

CORPORATE PHILOSOPHY AND CORPORATE SOCIAL RESPONSIBILITY



Fumio Morita
 Director and Managing
 Corporate Officer
 Head of Corporate Social Responsibility
 Division

Yokohama Rubber established its corporate philosophy in 1990. It consists of the Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities. The Management Policies outline basic administrative principles for upper-level management to commitment themselves to. The Action Guidelines are the code of conduct for each employee to comply with.

In 2006, we drew up a medium-term management plan, the Grand Design 100, and set a clear target of becoming a global company with one trillion yen in net sales by FY2017. Also, since our Basic Philosophy has been compiled based on the strong awareness of the expectations and needs arising from the

international community, the plan places a strong emphasis on CSR by adopting these two basic points; to assert world-class strengths in technologies for protecting the environment, and fostering a customer-oriented corporate culture as our first priority by respecting higher standards of corporate ethics. In 2008, we reformed our corporate structure by establishing the CSR Division, followed by announcing our vision of CSR management both internally and externally. Our vision, to build a trusted identity as a contributing member of the global community, incorporates our desire to change the letter "R" in CSR to "Reliability", instead of the original "Responsibility." By doing so, we are hoping to make the concept more accessible and practical in our daily operations.

Corporate Philosophy (Launched in 1990)

Basic Philosophy

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

Management Policies

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

Action Guidelines

- Develop ourselves so that we may give our personal best.
- Nurture a welcoming, open spirit.
- Trust, challenge and improve one another.

Corporate Slogan
 Excellence by nature

CSR Management Vision (Launched in 2008)

To build a trusted identity as a contributing member of the global community

CSR Action Guidelines

- Identify continually changing social trends.
- Act swiftly to earn affirm trust.
- Ascertain the items that can contribute.
- Practice CSR in one's own work.

Grand Design 100 (GD100) Medium-range Management Plan (Established in 2006)

GD100 Vision and Basic Policy

To mark the Yokohama Centennial in FY2017, we will evoke a distinctive global identity in building corporate value and in building a strong market presence.

Long-Term Financial Targets (FY2017)

Net sales: ¥1 trillion, operating income: ¥100 billion, operating margin: 10%

Basic Policy

- Deliver the best products at competitive prices and on time.
- Assert world-class strengths in technologies for protecting the environment.
- Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics.

GD100 and Our Approach to the Environment (Established in 2006)

Basic Policy

Following the principle of dealing fairly with society and valuing harmony with the environment, we shall assert our world-class strengths in technologies for protecting the environment.

- Continued improvement of environmental management.
- Action to combat global warming.
- Contributing to the creation of a sustainable recycling society.

Seven Pillars of Core Subjects

The entire Yokohama Rubber Group including all domestic and overseas subsidiaries observe as action guidelines the 10 Principles of the United Nations Global Compact and

the ISO26000 seven core subjects, in accordance with PDCA carried out.

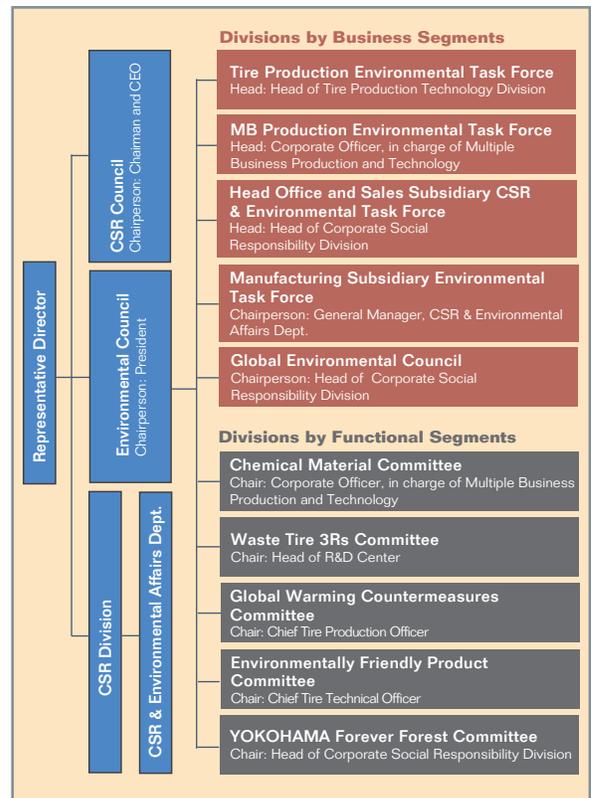
UN Global Compact's 10 Principles		ISO26000 Seven Core Subjects
<p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<ol style="list-style-type: none"> 1 Organizational governance 2 Human rights 3 Labor practices 4 The environment 5 Fair operating practices 6 Consumer issues 7 Community involvement and development
<p>Labour</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>Anti-Corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	
		

