activities to a broad audience and to guide readers wanting to know more about the Group to detailed information online, this report is about to communicate a message to readers about the Group's value creation story by itself. This development is clear when contrasted with last year's report, which I also evaluated.

The biggest change is the integration of the new YX2023 medium-term management plan. First, the Message from the President clearly indicates the direction of the new medium-term management plan, especially the concept of "deepening existing businesses and exploring market changes" to create new value. On the following pages, the new medium-term management plan is expanded into five important issues and combined with a growth scenario through resolving social issues. While the previous report only listed the awareness of risks and opportunities in sustainability management, they now are integrated into the medium-term management plan and have a clear story. A straightforward example of this is the rearrangement of the important issues. The company has placed Products at the beginning, and also has increased the size by incorporating product information. In order to respond to the major changes symbolized by CASE and MaaS, the strategy of adding value in the consumer tires business and pursuing a new profit model in the commercial tires business is a concrete and easy-to-understand example of the philosophy of "Business Creation and Business Maintenance," which aims to deepen existing businesses and explore market changes, or to balance offensive and defensive positions.

The second thing that I noticed was the newly added "Value to be created" item at the beginning of each page for the five important issues, which describes the value (outcome) that the company provides to society through its business. After reviewing last year's content and asking that consideration be given, I was extremely pleased by the impression that the integration of business and social value has progressed in response to the logic of ESG investment that requires the synchronization of social issue resolution with growth strategies. In addition, I also highly appreciate the inclusion of SDGs contributions on each page of the important issues and comments from concerned parties as a way to reflect the perspectives of stakeholders.

The consolidation of business and social issues can also be seen in the content for each of the important issues. For example, in "The Earth," while the previous report focused on the risks of sustainable natural rubber sourcing, this year's report introduces both the risks and opportunities under the larger concept of carbon neutrality and a circular economy. In particular, I was highly impressed by the fact that the report clearly indicated the quantitative target of increasing the use of renewable raw materials to at least 30% by 2030, and also mentioned a new technology to produce butadiene from biomass as a concrete measure to achieve this, which shined a light on the company's innovation.

I would like to salute your efforts to considerably increase the functionality of this communication tool without greatly changing the size. Moreover, I also would like to share a few areas that I hope will be further improved in the future.

The first is the disclosure of medium to long-term targets (vision). Considering the long-term perspective which is often taken by the Group, as symbolized by the value creation scenario being set with the major changes in the automotive industry for the transition to a carbon-free society and the statement "looking ahead to the next 100 years," I believe that this is the best time to present specific long-term targets and a vision. On top of that, it is also essential to present medium-term target levels as a basis to self-evaluate recent performance data. Regarding this point, I think it would be effective to utilize the TCFD framework mentioned in the Message from the President to consider the direction of the convergence of non-financial disclosure rules expected to be developed in the future. For example, the message about the long-term sustainability of the business model will be strengthened by organizing and disclosing much of the information contained in the memorable "Products" section as risks and opportunities in each segment utilizing the TCFD framework.

In addition, it would be better if the relationship between the five important themes is elaborated further. The five of them can be divided into "Product," which shows a direct view of the business (value creation), and the remaining four that could be considered the supporting foundation. Lining up the four elements that support the business, namely the environment, people, community, and corporate governance, I feel that what needs to be mentioned will naturally come to light. The Environment section, which was revised in this report, was very convincing from this perspective. I hope that information about human capital and communities (emphasizing global diversity) will similarly be described in more detail as well.

While the level of what is requested has been raised because of the vast improvements, I look forward to seeing further changes that will continue to deepen the understanding of readers.



Ms. Joanna Sook Ja Park Appassionata, Inc., President and Consultant

Appassionata was established in 2000 to promote work-life balance and diversity. Appassionata has supported many companies with human resources development and awareness reform by addressing areas such as unconscious prejudice, diversity, and telework (working from home).

Four years have passed since the launch of the Diversity Promotion Task Force, and great progress has been made during that time to improve the level of activities based on the company's basic policy of "positioning ourselves as a company that welcomes diverse workstyles and that people will want to continue working at over the long term."

At the start of 2016, the company conducted employee opinion surveys, and interviews with all female employees, senior caregivers and managers. They listened to the opinions of employees to better understand the current situation and issues, and labor and management collaborated to develop a system that met those needs. The company has responded to the diversifying needs of employees by expanding systems that make it easier for employees to work long hours based on their needs, such as the abolition of the core time period of the flextime system, the acquisition of hourly paid leave, the expansion of the applicable scope of staggered working hours, and the establishment of childcare and senior care consultation services. Doing this creates a culture that accepts diverse values. These measures are not only for women, childcare and caregivers, but also for people with disabilities and the LGBTQ community, and are being promoted to also include men, to create a culture where everyone can recognize, respect and work together, and to support the productivity improvements and new value creation.

