

About CSR REPORT 2015

Purpose

This report (CSR* Report 2015 Print Version) was created to share Yokohama Rubber Group's approach, activities, and commitment to "to build a trusted identity as a contributing member of the global community" to each of its stakeholders in a concise and clear manner.

In addition to this report, Yokohama Rubber Group's policies as well as its approach, orientation and performance with regard to CSR can be found on its CSR website, which contains a host of information compliant with GRI Guidelines Ver. 4 about the progress of Yokohama Rubber Group's CSR activities. We invite you to review this website together with the print version.



CSR website

Yokohama Rubber Group's CSR and Important Issues (Materiality)

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

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.



ISO26000 Seven Core Subjects

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

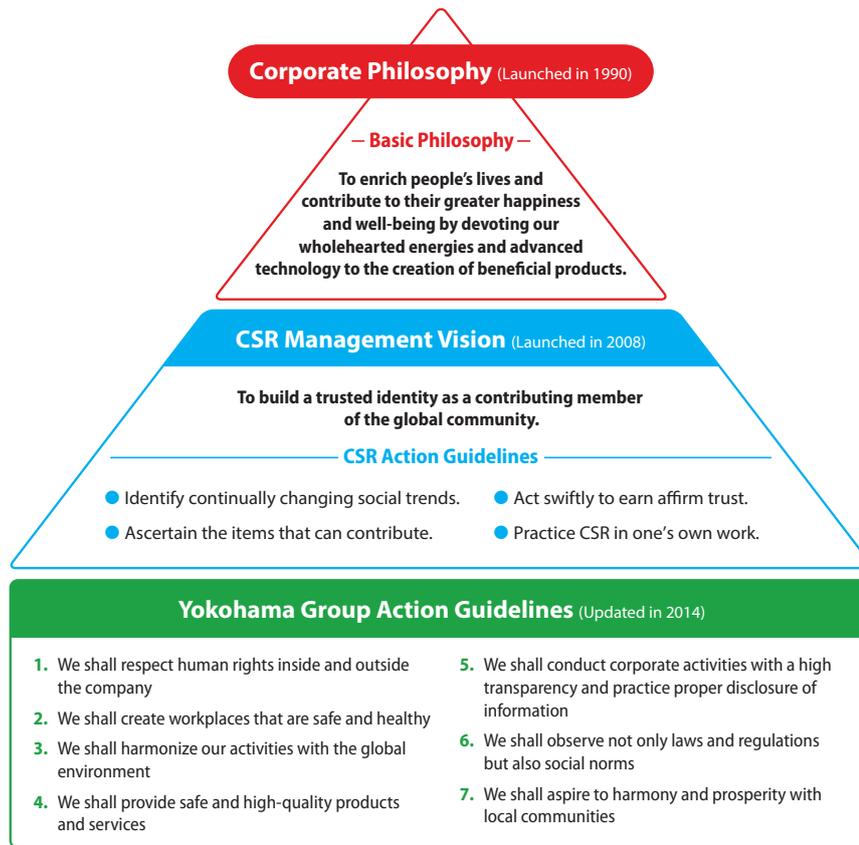
Yokohama Rubber addresses CSR in a wide range of ways. Starting in 2014, we have identified themes of particular significance for both our company and our stakeholders and carried out activities with priority rankings assigned based on these themes. Those themes that the company should fulfill for each stakeholder, including the environment, local communities, customers, shareholders/investors, business partners and employees, have been compiled into Yokohama Rubber's important issues (Materiality).

- **The environment:** We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.
- **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.
- **Customers:** We supply safe and secure products through manufacturing focused on the heart and technology.
- **Shareholders/investors:** We improve our company value by growing business opportunities.
- **Business partners:** We promote CSR activities throughout the value chain.
- **Employees:** We value and develop our people, and and create opportunities for people.

This report highlights examples of activities being implemented to solve these issues, while also presenting the thoughts of employees and messages from stakeholders.

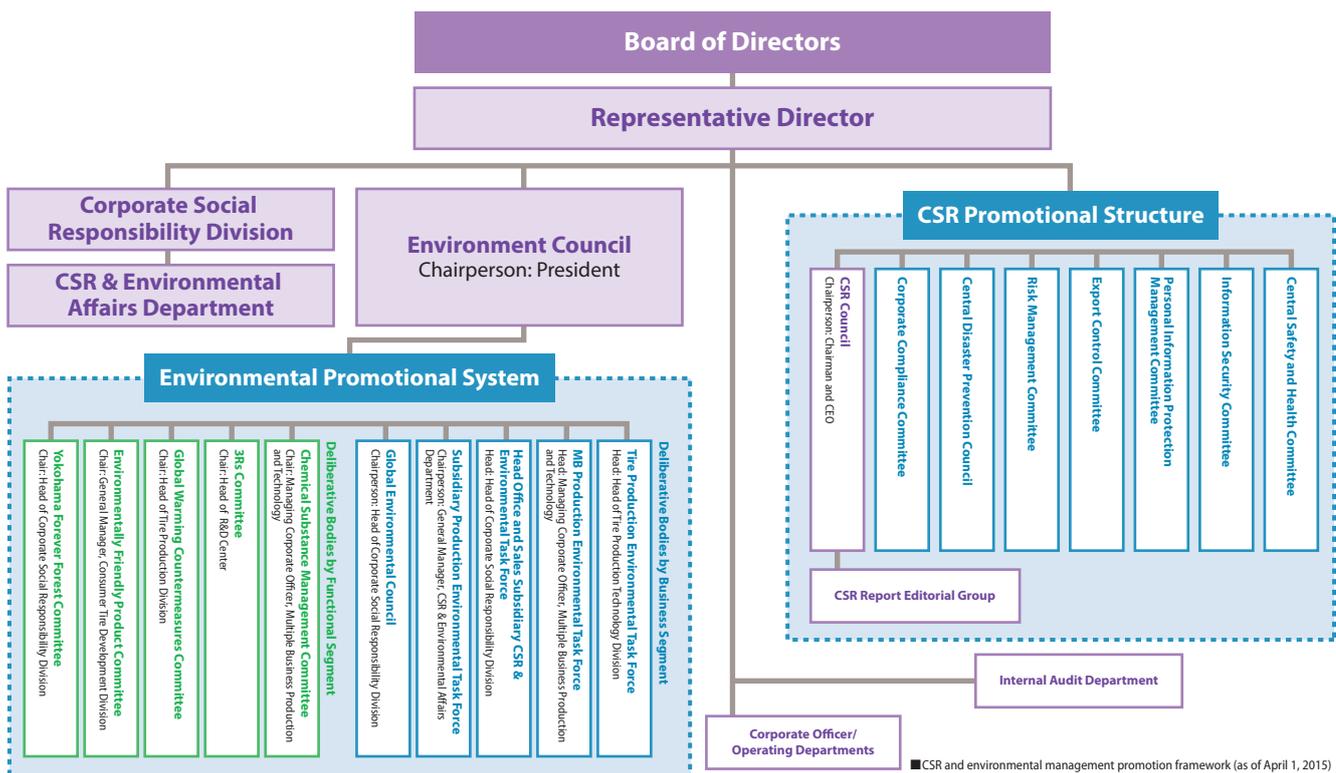
***Please utilize the glossary provided on the next page.**

Corporate Philosophy (CSR Management Vision and Action Guidelines)



CSR and Environmental Management Promotion System

Twice a year, we hold a CSR* Council, chaired by the Chairman and CEO; and an Environmental Council, chaired by the President, 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.



TITLE: CSR Glossary

● **CSR** (pages 1, 2, 9, 10, 12, 20, 21, 22, 26, 27, 28)

An acronym for corporate social responsibility. At Yokohama Rubber, we view CSR ---as the trust placed in a company by society. Toward that end, we are working to build a trusted identity as a contributing member of the global community.

achieving fuel efficient tires and improving the rolling resistance of tires in both the front and rear directions.

● **ISO 9001** (page 8)

An international standard on quality management systems established by ISO.

● **Stakeholder** (pages 1, 8, 10, 25, 26, 28)

The individuals, groups and concerned interests with a stake in the activities of a company or any other organization.

● **ISO 14001** (page 8)

An international standard on environmental management systems established by ISO.

● **UN Global Compact** (pages 1, 8, 20)

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.

● **Compliance** (pages 8, 20, 25, 26)

The act of abiding by laws, regulations, and social norms.

● **ISO 26000** (pages 1, 8, 20, 25, 26, 28)

A set of guidelines created by the International Standards Organization (ISO) on the social responsibilities of companies and other organizations.

● **Supply chain** (pages 9, 10, 18)

The series of activities or stakeholders providing products and services to an organization.

● **GRI Guidelines** (pages 1, 20)

International guidelines on sustainability reporting for organizations.

● **Value chain** (pages 22, 25)

The overall series of activities or stakeholders providing or receiving value in the form of products or services.

● **PDCA** (pages 1, 24, 28)

A method for continually improving operations through the repeated cycle of plan, do, check and act.

● **5S methodology** (page 24)

The 5S stand for sort, systematic arrangement, shine, standardize, and sustain. These activities aim to keep the workplace neat and clean, improve employee morale, increase work flow efficiencies, and prevent the occurrence of defects or trouble, and improve workplace safety.

● **Medium-range Management Plan (GD100)**

(pages 8, 9, 10, 19, 20)

Grand Design 100 is the name of the medium-range management plan launched by the Yokohama Group in fiscal 2006. The 12-year plan spans until fiscal 2017 when the company will celebrate its 100th anniversary and comprises four phases. Fiscal 2015 to fiscal 2017 is Phase 4, the final phase of the plan.