CSR and Environmental Promotion Framework

Overseeing our measures for fulfilling corporate social responsibility is our CSR Council, headed by our company chairman and CEO. Safeguarding the environment is a central emphasis, of course, in those measures, and we have established the Environmental Council, headed by our company president, to oversee our work in maintaining environmental quality. Each council meets twice yearly to establish priorities and to evaluate our progress in tackling those priorities. They evaluate our progress in reference to our seven pillars of critical issues and issue instructions as appropriate for making improvements in our approach.

Fulfilling corporate social responsibility is a global undertaking in the Yokohama Group, and representatives of group companies worldwide gather annually for a global environmental conference. In addition, we have begun holding regional gatherings of managers responsible for environmental protection at Yokohama Group companies. The first regional gatherings took place in China in June and in December 2014, and we are laying plans for a Southeast Asian gathering in Thailand and a North American gathering in the United States.

CSR and Environmental Promotion Framework



Hands-On Participation in Fostering Community Vitality

A More Local Focus

Building a sylvan barrier in Iwate Prefecture to protect the community from tsunami

Part of a large-scale project

We support forestation work in the northeastern Japan community of Otsuchi-cho, Iwate Prefecture. Otsuchi-cho was the scene of severe devastation wrought by the 2011 Great East Japan Earthquake and the subsequent tsunami. In the wake of that disaster, the plant ecologist Dr. Akira Miyawaki proposed an innovative, life-saving initiative. He called for building 300 kilometers of sylvan barriers to protect coastal communities in northeastern Japan from future tsunami.

Our participation consists of helping to afforest a mound in Otsuchi-cho that serves as a showcase for the sylvan-barrier project. We held the first planting in April 2012, when some 540 people planted about 3,400 trees on a mound 15 meters wide and 50 meters long. We have since sponsored forestation work annually on Otsuchi-cho's growing sylvan barrier, most recently in May 2015.

Evolving community attitudes

We were determined to position the Otsuchi-cho project as a locally based undertaking. So we worked through the local board of education and through other local channels to persuade residents of the project's value and to elicit their participation. Our efforts bore fruit, and the Otsuchi-cho elementary school incorporated the project as part of the environmental curriculum for fourth graders in 2014. The school has since conducted instruction in growing tree seedlings, brought students to gain hands-on experience in the planting work, and invited Dr. Miyawaki to conduct a symposium.



A growing contingent of young participants at the third planting session, in April 2014

The challenge of eliciting community involvement

Our forestation work in Otsuchi-cho will conclude in 2015. We have planted 80% of the surface of the tsunami barrier, which has reached its planned length of 300 meters. Planting the remaining 20% will take place in conjunction with environmental education programs. Yokohama employees visit Otsuchi-cho monthly to

do watering and weed clearing. But the mound's long-term effectiveness as a sylvan barrier will hinge on community involvement. And we are therefore working with Otsuchi-cho representatives to secure the participation of local residents in conducting maintenance work.

Our evolving attitude

"The Otsuchi-cho project reflects our increasingly long-term perspective in public-interest activities. Our attitude toward community engagement has evolved through our work in that project. The number of employees who have participated in the forestation has grown annually, and a lot of those employees express a desire to put what they have learned in Otsuchi-cho to work in other worthy undertakings. We launched an in-house group in 2012 to support public-interest activities by employee volunteers. And we are considering a matching-gift program and other measures for promoting joint work by our employees and our company on behalf of the community."



