

Corporate Governance

Yokohama has built a framework for corporate governance aimed at ensuring responsible, effective, and transparent management based on its corporate philosophy, and the Company continues working to strengthen that framework. Sound corporate governance is central to Yokohama's efforts to maximize corporate value and to earn and retain the confidence of all the Company's stakeholders.

The members of the Board of Directors agree on policy for maintaining the internal-control mechanisms mandated by Japanese law, they discuss matters of importance in company management, and they monitor each other's performance. The Management Council, which comprises the chairman and other

selected members of the Board of Directors and other executives, reviews overall operational policy, matters crucial to the performance of work, and matters crucial to risk management from the perspective of fundamental management policy.

Auditing at Yokohama is a tripartite undertaking by the Board of Corporate Auditors, by an independent public accounting firm, and by the Audit Office. The Board of Corporate Auditors monitors the performance of the members of the Board of Directors. The independent public accounting firm monitors the Company's financial accounting, and the Audit Office monitors operations and accounting at the parent company and at subsidiaries.

Yokohama's Framework for Corporate Governance



Internal-control mechanisms

The Board of Directors passed a resolution in May 2006 that called for establishing the internal-control mechanisms mandated by Japanese law and for monitoring the performance of those mechanisms. In April 2009, the Board of Directors passed a resolution that called for instituting measures for preventing corporate involvement in racketeering and other illicit activity.

Legislation took effect in Japan in the fiscal year to March 31, 2009, that is similar to the U.S. Public Company Accounting Reform and Investor Protection Act of 2002, commonly known as the Sarbanes-Oxley Act. Yokohama has established internal-control mechanisms to help ensure compliance with that legislation and with other laws and regulations.

Risk-management system

Yokohama's Risk Management Committee is responsible for coordinating a swift and effective response to emergencies. The committee also evaluates significant risks from a cross-sector perspective and determines appropriate measures for addressing those risks.

A recent example of an emergency that commanded attention at Yokohama was the 2009 outbreak of swine influenza A (H1N1). In April 2009, the World Health Organization raised its warning level for swine influenza to Phase IV. That prompted Yokohama to establish a response team under the leadership of the president. The Company has abided by a policy of preventing any infected employee from transmitting the disease to people inside or outside the Company and of ensuring the continuance of business operations. It has specified preventive procedures for employees to abide by when traveling on

business and when taking up overseas assignments, and it has instituted preventive measures at the entrances to all company facilities in Japan. In addition, the Company is responding promptly to incidences of the disease in the workplace, in employee families, and in the community.

Yokohama has devised plan-do-check-act cycles for responding to foreseeable risks. Its risk-management encompasses workplace safety, earthquake preparedness, fire prevention and preparedness, ethical compliance, environmental protection, product quality, and operational continuity. The committees, divisions, and other organizational units responsible for those and other facets of risk management work out appropriate measures for addressing risk and oversee the implementation of those measures.

Ethical compliance

Basic approach

Yokohama is committed to ensuring compliance with rigorous standards of corporate ethics. The Company works systematically to ingrain that commitment in its corporate culture and in its daily operations. That includes building and maintaining an effective framework for enforcement, encouraging employees to report suspected breaches, and emphasizing corporate ethics in employee education and in awareness-raising activities.

Ethical-enforcement framework

Each sector of operations at the parent company and each subsidiary has named a compliance monitor as part of a compliance -assurance network. The monitors exchange information about awareness-raising activities, about performance in complying with ethical guidelines, and about incidents of note.

Compliance Committee

The Compliance Committee, chaired by Yokohama's president, meets quarterly. It reviews activity in ethics-related education, reports from the Company's divisions, and notifications and input from employees about ethical concerns, and it considers measures for preventing ethical breaches. Yokohama's Corporate Compliance Department serves as the secretariat for the committee.

Internal channels for reporting suspected violations

<Hotline>

Yokohama has established a hotline that enables employees at the parent company and at subsidiaries in Japan to report suspected violations of legal regulations or corporate guidelines anonymously. The hotline is in conformance with Japanese legislation that mandates protection for "whistleblowers." It allows employees to report suspected violations to an independent legal office by telephone, fax, or e-mail. Yokohama has distributed cards that bear the telephone number, fax number, and e-mail address of the Corporate Compliance Department to all employees at the parent company and its subsidiaries in Japan.

Marine hose cartel case

It was announced on January 28 that, under the Commission Notice on Immunity from Fines and Reduction of Fines in Cartel Cases, Yokohama would be exempt from being fined by the European Commission for involvement in a cartel surrounding the sale of marine hoses. This was due to Yokohama's involvement having been discovered by an internal investigation and its application to the European Commission for exemption from a fine. We deeply regret the inconvenience that has been caused to our stakeholders, and wish to assure you that everything is being done throughout the company to prevent a recurrence.

Education and awareness-raising activities

<e-learning>

E-learning courses have been taught on the themes "Introduction to the Anti-monopoly Act," "Compliance and concealment," and "Introduction to compliance." The introductory course on the Anti-monopoly Act was taken by all sales staff at Yokohama and its distributors in Japan.

Courses in FY2008

Compliance and concealment of purchasing	e-learning format	2,094 participants
Introduction to the Anti-monopoly Act	e-learning format	1,518 participants
Introduction to compliance	e-learning format	129 participants
Introduction to compliance	Group format	27 participants

<Use of intranet homepage>

The Corporate Compliance Department has had a homepage on the Company intranet since 2006. This is used as a means of raising awareness of compliance and publishing information on things such as summaries of legal issues actually encountered in the Company and how they were dealt with, legal tips, commentaries on the Anti-monopoly Act, and inquiries from employees and how they were resolved.

<Consultation>

Yokohama has established an internal e-mail function to respond to employee doubts or suspicions about any company-related subjects. The consultation function is available to everyone who has access to internal e-mail at Yokohama in Japan. Employees can use the consultation function to discuss the legality or propriety of any ongoing.

Consultations in FY2008

Hotline	3 cases
Consultation	24 cases

Incidence of health problems caused by asbestos

Incidence of health problems (as of June 2009)

One former employee of the Hiratsuka Factory who underwent an operation for lung cancer in January 2006 was found to be eligible for workers' compensation in October of that year.

One former employee of the Hiratsuka Factory who died from lung cancer in January 2002 was found to be eligible for workers' compensation in May 2007.

Two former employees of Hiratsuka Factory received healthcare permits in March 2006 and May 2009 respectively.

No claims or consultations regarding health problems caused by asbestos in and around plants of Yokohama and its group companies were received.