● **Near misses** (page 24)

A near miss that potentially could have lead to a serious disaster or accident.

● **Wet grip** (page 8)

Wet grip indicates the braking force of tires on a wet road surface. This is a key performance indicator for

● **Safety Worker** (page 24)

An individual with accreditation in safety skills based on the company's rules.

● **Standard Operating Procedure** (pages 24, 27)

Helps employees to work efficiency, safely and with surety.

Yokohama Rubber Group at a Glance (as of December 31, 2014)

Company Name	The Yokohama Rubber Co., Ltd.
Establishment	October 13, 1917
Paid-in Capital	JPY 38,909 million
Net Sales	JPY 625,245 million (consolidated)
Fiscal Year End	December 31
Chairman and CEO and Representative Director	Tadanobu Nagumo
President and Representative Director	Hikomitsu Noji
Head Office	36-11 Shimbashi 5-chome, Minato-ku, Tokyo, Japan 105-8685
Number of Employees	21,441 (consolidated)

Number of Shareholders	9,349
Number of Shares Issued and Outstanding	342,598,162
Number of Consolidated Subsidiaries	120
Number of Affiliates Accounted for by the Equity Method	1
Stock Exchange Listings	Tokyo and Nagoya
Our Worldwide Locations	Japan, the USA, Canada, Australia, Germany, the Philippines, Vietnam, China, Thailand, Russia, etc.
Website	http://y-yokohama.com/global/

○ Main Products

Tires

Yokohama Rubber manufactures a wide range of tires, tubes, aluminum foil and automotive components for passenger vehicles, trucks and buses, light-duty trucks, construction vehicles, and industrial vehicles

Industrial products

Yokohama Rubber supplies conveyor belts, rubber plates, fenders, oil-spill containment booms, marine hoses, molds, air springs, highway joints, rubber bearings, water repellency materials, laminated rubber for seismic isolation, water stopping materials, sound and vibration proofing products, adhesives, sealants, coatings, encapsulating materials, welfare products (aero-cell cushions for wheelchairs)

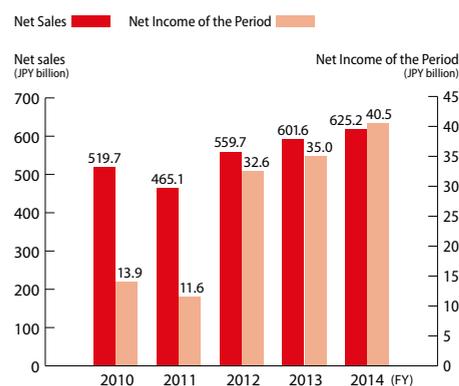
Other

Aerospace components (laboratory modules, water tanks, couplings), electronic materials (hard coatings, high thermal conductivity materials, sealants for solar cells, LED encapsulating materials), sporting goods, information processing services, real estate leasing

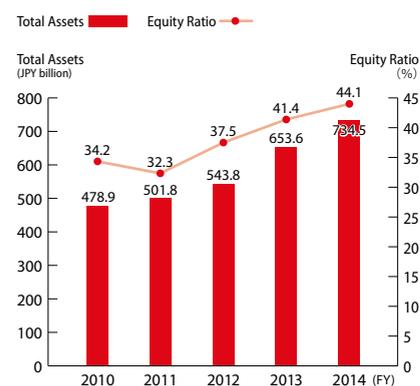
○ International Presence



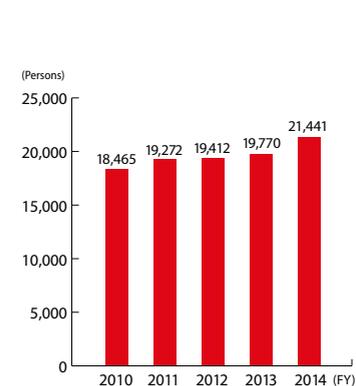
○ Net Sales and Net Income (consolidated)



○ Total Assets and Equity Ratio (consolidated)



○ Number of Employees (consolidated)



Message

Since its establishment in 1917, The Yokohama Rubber Co., Ltd. (YRC) has introduced numerous products including tires, industrial products and golf products. Intent on enriching and contributing to the lives of every customer as well as society as a whole, YRC is investing all of its energies in all production, sales and technology development processes.

This is an ongoing process within the YOKOHAMA Group both in Japan and across the globe.

We must earn an even more solid reputation worldwide in order to achieve further growth as a global company. In doing so, corporate value could well be considered the most concrete benchmark. I believe that the mission of a manufacturer is to “deliver the best products at competitive prices and on time,” which will in turn contribute to enhancing our corporate value. Needless to say, the foundation for this mission requires the utmost attention to “safety” and the “environment.” We will imbue the leading technologies of every era with the passion of each and every member of the YOKOHAMA Group and contribute to the greater happiness and well-being of individuals, society and the world.



A handwritten signature in black ink, appearing to read 'T. Nagumo'.

Tadanobu Nagumo
Chairman, CEO and Representative Director

Contents

01
About
CSR Report 2015

02
Corporate Philosophy /
CSR and Environmental
Management
Promotion System

05
Message from the
Chairman



07
Message from the President
Yokohama Rubber's Important Issues for Earning the
Trust of Society for its Next 100 Years of Growth



03
CSR Glossary

04
Yokohama
Rubber Group
at a Glance

06
Contents / Information Map

09
Stakeholder
Dialogue
Toward the
Final Phase of **CD100**
**Striking a balance between
CSR and business operations**



12 Special Feature **Yokohama Rubber's Important Issues**

- 13** For the global environment
- 15** Together with local communities
- 17** Together with our customers
- 19** To our stakeholders and investors
- 21** Together with our business partners
- 23** Together with our employees

11
Topics

25
Activities Report
following
ISO 26000



27
Response to
Third-Party
Opinion
in CSR report 2014

28
Third-Party
Opinion

Information Map

Highlighting the information published on Yokohama Rubber's corporate website



1 Products Information

Delivers information about product features and specifications, including tires, industrial products, and sporting goods

2 Investor Relations

Presents investor relations information about management plans, growth strategy and earnings

3 CSR

Provides information about ESG policies, activities and progress

4 Corporate Information

Highlights the corporate philosophy, company profile and governance structure

5 Careers

Showcases career opportunities at Yokohama Rubber and its group companies



Corporate website

MESSAGE
FROM THE
PRESIDENT

Message from the President

Yokohama Rubber's Important Issues for Earning the Trust of Society for its Next 100 Years of Growth



Hikomitsu Noji
President and Representative Director

Ushering in the Phase IV of Medium-term Management Plan Grand Design 100 (GD100)

As we move toward our centennial in 2017, Yokohama Rubber is working to establish a distinctive global identity in building corporate value and a strong market presence. Toward this end, FY2015 marks the beginning of Phase IV (FY2015 to FY2017) of GD100*, the final phase of the medium-term management plan.

During the three-year period of Phase III (FY2012 to FY2014), which aimed for “robust and responsive growth,” we made steady progress with the development and expansion of our worldwide tire production system. Using this foundation, in FY2015 we will concentrate further efforts on cultivating overseas markets in the United States, Europe, China and Russia, among others. Our lineup of fuel efficient tires that offer great wet grip performance coupled with reduced rolling resistance represent one of our greatest strengths. We need to fully harness this lineup to capture demand around the world and steadily increase our market share not only for after-market replacement tires, but also for new vehicle tires.

Today, creating products with excellent environmental performance has become second nature and going forward we will need to continually deliver even greater added value. We will look to develop tire products that please drivers with a more enjoyable driving experience and peace of mind. Key to these efforts will be aggressive investments in future-oriented R&D. Safety is also of the utmost concern because tires affect lives. In 2014, we initiated a recall of BluEarth AE-01 tires in 38 countries mainly in Europe. Safety and quality initiatives cannot be overdone. We will assume nothing and work to find the cause so that we can prevent any and all reoccurrences. We are committed to using lessons learned from this recall for the future.

Our business environment continues to change sharply, as symbolized by the depreciating yen, fluctuating raw materials costs, the ups and downs of economic conditions in each country, and the rise of emerging manufacturers. We will work to realize further growth by leveraging our ability to analyze macro and micro economic conditions as well as identify new trends as they emerge.

Leveraging Our People and Working with Communities to Accelerate Growth Globally

To expand in global markets, we need to carefully examine the unique traits and characteristics of each. We cannot simply push Japanese style beliefs and approaches on such markets while ignoring obvious differences in business practices. It is critical that we set out the necessary rules while respecting the culture of each region. When opening a new location, we always base our actions on the UN Global Compact* and ISO 26000* in order to establish a common ground. For procurement as well, we ensure that we buy primarily from business partners that have obtained ISO 9001 or ISO 14001 certification. When we must engage in business with companies that do not have

these international certifications, we will carry out audits under our own responsibility. It will also be important to create an accounting system that links contracts and payments to eliminate any possible room for fraud or other compliance* improprieties.

We will also continue to system our business operations to improve efficiency. Establishing an ability to centrally manage data globally for human resources and finance as well as ESG is an urgent task we have to address to accelerate our overseas expansion. Furthermore, we will eliminate jobs dependent on individual skills or expertise to every extent possible. We will try our best to automate work that does not produce added value and dedicate more time to working with our customers.

Ultimately, I believe our people are the driving force behind all corporate activities. It is important to develop our people through safety, environmental, quality and compliance activities and excellent products are most often produced during the process of personal growth. Our goal is to become a company where every employee is proud to work and where people believe its employees are highly talented and trustworthy. To continue our global business expansion, we will need to foster a corporate culture that embraces diversity and transcends differences in nationality, culture or religion. We will focus on developing leaders who are highly mobile and can drive our business forward regardless of location.

