

The Future of Yokohama Rubber and CSR

CSR and Important Issues (Materiality)

Yokohama Rubber Group is committed to the ten principles of the UN Global Compact^{*1} and carries out the Plan-Do-Check-Act (PDCA) cycle following the framework of ISO 26000^{*2}.

^{*1}: A voluntary initiative in which companies participate in a worldwide framework for realizing a sustainable society by taking action as a good corporate citizen through creative and responsible leadership.

^{*2}: A set of guidelines created by the International Standards Organization (ISO) on the social responsibilities of companies and other organizations.

The Ten Principles of the UN Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



ISO 26000 Seven Core Subjects

- 1 Organizational governance
- 2 Human rights
- 3 Labor practices
- 4 The environment
- 5 Fair operating practices
- 6 Consumer issues
- 7 Community involvement and development

● Determining Important Issues (Materiality)

In 2014 we determined important issues (materiality) with regards to themes of great interest to and impacts on both the company and stakeholders, from among the many CSR issues that exist.

We focus on specific items among these and establish KPI as we work towards ongoing improvements by implementing the PDCA cycle to achieve these items.

The global environment	We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.	<ul style="list-style-type: none"> ● Materials ● Energy ● Water ● Biodiversity ● Emissions ● Products and services ● Environmental grievance mechanisms
Local communities	We build a trusted identity as a contributing member of the global community by making contributions to the development and prosperity of local communities.	<ul style="list-style-type: none"> ● Market presence ● Local communities ● Grievance mechanisms for impacts on society
Customers	We supply safe and secure products through manufacturing focused on our passion and technology.	<ul style="list-style-type: none"> ● Customer health and safety ● Product and service labeling ● Marketing communications ● Compliance (Product liability)
Shareholders/investors	We improve our company value by growing business opportunities.	<ul style="list-style-type: none"> ● Economic performance
Business partners	We promote CSR activities throughout the value chain.	<ul style="list-style-type: none"> ● Supplier human rights assessment ● Supplier assessment for impacts on society ● Supplier environmental assessment ● Supplier assessment for labor practices ● Child labor ● Forced or compulsory labor
Employees	We value and develop our people, and create opportunities for people.	<ul style="list-style-type: none"> ● Occupational health and safety ● Training and education ● Diversity and equal opportunities ● Human rights grievance mechanisms

^{*}Please see page 21 for specific initiatives for stakeholders in terms of value creation through our businesses.

Participation in initiatives in Japan and overseas

● Japan Association for the World Food Programme

We endorse the World Food Programme (WFP) in undertaking to eradicate hunger and poverty and support the activities of the WFP as a trustee.

● WBCSD (World Business Council for Sustainable Development)

WBCSD refers to the united association consists of top executives from global corporations in order to perform their leadership in their industry, have lively discussion, and propose policies with regards to the environment and sustainable development. We are participating in the Tire Industry Project which is to conduct surveys pertaining to possible impact on the environment and health to be made by tires, and to promote various activities to save energies in the buildings and offices.



● Charter of Corporate Behavior of Keidanren

We conduct business activities in accordance with the Charter of Corporate Behavior in order to gain trust and empathy from society. Furthermore, we have been in accordance with the idea of "Declaration of Biodiversity by Keidanren" and their promotion partners since 2009 to develop various approaches for the preservation of biodiversity. Basic policies and action guidelines have been set forth as "Guidelines for the Preservation of

Biodiversity."

In addition, we participate in various activities for Keidanren's Commitment to a Low Carbon Society under the vision of "Japanese business community to harness our technological prowess and assume an instrumental role in the drive to halve global GHG emissions by the year 2050".