Ichiro Suzuki
Head
CSR & Environmental Affairs Department

New Social Frameworks for Coexisting with Nature

Support for Habitat-Protection Work in China's Yunnan Province

Support for developing environmentally sustainable livelihoods

We support an initiative by the Beijing Sansheng Environment and Development Research Institute for supporting sustainable livelihoods in the Yunnan Province village of Heyuan, in the Laojun Mountain Nature Reserve. The Heyuan villagers number about 2,000 and are an ethnic minority. They engage in agriculture, but the environment is not amenable to cash crops, so they traditionally supplemented their livelihoods through logging and hunting. The Beijing Sansheng Environment and Development Research Institute, a nonprofit organization, began working with the villagers in 2010 to develop more environmentally sustainable sources of income. Our Chinese holding company, Yokohama Rubber (China) Co., Ltd., has supported that work since 2011.



Heyuan villagers pose with Yokohama Rubber (China) after a review and planning session.

Four years of assistance

The sustainability project in Heyuan has progressed in accordance with the adage, "First give a hungry man fish to eat. Then teach him how to catch fish on his own. And then help him sell his catch." With the Beijing Sansheng Environment and Development Research Institute, we set up a bank in Heyuan in 2011 to finance villagers' shift from logging to commercial agriculture and livestock raising. We also organized a cooperative organization for the villagers who sought to become commercial farmers and livestock growers. The shift in occupations entailed a temporary decline in income for some of the villagers, so we set up a fund in 2012 to help cover the cost of educating their children. We provided equipment in 2013 for beekeeping work and for other facets of the village's growing activity in agriculture and livestock raising. And we set up a sales platform in 2014 to market honey, medicinal herbs, and other products from the village.



Executives and employees from Yokohama Rubber (China) in Heyuan in July 2014 for the launch of the sales platform for sustainably produced agriculture and forestry products

Continued donations of funding and equipment

We have provided crucial funding and equipment at each stage in the Heyuan project through Yokohama Rubber (China). Executives and employees from Yokohama Rubber (China) visited Heyuan for the ceremonies held to commemorate the donation of beekeeping equipment and the launch of the sales platform for marketing the village's products.

Yokohama Rubber (China)'s work in Heyuan has earned high regard in China, and the company received prestigious recognition for the project in the inaugural Beautiful China awards in 2013. The Beautiful China awards program, conducted by 17 Chinese media organizations, recognizes excellence in fulfilling corporate social responsibility.

A rare honor

"The 2014 establishment of the sales platform for Heyuan products has reinforced the sustainability of production and economic development in the village. This project has been a long-term undertaking, conceived and conducted to transform the very fabric of village life. Fulfilling our commitment to the project has meant providing reliable support on a continuing basis. We have been honored to take part, especially since this undertaking is genuinely unique in its approach to community vitalization."



Shigetoshi Kondo
Chairman and President
Yokohama Rubber (China) Co., Ltd.

CSR HIGHLIGHTS

Deploying environmentally friendly products

We evaluate products in regard to four environmental criteria: prevention of global warming, resource recycling, resource saving, and safety and comfort. Our guidelines mandate that all new products achieve an aggregate improvement of at least 5% over existing

products and that they at least match existing products in regard to all four criteria. By the end of 2014, 94.9% of our products fulfilled our criteria for minimizing environmental impact, and we aim to increase that percentage to 100% by the end of 2017.

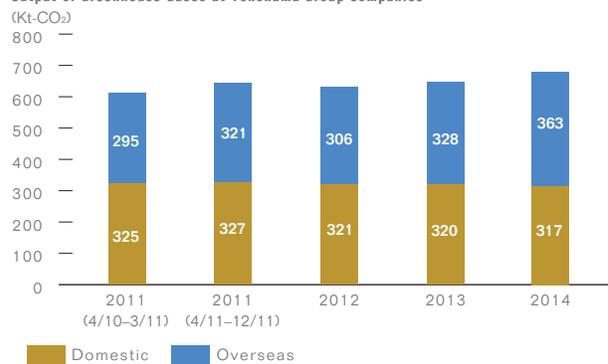
Proportion of Environmentally Friendly Products among All Products



Reducing output of greenhouse gases

Our medium-term target in Japan is to reduce our annual greenhouse emissions 25% by 2020, compared with 1990. In 2014, our overall reduction reached 17%. Our long-term target worldwide is to reduce our output of carbon dioxide more than 50% across our entire value chain by 2050, compared with 2005.