Enhancing Corporate Value and Addressing Important Issues in Ways Only Yokohama Rubber Can

In FY2014, we established a number of company-wide important issues for each stakeholder* to be addressed with priority by the entire Yokohama Rubber Group and initiated specific activities for each. These are important issues for each stakeholder, including the environment, local communities, customers, shareholders/investors, business partners, and employees and they must be addressed with certainty within the framework of GD100.

FY2015, which marks the start of the final phase of GD100, is a year in which we need to get off to a good start aimed at the next 100 years in our company's history. Our mission of creating high quality products with the least amount of resources and energy as possible will continue to become even more important as we move forward. As is the case where some of our plants have started making tires based on local road conditions, it is essential that we continue to respond to the needs of each market. Each of our business sites will seek to harness its uniqueness to help us expand into a company beloved within their respective region.

We will now turn our attention toward promoting a Yokohama Rubber approach to manufacturing that leverages the collective strengths of the entire group to focus on the customer in all aspects of business. We will continue to build our brand value and establish a presence as a corporate group truly indispensable to society like no other.

Striking a balance between CSR and business operations



Outside Expert

Ms. Mariko KawaguchiChief Researcher
Research Division
Daiwa Institute of Research Ltd.

The Yokohama Rubber Co.,Ltd.

Ichirou SuzukiAssociate Corporate Officer
CSR & Environmental Affairs Department
CSR Division

The Yokohama Rubber Co.,Ltd.

Fumio MoritaDirector and Managing Corporate Officer
Head of CSR Division

Outside Expert

Mr. Hideto KawakitaInternational Institute for
Human Organization and the Earth
(IHOE)

Actions Needed to Achieve More Strategic CSR

Yokohama Rubber is currently implementing its medium-term management plan called Grand Design (GD) 100*, which leads the company to its centennial celebration in FY2017. To mark the start of the Phase IV, the last phase, Yokohama Rubber has identified materiality (important issues) it must address in order to balance CSR* with its business activities.

The objective of this year's stakeholder dialogue is to revisit Yokohama Rubber's strategic approaches to CSR going forward utilizing outside perspectives. Mr. Hideto Kawakita of International Institute for Human Organization and the Earth and Ms. Mariko Kawaguchi of Daiwa Institute of Research Ltd. joined this year's dialogue session to views based on their broad perspectives.

At first, the dialogue recognized that automakers, who are the main customers of Yokohama Rubber, are stepping up their oversight of the supply chain*, including Yokohama Rubber, to ensure thorough compliance with their environmental, social and governance (ESG) initiatives, which in turn has drawn greater attention to ESG information globally.

Ichiro Suzuki, head of Yokohama Rubber's CSR & Environmental

Affairs Department, stated, "I feel strong pressure to satisfy the information requests that come in from our customers. I believe we need to effectively use this pressure to provide a spark toward making our own changes." Suzuki also explained how Yokohama Rubber is already undertaking studies on water risk and human rights issues on a worldwide scale given its recognition that its activities have a large impact on society.

Mr. Kawakita pointed out the importance of producing value through proactive CSR based on a clear understanding of materiality. Ms. Kawaguchi spoke about the perspectives that investors use to evaluate ESG information, based on her stance as a professional in the field of socially responsible investing.

After hearing these views, Fumio Morita, Director and Managing Corporate Officer in charge of CSR, stated, "We need to create a future roadmap for what and how to rollout CSR initiatives that are broad reaching and unique to Yokohama Rubber. Going forward, we will emphasize dialogue with outside stakeholders to promote CSR that is consistent with our business activities."



Main Opinions and Recommendations from Outside Experts



**Opinions from
Ms. Mariko Kawaguchi**

— Deepen Company-wide Understanding of CSR

The question “Why?” should be examined more in-depth within Yokohama Rubber because this needs to be answered before CSR initiatives are officially initiated. Making an effort because a corporate customer asked for ESG information without understanding the importance or background more than likely will end in paperwork that simply reports predetermined matters in form alone. Whenever you start a new environmental activity, it’s essential that each and every employee begins to think about how protecting forest biodiversity in a faraway country can come back to affect the company’s business activities.

Upon implementation, it is important to strike a balance between the accountability of departments in charge of each material issue and management’s commitment to linking initiatives organically. In recent years, stronger emphasis has been given to the latter, so I would like Yokohama Rubber to be mindful of this when disclosing information.

— Broadly Share the Importance of Using Resources Effectively

Recently, companies have tended to focus only on reducing CO₂ emissions when it comes to their environmental initiatives, but effective use of resources is also a theme that should not be overlooked. Reducing the amount of raw materials used and increasing the rate of recycling will address cost issues as well as support the continuity of the business through raw materials acquisition. In particular, Yokohama Rubber, as a tire manufacturer, faces the major challenge of securing stable supplies of natural and synthetic rubber. I hope you can share the importance of pursuing resource efficiency with consumers in an easy-to-understand manner.

— Accept Accountability as a Multinational Corporation

The more broadly a company’s businesses are globalized, the further you get from being able to say that doesn’t involve us when it comes to problems or suspicions. As a multinational corporation, Yokohama Rubber must be prepared to deal with every type of voice when it comes to CSR. Automakers, which are your main customers, have already firmed up this stance and they prefer to do business with companies in the supply chain that are doing the same thing.

Also, Yokohama Rubber continues to expand aggressively under GD100, with particular emphasis given to M&A strategy. It will be important to evaluate, with greater certainty, the companies you will be working with from an ESG perspective, in order to fully understand the hidden risks with these companies.

Response from Yokohama Rubber

Shifting Business Activities to Provide Value Required by Stakeholders*

One of Yokohama Rubber’s most important missions is to provide products and services packaged together in support of traffic conditions in regions and the lifestyles of each age group. For this reason, we will look to develop products and services that incorporate our strengths of material recycling technology and design technology that seeks to balance safety with drivability. At our production sites with water risks, we will protect biodiversity and move forward with activities that integrate our business activities with CSR so that we can contribute to the sustainable growth of our business and local communities.



**Opinions from
Mr. Hideto Kawakita**

— Increase Transparency for the Disclosure of ESG Information

External pressure about ESG compliance will only continue to grow going forward. Instead of responding as an individual company to the requests of automakers as they are made, Yokohama rubber needs to set up a system that first and foremost understands the consumer, investor and society, which are found further downstream.

In many cases, automakers do not demand their business partners to be engaging in advanced ESG initiatives at the current point in time. Instead, they want business partners to make it clear their progress as of today using thorough visualization. This makes increased transparency one of the major issues of late.

— Make Contributions to the Value of Safety

CSR should not be viewed as something to carry out from a defensive posture to combat risk. CSR should focus on producing value using a proactive approach. For example, Yokohama Rubber’s tire business provides the two values of reduced environmental impacts and improved safety. In particular, safety is a very important value for the automotive industry given the reality that the largest cause of death in the world among those age 15 to 30 is traffic accidents. Contributing the improved accuracy of vehicles’ driving, turning and stopping has direct, positive impacts on society, so it is important to appeal this fact.

— Specify the Scope of Materiality (important issues)

It is extremely important to specify just who your definition of materiality is for. Simply put, if you say “customers,” this actually entails a wide swath of possibilities, so greater detail and specification is necessary. To become a company that is continually selected by society over the long term, you will need to think about priorities based on the vantage point of which customers you will emphasize.

In the case of Yokohama Rubber, perhaps you should think first about seniors living in the Tohoku Region as your target. In a society where depopulation and aging is picking up speed, seniors need access to safe and secure mobility options and this importance increases particularly in areas where there is snowfall. Continually supporting senior drivers in Tohoku is a very significant initiative in terms of gaining contact with society and users through safety.

Response from Yokohama Rubber

Fully Conveying Yokohama Rubber’s Philosophy and Culture

We believe in the importance of sharing the fact with all shareholders that we engage in business activities following the action guidelines based on our philosophy and culture created over the last 100 years. Toward that end, we will work with those outside the company to determine the path Yokohama Rubber should take, while also bolstering transparency and governance. We will continue to offer more ESG information so that achievements of these activities can be recognized as long-term corporate value.



Consolidating our growth potential

Consolidating YOKOHAMA's potential to pioneer the next 100 years



Winning the Trust of Automobile Manufacturers All over the World

We will continue to provide our fuel-efficient “BluEarth” tires to consumers around the world, so that they may continue to enjoy driving with peace of mind. The technology behind our “BluEarth” tires earned credibility in the marketplace by satisfying both maximum fuel efficiency and wet grip capacity, and the tires have been used widely, in private cars and buses as well as in trucks and construction vehicles.

In the ground transportation industry, the increased dependence on automobiles associated with the expected

population growth has made the further reduction of carbon-dioxide emissions an increasingly challenging issue, and the installation of fuel-efficient tires is strongly desired. While the standards for endurance and safety have become increasingly strict, our products meet those requirements and have been adopted by many automobile manufacturers. We will continue to improve the environmental performance of our products.

Message from the person in charge

In terms of tire uniformity (weight balance) in general, the quality of our tires is at the top of the industry. The speed of our new-product development is also highly regarded. Our delivery of SL class products for Daimler AG is a prime example of the confidence in our tire technology, as the performance of our tires must match the performance of vehicles on which they are used.



Mr. Mathias Fink
YEU General Manager OE Business

Our Onomichi Plant, which produces large-size tires for construction machinery, was granted the Platinum certificate, the highest certificate in Caterpillar Inc.'s Supplier Quality Excellence Process (SQEP), for the third consecutive year, in recognition of our production capacity and distribution service network, as well as the global provision of our products and services.