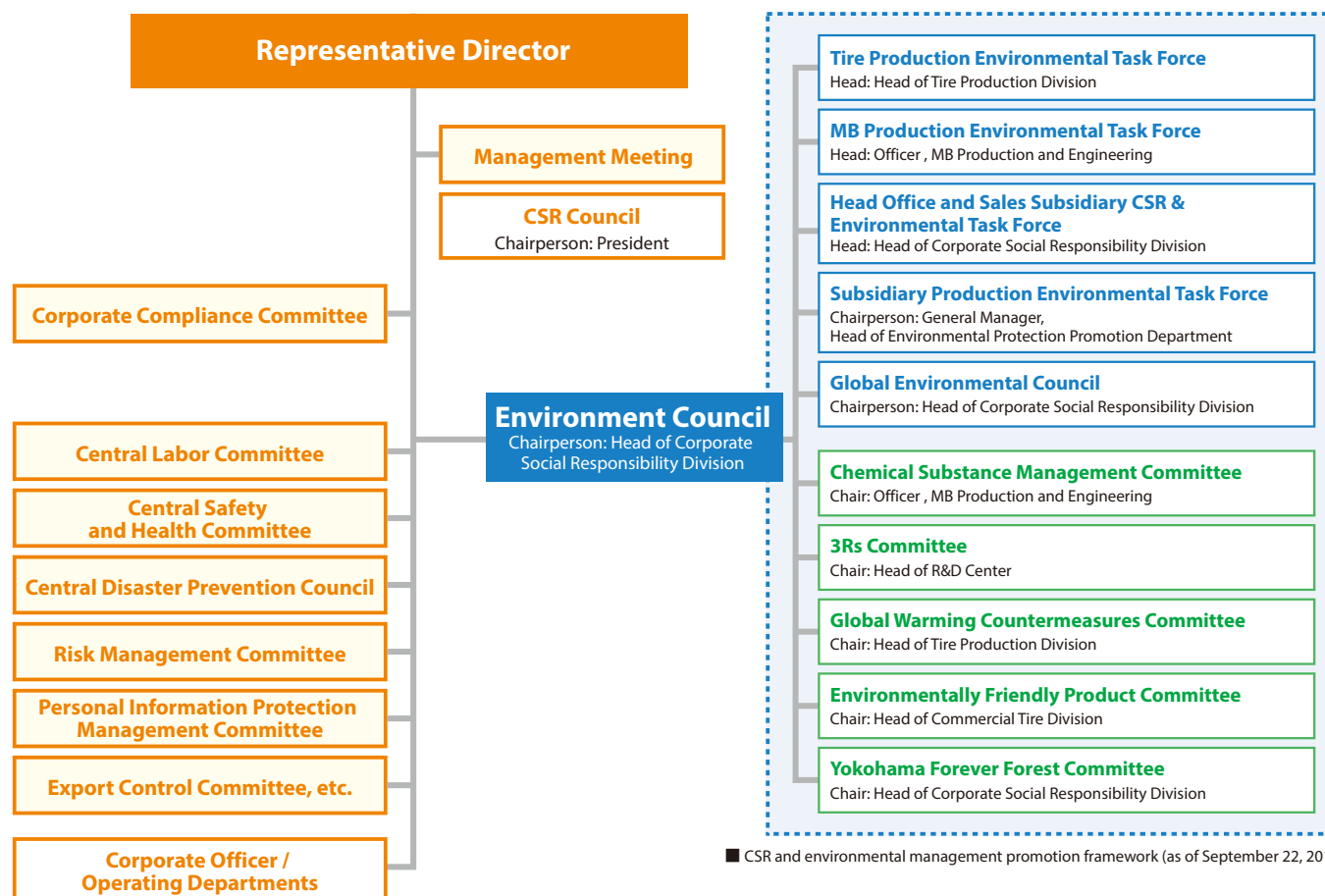
● Sustainable development goals (SDGs) adopted by the United Nations

We work to resolve important issues (materiality) as we conduct business activities that contribute to SDGs in order to achieve a sustainable society.



CSR and Environmental Management Promotion System

Twice a year, we hold a CSR Council chaired by the President and an Environmental Council chaired by the Head of Corporate Social Responsibility Division, in order to plan and review CSR issues that Yokohama Rubber Group should be addressing. Matters that affect management are reported to the Executive Committee for approval.

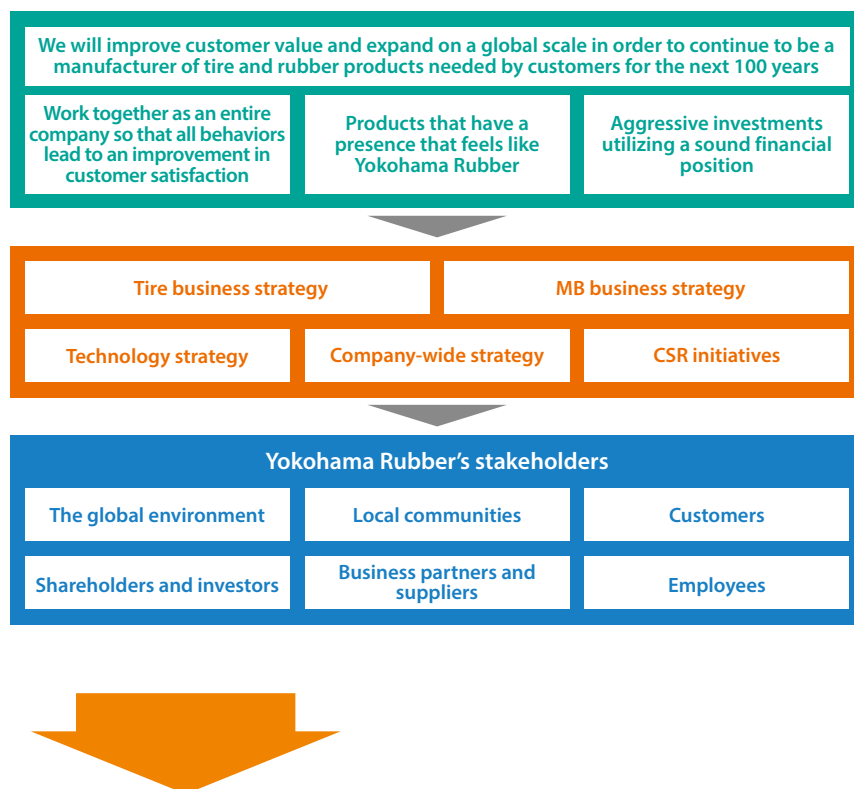


■ CSR and environmental management promotion framework (as of September 22, 2016)