The company has begun to work on "increasing job satisfaction" as the next step after "enhancing the ease of working" in order to allow the active participation of diverse human resources. They will focus on fostering career awareness among individuals and strengthening diversity management among managers, with the aim of realizing common goals while respecting individual values. For women's advancement, the company is motivating female employees by not only improving their retainment but also their skills and percentage in management positions.

# **Response to Third-party Opinion**

Thank you for taking a proper look at the Group's initiatives. We will consider your feedback and use it for making improvements. In the countries and regions where Yokohama Rubber operates, we will continue to provide information to our employees and business partners to protect their safety and health against the occurrence of natural disasters and COVID-19, in addition to workstyles reforms and mutual communication.

As stated in the YX2023 medium-term management plan from the Message from the President, each and every employee aims to achieve the CSR slogan "Caring for the Future" by promoting "deepening and exploring" for new value creation and ESG management in an integrated manner. Many seminars were also held in addition to general support for balancing work. While face-to-face training was not possible due to the COVID-19 pandemic, the company promptly switched to and conducted online seminars, including measures to support career development, MBA mini courses for women, and subordinate cultivation seminars for managers. This has led to improvements in women's career motivation and manager awareness of subordinate development.

Due to the accelerated use of telecommuting and spread of new workstyles during the COVID-19 pandemic, the company conducted a telecommuting survey to identify the benefits and drawbacks. Most of those surveyed agreed that all work could be handled at home. Some of the benefits were a reduced commute and travel time, more time with families, increased work concentration and improved work productivity.

Meanwhile, drawbacks included communication problems, the work environment and network devices at home, and responding to external customers. In particular, they highlighted problems related to how to communicate. Even when it is not possible to meet face-to-face, it is best to utilize various methods to enhance communication. In terms of environments, preparing homes unsuitable for working (small, cohabiting family members) and networks is essential to prevent decreases in work effectiveness and efficiency. In addition, the discovery that management became difficult as the frequency of telecommuting increased, while once or twice a week caused no problems, will surely prove useful for its implementation post-COVID-19. One major management issue is harassment. In recent years, this has also become one of the biggest problems for many companies. In order to respond to the harassment prevention measures required through legal amendments, the company added new prohibition clauses for power harassment and SOGI harassment\*1 in its employment regulations. I also commend the company for making employees aware of the penalties for harassment, and that they may be held accountable for turning a blind eye to it. With levels of harassment failing to decrease, managers will continue to be required to raise awareness and conduct prevention activities. I hope that the company will continue to respond flexibly to the rapidly changing social and business environments, and provide support to allow diverse human resources to play healthy and active roles.

\*1 SOGI harassment: Abbreviation for "sexual orientation and gender identity," which may lead to discrimination, harassment such as bullying, and disadvantages in social life

In response to the drastic changes in the mobility society and carbon neutrality, we would like to promote the presentation

to stakeholders of medium and long-term targets and a vision that will lead to the social issue resolution in the initiatives supporting our business.

In addition to creating safe and secure workplaces as previously mentioned, we will strive to become a company where diverse human resources are welcome and can continue working for a long time as a part of global diversity.



**Gota Matsuo** Member of the Board and Managing Officer, Head of Corporate Social Responsibility Division

#### The Yokohama Rubber Co., Ltd.

36-11, Shimbashi 5-chome, Minato-ku, Tokyo 105-8685, Japan

Corporate Social Responsibility Planning Department Tel. +81-3-5400-4705

Corporate Communications Department Tel. +81-3-5400-4531

# We are continuing to make an active contribution toward tire safety and local communities

Since 2015, when our partnership with Chelsea Football Club began, Yokohama Rubber has been working together with the Chelsea Foundation – the Club's social responsibility program – to support CSR initiatives across the globe.

The Chelsea Foundation uses the power of football and sport to motivate, educate and inspire.

One of the Foundation's core activities is hosting football-coaching events for young people in their communities.

In 2021, Chelsea Football foundation and Yokohama Rubber invited key workers from three NHS trusts\* across north-west London to compete in a football tournament at Stamford Bridge to thank them for all their work during the covid-19 pandemic and give them a well-earned fun afternoon off.

This pitch day was donated to the NHS by Yokohama Rubber.

In the U.K. Yokohama Rubber has collaborated with Chelsea to remind fans of the importance of vehicle safety inspections in past few years.

Yokohama Rubber will continue to collaborate with Chelsea FC in the future, endeavoring to make a positive contribution to both tire safety and local communities.

\* NHS trust:

NHS trust is an organizational unit within the National Health Service in the U.K.



Football tournament at Stamford Bridge joined by key workers from NHS trusts







Yokohama Rubber is a signatory to the United Nations Global Compact. Yokohama Rubber is an advocate of Fun to Share, a climate change program working to realize a low-carbon society. Yokohama Rubber Group is an Official Global Tyre Partner of Chelsea F.C.