Left: Mr. Andrew Zeisser
YTC OE Director

Right: Mr. Tsuyoshi Johnson
YTC Manager
OE Accounts



International Public Relations and Our Social Contributions

We signed a sponsorship agreement with the prestigious CHELSEA Football Club in the English Premier League, because we feel agree with their approach as a sports team that encourages both each member's day-to-day efforts to improve his skills and the teamwork necessary to play fair games against competitors.

Following the example of the Chelsea FC, will also continue to “play fair games” in a variety of arenas, beginning with motor sports.

Chelsea FC established The Chelsea Foundation in order to promote Football as a way of addressing various social problems, such as education, character building, and crimes by young people. The Chelsea Foundation supports more than 1 million children and young people in more than 30 countries worldwide every year. We also support their activities and continue to conduct community support activities with Chelsea FC as a good partner.



A commemorative photo taken in Stamford Bridge, the home stadium of Chelsea FC. From right to left: José Mourinho, the manager of Chelsea FC; John Terry, the captain of Chelsea FC; Tadanobu Nagumo, Chairman and CEO and Representative Director, Yokohama Rubber; and Hideto Katsuragawa, Director and Corporate Officer, Yokohama Rubber.

Yokohama Rubber's Important Issues



For the Global Environment

1

Yokohama Rubber addresses environmental issues by developing and providing sustainable products.

Together with Local Communities

2

Yokohama Rubber addresses community issues by conducting locally-oriented activities that value the importance of communicating with local communities.



Together with Our Customers

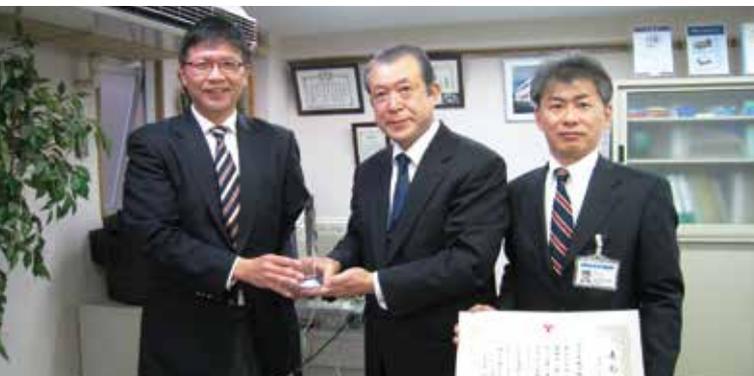
3

Yokohama Rubber addresses customer concerns by professionally delivering safe products and services to our customers.

To Our Stakeholders and Investors

4

Yokohama Rubber addresses issues of stakeholder concern by sharing value among various group employees in order to improve the company's value together as a team.



Together with Our Business Partners

5

Yokohama Rubber addresses CSR* issues by implementing workshops, awards programs, and site visits.

Together with Our Employees

6

Yokohama Rubber addresses employee issues by creating a safe working environment using our original approaches.



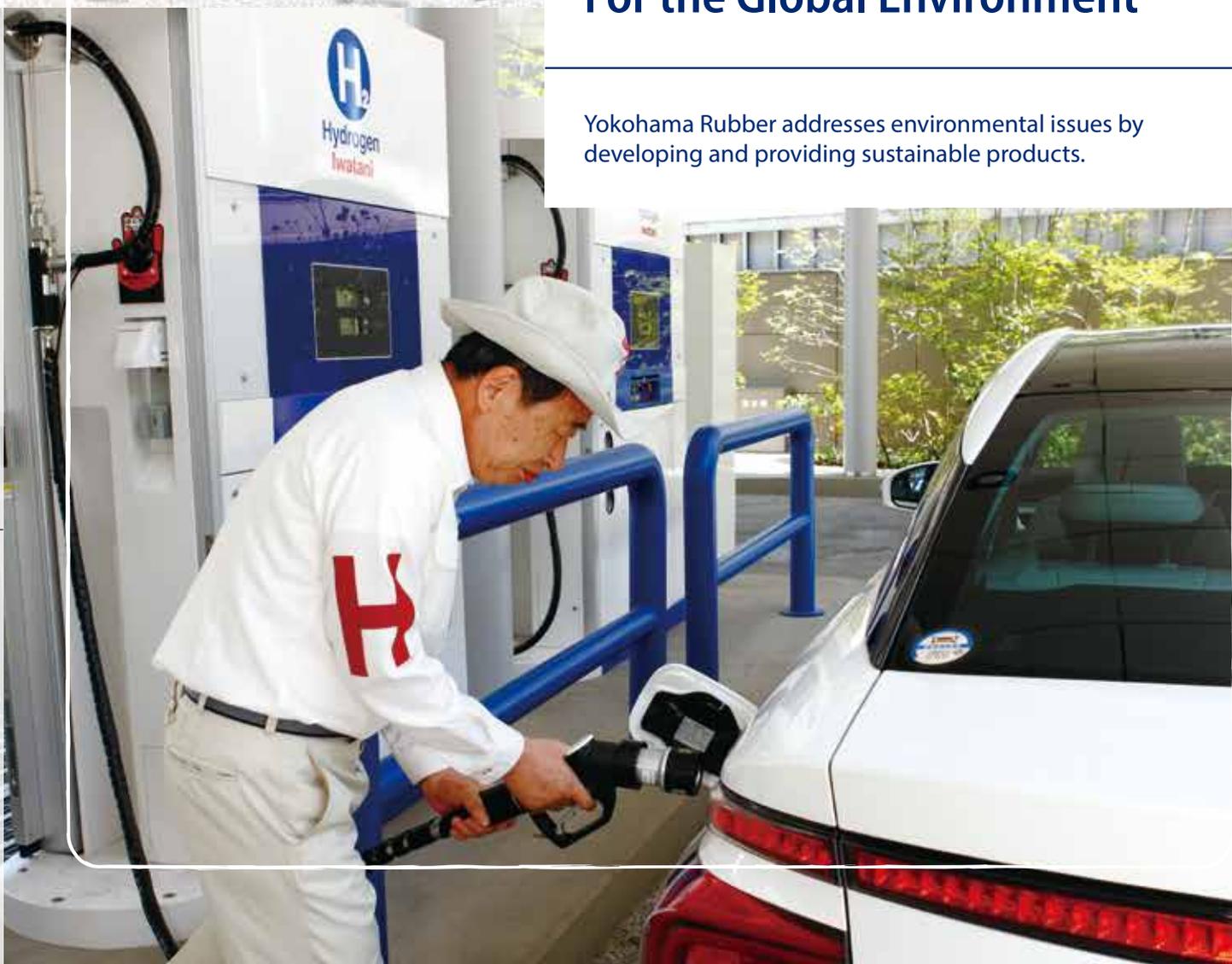


Yokohama Rubber's Important Issues

1

For the Global Environment

Yokohama Rubber addresses environmental issues by developing and providing sustainable products.



We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.

We aim to support the hydrogen energy society of the future with our high-pressure hydrogen gas hoses

2015 marks “the first year of hydrogen,” the year when the full-scale market deployment of hydrogen fuel cell vehicles (FCVs) began. Because emission-free, energy-efficient FCVs are considered to be the ultimate eco-cars, the development of hydrogen stations is assumed to be one of the priorities of infrastructure development across the country. Yokohama Rubber has been working on the development of the hoses necessary for supplying high-pressure hydrogen gas to FCVs.

In accordance with the recent adoption in Japan of the “Global Technical Regulations (GTR) for hydrogen and fuel cell vehicles” and the subsequent revision to Japan’s safety regulations for containers, it is now possible in Japan to provide hydrogen to FCVs at the international standard of 87.5 MPa, so that appropriate hoses corresponding to the new standards are required. An enhanced development team at Yokohama Rubber has been working on the development of 87.5MPa-compatible hoses as required by current regulations, under a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

Under a joint research project with Iwatani Industrial Gases Corp., Yokohama Rubber has been actively seeking out new applications of hoses for high-pressure hydrogen gas, and has developed a 35MPa-compatible hose, “ibar HG35,” and a 70MPa-compatible hose, “ibar HG70.” Currently, we are making the best use of the hose design and technology we have thus developed, the hose evaluation technologies developed in hypothetical real-use environments, and the knowledge gained from hydrogen station demonstrations, to advance the development of safer and more reliable 87.5 MPa-compatible hydrogen gas hoses. We are also working in collaboration with Iwatani Corporation, the operator of hydrogen stations, to enhance our developmental team in response to market needs.

With our development of high-pressure hydrogen gas hoses, backed up by our leading design and evaluation technologies, we have already begun to tackle our goal to contribute to building the infrastructure necessary for a hydrogen energy society.

Message from the team

Energy-efficient, greenhouse gas-free hydrogen will surely become a common energy source essential to our everyday life in the future. As the use of hydrogen energy has expanded to household fuel cells as well as FCVs, and is still expanding, Yokohama Rubber is committed to the development of hydrogen gas hoses that ensure stable operation in a variety of harsh environments. Our hope as the development team is to make contributions to the solution of global warming thorough product development in support of supplying low-carbon energy.