Creating Value through Our Businesses

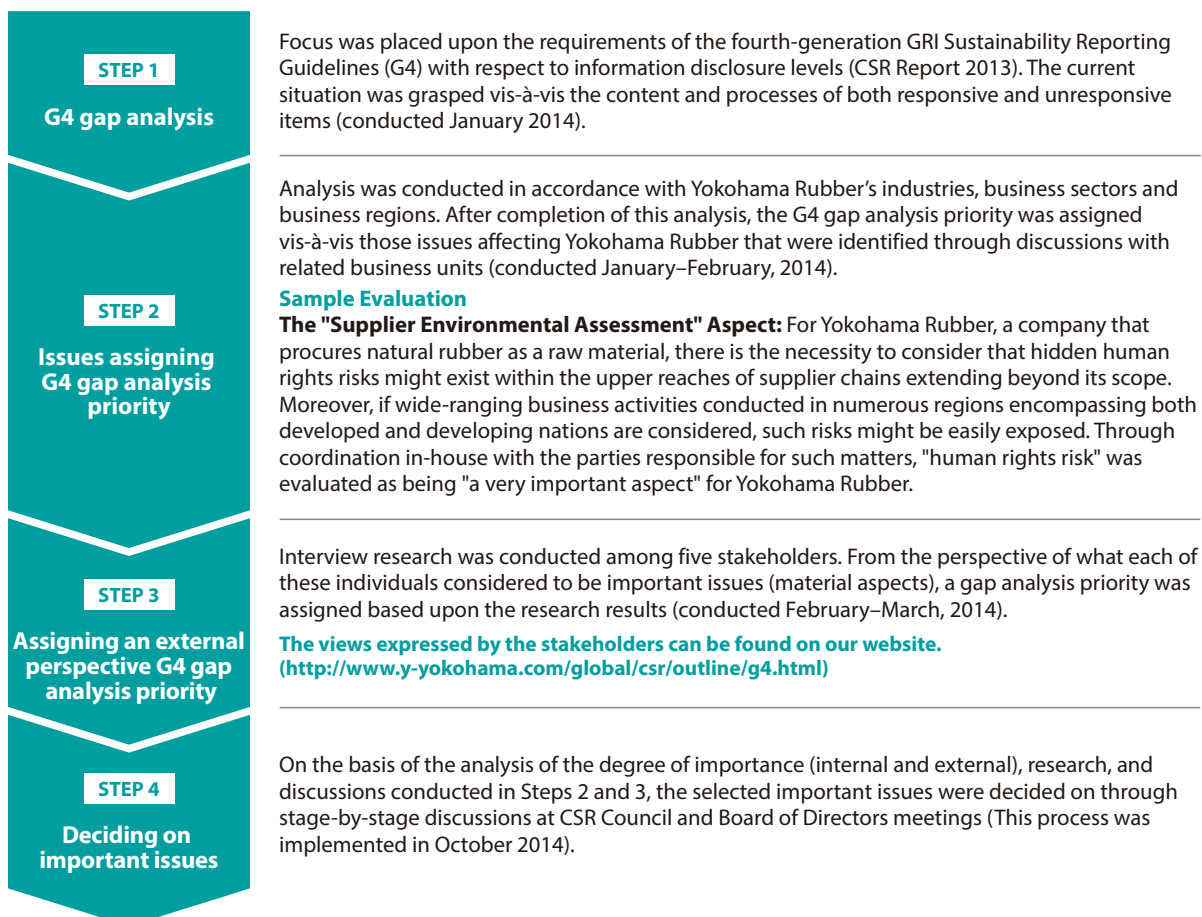
GD100 Phase IV: All for growth

Phase IV (2015 to 2017) is the culmination of GD100 and is positioned as the phase for setting the stage for progress in our company's second century and resolving issues that have arisen up until now based on the theme of "All for Growth—Open the way for the next 100 years by bringing together the potential of Yokohama Rubber". We hope to bring together all forms of growth in our business activities, including the growth achieved in each phase, the growth of the Group overall, and individual growth. Net sales of 770 billion yen, operating income of 80 billion yen, and an operating margin of 10.4% have been set as the quantitative targets for 2017. Note that due to subsequent changes in the environment, these figures were net sales of 660 billion yen, operating income of 50 billion yen, and an operating margin of 7.6% in the report for the second quarter of fiscal 2017 (as of August 2017).



Process used for identifying important issues

We identify important issues in relation to Yokohama Rubber's stakeholders and determine which issues should be prioritized.



We will strive for ongoing improvement by setting KPIs and implementing the PDCA cycle in relation to the selected important issues.