Nariaki Ishikawa, Ikuma Yusa, Naoshi Yamaguchi, Mie Okura, and Tatsuya Minaguchi Hoses and Couplings Division
Susumu Hatanaka MB Materials Development Division
Hideaki Washio Hoses and Couplings Sales Division



Message from the manager of Iwatani Corporation

The development of hoses that meet the three stringent requirements of hydrogen, high-pressure, and low-temperature, requires extremely high technological competence. We sense Yokohama Rubber’s earnestness to stay the course in addressing each issue, even in the face of various obstacles. We expect that Yokohama Rubber will realize Japan’s first 87.5MPa-compatible hose in practical use, and that its specification will become the global standard. As we also have many years of knowledge regarding hydrogen, we would like to continue our joint research in order to realize the clean hydrogen energy society of the future.

Mr. Ryuichi Hirotani Senior Manager, Hrs systems, Hydrogen energy division, Iwatani Corporation





Yokohama Rubber's Important Issues

2

Together with Local Communities

Yokohama Rubber addresses community issues by conducting locally-oriented activities that value the importance of communicating with 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.”

Contributing to the reconstruction of earthquake-affected areas with the know-how acquired through our “YOKOHAMA Forever Forest Project”

Since 2007, our “YOKOHAMA Forever Forest Project” has been planting trees at domestic and international production sites according to the Miyawaki method, in which we do not simply “plant” trees but rather employees at each production site are actively engaged in the whole process from rearing the seedlings to cultivating and growing the trees. Making use of our experience with the “YOKOHAMA Forever Forest Project,” in 2012 we constructed a 300-meter long “Inochi wo mamoru mori no bochotei” (Forest on Coastal Levee that Protects Lives) in Otsuchi town, Iwate, one of the areas affected by the Great East Japan Earthquake. The forest was named “Heisei no mori” (Forest of the Heisei Era), and in the three years since its establishment, together with townspeople we have planted 150 meters of the area with trees. Showing his appreciation for the project, the mayor of Otsuchi Town, Mr. Ikarigawa, commented that “the rubble here isn’t simply disaster waste, but is a part of the daily lives of those who suffered from the earthquake here, a memento of lives lost, in a certain sense. The forest created out of that rubble is a commemorative forest for us, and also serves as a valuable reminder so that the disaster will not be forgotten in the future.”

In 2014, 64 fourth graders from Otsuchi Elementary School planted

trees in “Heisei no mori” under the mentorship of Dr. Miyawaki, as a part of their classwork for “Furusato ka” (hometown studies). We will continue to collaborate in tree-planting activities at elementary schools, in hopes that planting seedlings which they will rear by themselves in the forest overlooking and protecting their hometown, “Mori no bochotei,” will nurture students’ love of their hometown.

We are also engaged in similar reconstruction assistance through tree-planting in other areas affected by the Great East Japan Earthquake. Since 2012 we have participated in a tree-planting project “Sen-nen kibou no oka” (Hill of thousand-year hopes) in Iwanuma city, Miyagi, by providing seedlings. Beginning this year, 2015, we are planting trees in Fukushima’s Somakoyo Football field, where they contribute to a disaster-prevention center in collaboration with the Public Interest Incorporated Foundation Re-use of Debris: Great Forest Wall Project. We will also join the tree-planting in “Inochi wo mamoru ‘Kibo no mori tsukuri” (‘Creation of a forest of hope’ to protect lives), a forest with a total length of 10km along the coastline of Kakegawa City, Shizuoka Prefecture, to prepare for the possibility of Tonankai earthquakes.

Message from a staff member

The fourth graders at Otsuchi Elementary School joined our tree-planting project last year in our reconstruction efforts in Otsuchi town. I felt rewarded to see the children, who went through the painful experiences of the great earthquake right before their entrance into elementary school, plant trees with delight. Now, the seedlings in pots have grown just as the children have. I am deeply moved by thinking about the children proudly talking about the forest to their own children in the future, when the seedlings they planted have become a forest that protects lives. I hope that the tree-planting project will help people in the town to look to the future.

Atsushi Kanazawa CSR and Environmental affairs department



Message from an elementary school teacher who participated in the tree-planting activity

The Great East Japan Earthquake destroyed the center of Otsuchi Town, resulting in huge numbers of human casualties. Under such circumstances, the children in the town live with a belief in the bright future.

Otsuchi Gakuen Elementary School has a course called “furusato ka” (hometown studies), an educational program to foster children’s appreciation of their hometown. It has been 2 years since our fourth graders participated in the tree-planting project with the people from Yokohama Rubber, as a part of this educational program. This “YOKOHAMA Forever Forest project” has been a great opportunity for each student to think about disaster-prevention, the preciousness of life, the global environment, and town development in the future.

Ms. Noriko Sotodate Head Teacher, Otsuchi Gakuen elementary school





Yokohama Rubber's Important Issues

3

Together with Our Customers

Yokohama Rubber addresses customer concerns by professionally delivering safe products and services to our customers.



We supply safe and secure products through manufacturing focused on the heart and technology.

We strive to provide safe products and services by ensuring the safety of our products throughout the entire production and delivery process.

Potential quality issues of our tires and other products could have a great impact on customers' assets as well as the environment. For sustainable business, it is essential to build customers' trust by providing safe products. Quality issues could lead to the disintegration of consumers' trust.

Recognizing this possibility, Yokohama Rubber has set "health and safety for our customers" as an important task, and we will continuously promote quality improvement activities in order to evaluate product safety risks and to prevent the recurrence of quality issues. It is important that quality control measures include measures to prevent quality issues from occurring in the first place, restrict the distribution of flawed products once an issue has been identified, as well as to identify the sources of the problem. Once a problem occurs, we need to identify the root cause and implement a permanent countermeasure without delay. We, Yokohama Rubber, always treat the safety of customers as a priority in all quality control issues.

To ensure the quality of products and services expected by our

customers, Yokohama Rubber places experienced engineers at distribution and sales bases in domestic and overseas markets, and regularly holds internal training workshops on the specifications and handling of our products. In FY 2014, we held 122 workshops, in which a total of 600 people participated across the company. We have increased opportunities to visit customers and also held regular workshops to help our customers in the safe and secure use of our products. We encourage communication between the tire and industrial materials division, to share information in order to realize appropriate professional responses toward customers and products, and to build a global service structure to satisfy our customers.

Message from a staff member

In the overseas market, which I am in charge of, we implement regular reviews and on-site training workshops at customers' facilities to help them to handle our products safely and properly. When we present information on how to handle YOKOHAMA brand products to customers from different countries, we are continuously making efforts to improve our communication skills and product knowledge in various ways, including translating presentation materials into local languages with support from local agencies, to improve customers' understanding of our products. We strive to improve our service structure to properly respond to our customers and products through communication and cooperation with the tire division.

Hirofumi Terauchi MB development service division



Message from quality assurance consultant (aerospace industry)

Regarding quality control issues, Yokohama Rubber has shifted its focus from "preventing reoccurrences" to "preventing issues from occurring." They focus on pursuing the quality that customers expect, collecting information, and identifying and removing potential risks. Regarding quality issues, they act according to "Sangen shugi" (three reality principles) to understand reality, and operate their business with risk assessments from the customer's view point, quick responses by analysis, and "thought based on risks" in the quality management system. We would like to suggest expanding the activities of prevention from occurring to the supply chain,* as the occurrence rate of quality issues is expected to increase when overseas suppliers increase in the future.

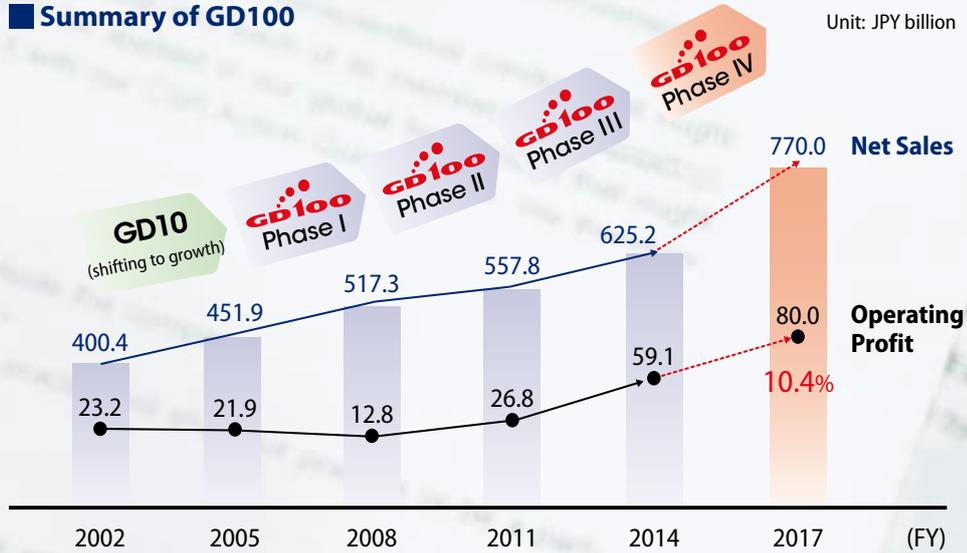
Mr. Kiyohide Monma TF Management



To Our Stakeholders and Investors

Yokohama Rubber addresses issues of stakeholder concern by sharing value among various group employees in order to improve the company's value together as a team.

Summary of GD100



— Yokohama Rubber Group Action Guidelines —

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



Compliance CARD

社外相談窓口

横浜ゴムグループ行動指針

社内外を問わず人権を尊重します
安全で健康な職場をつくります
地球環境との調和を図ります
品質な製品・サービスを提供します
業務活動を行い、適切に情報を開示します
ならず社会規範を守ります
との共存共栄を図ります

たりしたときは、裏の連絡先までご相談ください。
いただいたことで通報者に不利益がないように配慮します。

“We improve our company value by growing business opportunities.”

Yokohama Rubber's goals as we approach our 100th anniversary (FY2017)

Since 2006, the Yokohama Rubber Group has been working toward the achievements set out in our midium-term management plan, Grand Design 100 (GD100),* with the financial goals of one trillion yen in sales, 100 billion yen in operating profit, and a 10% operating profit ratio by FY 2017. GD100 is divided into 4 phases of 3 years each, and FY 2014 was the last year of phase III, which began in FY 2012. Phase III set a financial goal of 1.8 trillion yen in sales, 150 billion yen in operating profit, and an 8.3% operating profit ratio for total of 3 years. By the end of phase III, we had achieved 1.7866 trillion yen in sales, 165.4 billion yen in operating profit, and a 9.3% operating profit ratio. Beginning in FY 2015 we entered phase IV, with FY 2017 as the final year, marking the completion of GD100 and the first step towards our next 100 years of growth. We set the theme of “Consolidating YOKOHAMA's potential to pioneer the next 100 years” for phase IV, in which we will solve unfinished business issues and will work on the 3 years of phase IV by bringing all of our potential together, including

improving sales, technical and financial potentials, and operational efficiency.

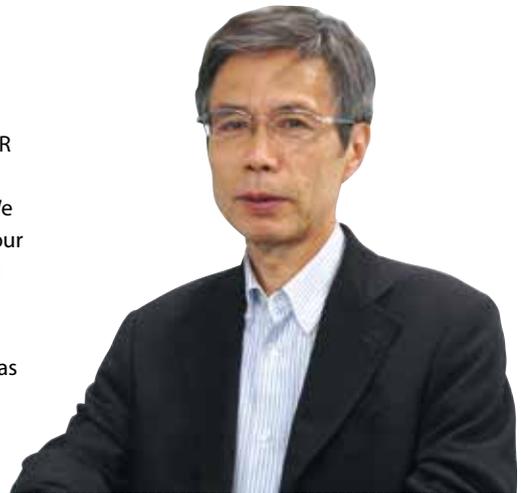
In promoting global business expansion, one of the goals outlined in the GD100 business strategy, we will have many opportunities to entrust each employee with various decisions regarding daily operations, such as how to deal with cultural and value differences in regions where we expand our business, and how to respond to ever-changing and ever-expanding social requirements. We therefore revised the “Yokohama Rubber Group Action Guideline” to make it more authoritative regarding employees' actions and decisions, which are becoming increasingly diverse. We will distribute the code of conduct, which includes the content of the UN Global Compact* and ISO26000,* to all employees at all offices and production sites. We will improve our corporate value based on the idea that we must be a socially trusted company in order to achieve the goals of GD100.

*Please see our official website (<http://y-yokohama.com/cp/global/ir/company/gd100/>) for details regarding our financial goals, business and technology strategies, and the company-wide strategy.

Message from a staff member

Our CSR started from environmental protection and has grown to become a CSR operation based on ISO26000, the GRI guidelines* for disclosure, and the acceptance of the UN Global Compact, with global standards always in mind. We have come to recognize the importance of CSR through encouragement from our top executives to understand “CSR” as “society's trust in us” instead of “our social responsibility,” safety and health activities on-site, compliance* activities, the Forever Forest Project, and biodiversity conservation activities. Now we will promote and share the value of “winning unshakeable credibility from society” as a whole group, based on the new code of conduct.

Yuichiro Chigira Corporate Compliance Dept.



Manager of Yokohama Corporation of North America (tire business controlling company in North America)

Yokohama Tire Corporation (tire sales company) has set and used the code of conduct by sharing it with employees via our internal network system. It is important for the code of conduct governing the entire Yokohama Rubber Group to address reporting misconducts and infringement, workplace safety, and privacy and information management, in consideration of the description of our business, corporate culture, and expectations of employees, as well as to specify applicable laws and regulations. It may be also efficient to add items that reflect the characteristic features of each group company. I think it will be necessary to develop human resources to work on the promotion and adoption of the code of conduct.

Ms. Stephanie Beaulac YCNA Senior Director, HR



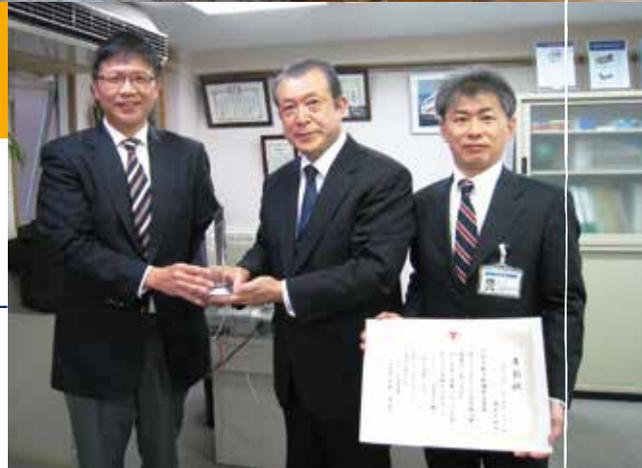


Yokohama Rubber's Important Issues

5

Together with Our Business Partners

Yokohama Rubber addresses CSR* issues by implementing workshops, awards programs, and site visits.



“We promote CSR activities throughout the value chain*.”

Yokohama Rubber strives for sustainable procurement of natural rubber through the strong relationships of mutual trust.

Yokohama Rubber has various sources for raw materials and indirect materials to make our products. The most important thing we consider is to have a stable supply which is not affected by any conflicts, natural disasters and so on. We believe that keeping good relationships and collaborating with our partners are the keys to keep the stable supply. Therefore, we have started to look into the situation of CSR activities not only of our primary partners but also of our secondary partners through collaboration.

Natural rubber-the essential material for our rubber products, is mainly sourced from Southeast Asia. We communicate with rubber farmers and natural rubber processors in order to understand more about their working environment and human rights problems, which we consider to be an important aspect for our stable supply and working together with them for the improvement if needed.

In FY2014, we invited some of rubber farmers who have business with us to our natural rubber processing plant in Thailand and confirmed that there are no significant problems in terms of working environment or human rights issues. As a next step, we will

share the information of CSR activities conducted by our partners in Southeast Asia and collaborate with them. By doing so, we will be able to understand the 60% of the current situation of our natural rubber suppliers.

In 2015, the International Rubber Study Group (IRSG); an inter-governmental organisation composed of rubber producing and consuming stakeholders, has published guideline for rubber farm management. The guideline covers the stable procurement of natural rubber (maintenance of quantity and quality), sustainable farm operation (management of farmland and water), human rights, and the improvement of working environment. We will keep developing various ways of supports by keeping up with the certification trend, surveying for our partners and rubber farms, and collaborating with local NGOs.

Message from a staff member

I first thought that it wouldn't be easy for natural rubber producers to implement CSR activities as most of their businesses are small. However, through the visits to our partners and rubber farms, I learned that our local partner had already started to put their care about safety and environment into action. We will expand our quality verification survey not only to our partners but also to the rubber farms and individual producers in the future. We seek for what we can do for sustainable natural rubber supply and will endeavour to create CSR programs which can strengthen the relationships with our partners.

Yuta Ozawa Raw Material Procurement Department, Singapore Branch



Message of encouragement from a partner (a natural rubber processor)

It is very important for us to establish strong bonds with the local people in Indonesia, and to create sustainable value from rubber in order to realize sustainable business. Especially, focusing on improving the production efficiency of natural rubber, we evaluated and built community development and environmental programs in 2014. Currently, we are conducting 5 major social programs: health promotion, education enhancement, economic development, social and cultural events, and infrastructure building.

We believe that we can meet our goals and create efficient programs for small rubber farms by conducting surveys and engaging in dialogue about small-scale farms with Yokohama Rubber.

Mr. Martinus S. Sinarya PT.KIRANA MEGATARA (CEO)





Yokohama Rubber's Important Issues

6

Together with Our Employees

Yokohama Rubber addresses employee's issues by creating a safe working environment using our original approaches.



“We value and develop our people, and create opportunities for people.”

We build a culture of workplace safety through the full participation in activities to deliver safe products from safe workplaces.

Based on the idea that “safety and health are the basis for everything,” Yokohama Rubber implements safety activities focusing on “human,” “equipment,” and “management,” with full participation of the management and employees. We are working to continuously improve safety and health by employing the PDCA* (Plan-Do-Check-Act) cycle in our safety and health management system, which includes a variety of unique activities including one-on-one trainings and safety-worker* evaluations, as well as 5S,* Hiyari-Hatto* (near misses), KYT (Kiken Yochi Training/ hazard prediction training), and risk assessment. We also make contributions to the improvement of the societal safety level by promoting safe communications between companies and collaboration with safety and health organizations. The significant contributions of our whole-group initiatives for safety and health were recognized by the Japan Industrial Safety and Health Association (JISHA), and received the 2014 chairman award. We will continue our safety and health-related activities to build a “zero accident” and “zero hazard” safety culture.

At our Mie Plant, we promote the identification, assessment, and improvement of potential hazards with a risk-assessment approach, as an initiative for safe equipment and the prevention of accidents even in case of human error. We have shifted from “passive learning” to “positive learning” by revising our human-focused activities from group training to personal training and from classroom lectures to experience-based workshops. We aim to develop human resources who do not cause nor let others cause accidents by recognizing and improving personal weak areas as a group. To be more specific, we educate people to be able to think about how to respond when they recognize hazards. We recognize good case examples and encourage employees to take on challenges without fear of failure, regardless of an employee’s position or employment status, an approach which has already resulted in various on-site employee inventions. Through these activities we will familiarize all operators with an easy-to-understand SOP,* in order to promote the development of safer plants.

Message from a staff member

Since I was designated as a safety and health staff member in July 2014, far from developing greater awareness of the issues my days have been filled with trying to remember a great deal of new information. My biggest concern has been how to protect the health and safety of the people who work at our plant. I have been trying to communicate with the workers while devising various ways to use my feminine wisdom. I really appreciate the approaches of my bosses and seniors with on-site safety foremost in their minds, which leads to their own on-site improvements. I work hard to develop such approaches in order to create a safe and secure plant where all staff members can work in peace together.

Hiroko Morita Safety and Health Section, Mie Plant, TB division



Message from the Japan Industrial Safety and Health Association (JISHA)

The characteristic of the safety and health activities of Yokohama Rubber is that each production site has its own well-established, unique activities tailored to individual situations, identified through personal activities including one-on-one trainings. It tends to be considered difficult to achieve results of safety and health activities in China, where the turnover rate is high, but Yokohama Rubber has certainly achieved success through their efforts in educational activities in China. We expect the well-positioned plants will lead other plants so as to raise the basic safety level. We hope that Yokohama Rubber, as a tire manufacturer, will protect human safety continuously and take initiatives focusing on “safety,” to set an example worth following.

Mr. Akihisa Shirasaki Director, Management System Audit Center, JISHA



ISO26000 Compliance Activity Report

[Self-evaluation code] ○: Achieved or improved △: Unachieved or unchanged ×: Deteriorated



Organizational Governance

Global environment Local community Customers
Stockholders and investors Partners Employees

Our Goals	● Continuous improvement of corporate value and an identity that is trusted by all stakeholders.		
Accomplishments	Economic performance	Compliance*	
	Allocation of economic value (non-consolidated) FY 2013 ... 381,424 million yen FY 2014 ... 397,087 million yen	Training participants (non-consolidated) FY 2013 ... 1,245 (participation rate 93%) FY 2014 ... 5,788 (participation rate 99%) <small>*among eligible employees</small>	Whistle-blowers (consolidated) FY 2013 ... 27 FY 2014 ... 31
Self-assessment	○	○	○



Human Rights

Partners Employees

Our Goals	● Respecting human rights both internally and externally; no child labour or forced labour in our group or by our partners; sincerely responding to and improving complaints on human rights	
Accomplishments	Child labour / forced labour	Human rights complaint management system
	Number of jobs identified as suspected child labour or forced labour FY 2013 ... 0 (consolidated) 0 (suppliers) FY 2014 ... 0 (consolidated) 0 (suppliers)	Official number of complaints to the system (consolidated) FY 2013 ... 0 FY 2014 ... 0
Self-assessment	○	○



Labour Practices

Partners Employees

Our Goals	● To be an organization that allows people of diverse ages, genders, and nationalities to demonstrate their maximum capabilities ● Establishing a zero-hazard culture of safety by promoting physical and mental health		
Accomplishments	Occupational Safety and Health	Training and education programs	Diversity and equal opportunity
	Lost worktime rate (consolidated) FY 2013 ... 0.42 FY 2014 ... 0.40 <small>*per 1 million hours</small>	Cost for education and training (non-consolidated) FY 2013 ... 171 million yen FY 2014 ... 177 million yen	Female employment rate for main career track (singly) FY 2013 ... 32% FY 2014 ... 38% <small>*Additional information: rate of female employees (consolidated): 12%</small>
Self-assessment	○	○	○



The Environment

Global environment

Our Goals	● To make all of our products environmentally friendly ● To develop biodiversity conservation activities at production sites ● To reduce the total amount of GHG emissions (to 50% less than 2005 levels across the value chain) ● To promote the efficient use of water resources according to the characteristics of water risks			
Accomplishments	Raw materials	Water	Products and services	Biodiversity Conservation
	Total amount of raw materials used (consolidated) FY 2013 ... 766 thousand tons FY 2014 ... 791 thousand tons	Water intake (consolidated) FY 2013 ... 8,280 thousand m ³ FY 2014 ... 8,660 thousand m ³	Environmentally-friendly product rate among all of our products (consolidated) FY 2013 ... 93% FY 2014 ... 95%	Implementation rate of conservation activities at production sites (consolidated) FY 2013 ... 29% FY 2014 ... 46%
Self-assessment	△	△	○	○

In FY 2014, the Yokohama Rubber Group identified priority issues for each group of stakeholders. In this section, we report on the priority items identified according to ISO26000* and our progress toward achieving them, as well as the data requested for disclosure. Please refer to our CSR* Website for background details regarding the importance of each priority, our goals, our aspirations, the FY 2014 activity report, the challenges we faced, and future measures.

Please refer to our CSR Website for detailed reports of each achievement. <http://y-yokohama.com/csr/en/>

	Energy	Air emissions	Environmental complaint management system
Accomplishments	Total consumption (consolidated) FY 2013 ... 1,180,827MWh *298,937KL converted to crude oil FY 2014 ... 1,231,611MWh *311,668KL converted to crude oil	Greenhouse gas emissions (consolidated) FY 2013 ... Scope 1 328 thousand tons Scope 2 328 thousand tons Scope 3 23,301 thousand tons FY 2014 ... Scope 1 334 thousand tons Scope 2 351 thousand tons Scope 3 30,844 thousand tons	Official number of complaints to the system (consolidated) FY 2013 ... 0 FY 2014 ... 0
Self-assessment	△	△ *Due to the expansion of the scope of calculation	○



Fair Business Practices

Partners

Our Goals	● CSR activities in collaboration with our partners		
	Environmental, human rights, and labour practices of our partners Social impact assessment	Social impact complaint management system (partners' compliance)	Participating companies in our CSR workshops for partners
Accomplishments	Percentage of partners that we started working with after impact assessments (consolidated) FY 2013 ... 100% FY 2014 ... 100%	Official numbers of complaints to the system (consolidated) FY 2013 ... 0 FY 2014 ... 0	Number of participating companies / participation rate (non-consolidated) FY 2013 ... 298 companies 90.5% FY 2014 ... 299 companies 90.3% <small>*Small and medium size companies with which we have a stable amount of business</small>
Self-assessment	○	○	○



Consumer Issues

Customers

Our Goals	● Achievement and maintenance of zero violations of regulations and voluntary codes concerning usage of our products and services
	Safety and health for our customers, labeling compliance of our products and services
Accomplishments	Number of violations of regulations or voluntary codes concerning product safety, labeling, and provision of product usage information (consolidated) FY 2013 ... 1 FY 2014 ... 1 <small>*There was a recall of our tires that was our responsibility, although it was not a violation of laws</small>
Self-assessment	△



Community Participation and Community Development

Local society

Our Goals	● Making contributions to local community development by communicating with the community, with a focus on the Forever Forest Project (a 500,000 tree-planting project)		
	Local communities	Promotion of the Forever Forest Project	Presence in the local communities
Accomplishments	Community activities at production sites Implementation rates (consolidated) FY 2013 ... 100% FY 2014 ... 100%	Number of trees planted in a year / number of seedlings provided (consolidated) FY 2013 ... 39,791 / 55,635 <small>(total 326 thousand trees, achievement rate 65%)</small> FY 2014 ... 43,644 / 71,404 <small>(total 369 thousand trees, achievement rate 74%)</small>	Percentages of sites which pay salaries higher than minimum wage (consolidated) FY 2013 ... 100% FY 2014 ... 100%
Self-assessment	○	○	○

Response to Third-Party Opinion

Yokohama Rubber took the following actions in response to Mr. Kawakita's third-party opinion about CSR* Report 2014. A selection of these actions is presented below.

Mr. Kawakita's Findings	Yokohama Rubber's Response
Labour Practices	
<p>I strongly urge the Company to establish an environment where employees can continue to work, while also taking leave, such as by hosting workshops that introduce examples of people that have taken nursing care leave.</p>	<p>We created a working team involving management and labour and held interviews with employees who have taken nursing care leave, both in an effort to introduce examples. We also confirmed the current situation by carrying out a survey of our benefits programs. We introduced a flex-time system for employees providing nursing care and are currently examining other measures as well. [Human Resources]</p>
<p>I hope the Company will promote even more effective measures aimed at preventative care (in terms of mental health), such as establishing a hotline where employees can discuss personal problems.</p>	<p>We accept consultations from employees about health, workplace, money and life plan issues. We involved management and labour in the establishment of the Health Promotion Committee and Mental Health Subcommittee, where we are reviewing issues. Under the guidance of an occupational physician, we are currently moving forward with preventive measures for mental health issues. [Human Resources, Safety, Compliance]</p>
<p>I expect the Company to encourage the participation and involvement of reemployed workers in their local communities.</p>	<p>We launched our social contribution activity support system in FY2014, under which employees working at all of our domestic group companies are beginning to get involved with social community activities, including those in their community. [Human Resources, CSR and Environmental Affairs]</p>
<p>I strongly encourage the Company to accelerate its development of the next generation of executives at both its head office and overseas sites based on a long-term goal and strategy given where the market and the company will be in 10 years time.</p>	<p>We will continue to open new sites to support our expansion into major international markets. Hiring and developing people and executive candidates locally is critical to these business operations. We will continue to develop human resources globally and offer a job rotation program. [Human Resources]</p>
<p>I ask that the company to continue to work proactively toward implementing measures to ensure that employees with disabilities are retained over the long term.</p>	<p>We examined ways to improve the working environment and address issues posed by increasing opportunities so that persons with disabilities can contribute more. We are in the process of creating a development program and evaluation system for these human resources as well. [Human Resources]</p>
<p>I urge the company to not only look back on past accidents on the calendar, but also to incorporate safety improvements and remedies for facility specifications and to issue a report about the progress of evaluations and improvements to ensure the greater effectiveness of safety measures.</p>	<p>We carried out risk assessments and opened workplaces to the public at each of our sites and based on the results we are now making changes to facility plans and SOP*. Additionally, we are using company-wide safety checks and follow-up to check and improve activities, and we will continue to engage in these effective efforts. [Safety]</p>
The Environment	
<p>I strongly encourage the Company to thoroughly shed light on its challenges and methods, such as transitioning to the non-fixation of energy usage adjustable to the fluctuation of production volume (Just-In-Time for Energy), and also to share the same support system among divisions and overseas sites.</p>	<p>We are carrying out activities to reduce energy loss in line with fluctuations in production volume (operations/shutdowns). Every year our domestic and overseas sites hire outside consultants to provide guidance on energy efficiency and initiatives are in turn being rolled out. [CSR and Environmental Affairs, Facilities]</p>
Fair Operating Practices	
<p>(As for procurement) I strongly encourage the Company to establish a support system with suppliers for sharing and problem solving actual cases and further understanding initiatives in greater detail, based on global trends in the sector.</p>	<p>From the standpoint of stable procurement and ethical practices, we checked for compliance with regulations around the world. For pursuing fair transactions with business partners, we encourage information sharing about our procurement managers in Japan and overseas through meetings and training sessions. [Procurement]</p>
Consumer Issues	
<p>(As for quality assurance) I hope that it will incorporate the minimization of impacts on customers as part of its management indicators and further advance quantitative and effective measures.</p>	<p>Under our quality policy, we are working to provide appealing products that satisfy our customers. We check quality every step of the way up to market launch and pursue further improvements through customer satisfaction and technical services provided to customers. [Quality Assurance]</p>

Third-Party Opinion

The description herein refers to the opinions based on this report, a related website (<http://y-yokohama.com/csr/en/>), and also interviews held with persons in charge from Yokohama Rubber's Raw Materials Procurement, Human Resources, Corporate General Affairs, Quality, Safety and CSR departments.

Suffice to say, Yokohama Rubber's various approaches to CSR are steadily progressing under the PDCA management cycle, especially with regard to its mitigation of environmental impacts.

Truly Commendable Areas

- Regarding conservation of biological diversity, I commend the Company for carrying out initiatives to foster a correct understanding of the positive and negative impacts it has on ecosystems, including by hosting employee-led workshops and briefings for the local community as well as conducting activities that conserve biological and ecosystem diversity autonomously across a wide area, at seven factories in Japan, including the Mie Plant, based on the preliminary studies implemented at 30 of the Company's business locations both in Japan and overseas in fiscal 2010. In particular, I highly praise the fact that members comprising managerial employees taking part in activities at the Mie Plant have taken the lead in ongoing monitoring efforts. I hope that the Company will expand this same initiative gradually to its overseas business locations.

- Regarding the Yokohama Forever Forest Project, in seven years since the project was launched Yokohama Rubber's domestic and overseas sites have planted more than 370,000 trees with sufficient consideration towards the conservation and improvement of biodiversity. They nurtured the seedlings on their own, and not only were 93% supplied within the Yokohama Rubber Group in fiscal 2014 in Japan, but also they have provided a cumulative total of more than 270,000 seedlings so far to municipal governments and other companies. In particular, I commend the Company for playing a leading role in the "Green Coastal Levee that Protects Lives" project planned for those areas affected by the Great East Japan Earthquake. I also truly commend this world-leading initiative for contributing to society to preserve and improve forest ecosystems and greenery. Going forward, I hope that the Yokohama Forever Forest Project website will evolve into a portal that also introduces many examples of similar initiatives taking place at other companies.

While Approving of Progress, Areas that May Require Further Improvement

- Regarding corporate governance and CSR implementation system, while I commend Yokohama Rubber for establishing interim targets up to 2017, when it celebrates its centennial anniversary, and promoting initiatives using key performance indicators (KPI) based on the core subjects of ISO26000, going forward I sincerely hope the Company will develop a system that focuses on its position in world markets in 2017, and beyond, and in particular, continue to use targets and measures created using a bottom-up approach at its domestic and overseas sites in order to incorporate many different values globally in its management decisions and practices. In terms of its reporting and communication, I would like the Company to provide more detailed introductions of the initiatives being carried out by Yokohama Group companies in Japan and abroad. I also hope that the Company will promote stakeholder engagement further as required by ISO26000, setting up opportunities for continuous dialogue with NPOs in important operating regions similar to those on biodiversity already begun at the Mie Plant. From this standpoint, I would like the Company to provide a venue for persons in charge of business divisions to share their views as an opportunity for dialogue to promote CSR across the company.

- Regarding its quality assurance implementation system, while I commend Yokohama Rubber for its efforts to cut wait times in half for feedback provided to customers who contact the company, I hope that it in the future will incorporate the minimization of impacts on customers as part of its management indicators and further advance quantitative and effective measures.

- Regarding the reduction of environmental impacts, I praise the company for the progress it has made. This includes reducing the environmental impacts of



Hideto Kawakita

CEO and Editor/Publisher of Socio Management International Institute for Human, Organization and the Earth (IIHOE)

IIHOE

The International Institute for Human, Organization and the Earth is a non-profit organization established in 1994 for the democratic and balanced development of all the lives on the earth. Although it mainly provides management support for citizens' groups and welfare workers, the group is also heavily involved in providing CSR support to large corporations. <http://blog.canpan.info/iihoe/> (Japanese language only)



products, including increasing the use of powdered recycled rubber by some 3% compared to last year, achieving the interim targets for lowering waste emissions and GHG emissions. Going forward, I strongly encourage the Company to thoroughly shed light on its challenges and methods, such as transitioning to the non-fixation of energy usage adjustable to the fluctuation of production volume (Just- In-Time for Energy), and also to share the same support system among divisions and overseas sites.

- As for CSR at suppliers, I commend the Company for holding CSR workshops for business partners in major countries, having suppliers carry out self checks for the first time in five years, and establishing a commendation system based on the results of these self checks. In order to more effectively improve initiatives being undertaken by suppliers, I strongly encourage the Company to establish a support system with suppliers for sharing and problem solving actual cases and further understanding initiatives in greater detail.

- As for employee safety, I commend Yokohama Rubber for investigating and rectifying the situation company-wide with regard to the serious accident that happened at the Company and the problems with its initial response and reporting. Ultimately, these efforts helped the Company win the Chairman's Prize at the National Industrial Safety and Health Convention. Moving forward, I continue to urge the Company to incorporate safety improvements and remedies for facility specifications without fail and to issue a report about the progress of evaluations and improvements to ensure the greater effectiveness of safety measures.

- Regarding improvement of workplaces to retain employees, I commend the fact that 3.67% of Yokohama Rubber employees took advantage of the systems for paid vacation, leave of absence or shorter work hours in order to care for a child or family member in need, and that Yokohama Rubber interviewed those employee who have taken nursing care leave. Going forward, to prepare for the unavoidable sharp increase in those going to take nursing care leave in the future, I continue to strongly urge the Company to establish an environment where employees can continue to work, while also taking leave, such as by hosting workshops that introduce examples of people that have taken nursing care leave. In terms of mental health care, while commending the Company for conducting stress screenings on all of its employees, going forward I hope the Company will promote even more effective measures, such as establishing and using hotlines where employees can discuss personal problems or any other matter. I also praise the Company for making progress with the reemployment of retired workers and I expect the Company to encourage the participation and involvement of reemployed workers in their local communities.

- As for the enhancement of a human resource portfolio required as a global corporation over the midterm, I think it is good that the Company has begun strengthening personnel development efforts across the Group for managerial level employees. Meanwhile, going forward, I strongly encourage the Company to accelerate its development of the next generation of executives at both its head office and overseas sites based on a long-term goal and strategy given where the market and the company will be in 10 years time.

- As for employment of persons with disabilities, I commend the Company for achieving the statutory employment rate of persons with disabilities and expanding job opportunities. I ask that the company to continue to work proactively toward implementing measures to ensure that employees with disabilities are retained over the long term.

Response to Third-Party Opinion

While we have received certain positive feedback regarding our CSR initiatives, we take suggestions and recommendations very seriously, as something to be improved upon in continuing to meet the expectations of our stakeholders.

Safe workplaces, as well as the physical and mental wellbeing of employees, represent the very foundation of our corporate management, and employees of the Yokohama Rubber Group carry out their duties closely in line with our action guidelines. On top of this, in order to pursue sustainable business activities in Japan and overseas in a stable manner, we will carry out biological diversity conservation studies and

work closely with suppliers, while developing an employee-friendly workplace environment where employees can contribute their skills and abilities, through greater expansion our nursing care system, to accommodate the need of employees in an aging society. To that end, we will continue to hold discussions and dialogue with our stakeholders in the future.

Fumio Morita

Director and Managing Corporate Officer
Head of Corporate Social Responsibility Division
Yokohama Rubber Co., Ltd.



The Yokohama Rubber Co., Ltd.

Corporate Communications Department

36-11, Shimbashi 5-chome, Minato-ku, Tokyo
105-8685, Japan
Tel. +81-3-5400-4531

CSR & Environmental Affairs Department

2-1 Oiwake, Hiratsuka City, Kanagawa Prefecture
254-8601, Japan
Tel. +81-463-35-9512



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 partner of Chelsea F.C.
This publication was printed on FSC®-certified paper, which includes materials from timber manufactured in properly managed forests.
This publication was printed with a waterless printing method that does not emit hazardous waste fluids.
This publication was printed with vegetable oil ink which does not emit VOCs (volatile organic compounds) that cause air pollution.