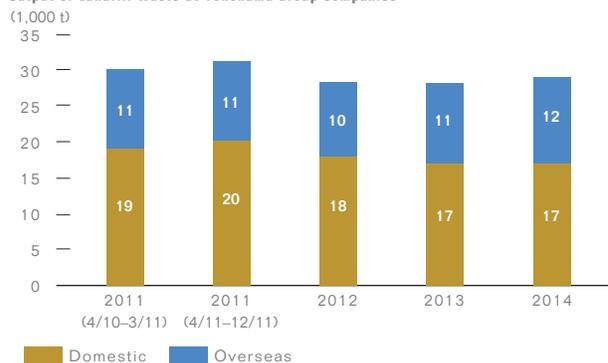
Output of Greenhouse Gases at Yokohama Group Companies



Reducing output of landfill waste

We tackled two principal targets for reducing landfill waste over the three years to 2014: reduce landfill waste at our plants in Japan 35%, compared with 2006, and reduce landfill waste per unit of production (by value) at least 1% annually at our plants worldwide. In regard to the first target, our three-year reduction totaled 39.8%. We exceeded the second target in each of the three years to 2014 at our plants in Japan. At our plants overseas, we achieved a 4.8% reduction per unit of production in 2014.

Output of Landfill Waste at Yokohama Group Companies



Propagating the Yokohama Forever Forest

Our Yokohama Forever Forest project, inaugurated in 2007, provides for planting 500,000 trees at Yokohama plants worldwide by 2017. By the end of 2014, we had planted about 370,000 trees. Employees at our plants nurture the seedlings for the Yokohama Forever Forest at plant facilities, and we have also supplied some 230,000 of their seedlings to public agencies, to schools, and to other companies.



A Yokohama Forever Forest planting event at Suzhou Yokohama Tire Co., Ltd., in November 2014, the third planting there

Preserving biodiversity

We are undertaking biodiversity preservation activities at seven plants in Japan and at two plants overseas. The activities in Japan center on monitoring the ecology in and around rivers used for plant water intake and discharge and those overseas on monitoring the ecology in verdant tracts on the plant grounds. We incorporate the findings of the monitoring in measures for preserving biodiversity. In addition, we explain our activities on behalf of biodiversity through community-outreach programs. Those programs in 2014 included a panel discussion at our Hiratsuka Factory in November.



A biodiversity panel discussion held at our Hiratsuka Factory and attended by members of the factory community

Public-Interest Activities at Overseas Subsidiaries

United States—Yokohama Tire Corporation

Our US subsidiary Yokohama Tire Corporation held its third annual Eco Day in October 2014 in cooperation with the local community. Employees collected used electrical appliances and other waste for recycling. Volunteers from the company also participated in community cleanup activities as part of the annual Earth Day observation in April and in September.



Taiwan—Yokohama Tire Taiwan Co., Ltd.

Volunteers from Yokohama Tire Taiwan and its suppliers, along with family members, participate in cleanup activities on hillsides and beaches. Those activities unfold at sites nationwide.



Thailand—Yokohama Tire Manufacturing (Thailand) Co., Ltd.

In Thailand, our tire manufacturing subsidiary sponsored improvements to the playground and toilets at a nearby elementary school. That included work by employee volunteers in building playground equipment from scrap tires. Employee volunteers also help with cleanup work at a nearby temple and with preparations, including cash donations, for festivals there.



Germany—Yokohama Europe GmbH

Employee volunteers at our sales subsidiary Yokohama Europe take part in cleanup activities along the Rhine River and in maintenance work at Heinrich Heine University Düsseldorf's arboretum. In spring 2014, volunteers from the company also conducted cleanup work on the grounds of a children's hospice in Düsseldorf.



CORPORATE GOVERNANCE

Basic approach

We in the Yokohama Group work in the spirit of our corporate philosophy to achieve continuing growth in corporate value and to thereby earn the unwavering confidence of all our stakeholders. Our efforts have

included building a corporate governance framework for ensuring sound management that is fair and transparent, and we have worked continuously to reinforce that framework.

Framework

Our management framework centers on governance entities prescribed by Japan's Company Law: the Annual General Meeting of Shareholders, representative directors, the Board of Directors, the Board of Corporate Auditors, and an independent public accountancy. We supplement those entities with corporate officers, who are responsible for operational management, to speed the process of making and implementing decisions. Presently, the senior management team comprises 11 directors, headed by the chairman and president, and 14 corporate officers, not including officers who serve concurrently as directors. The directors include six members who serve concurrently as corporate officers and two independent directors.

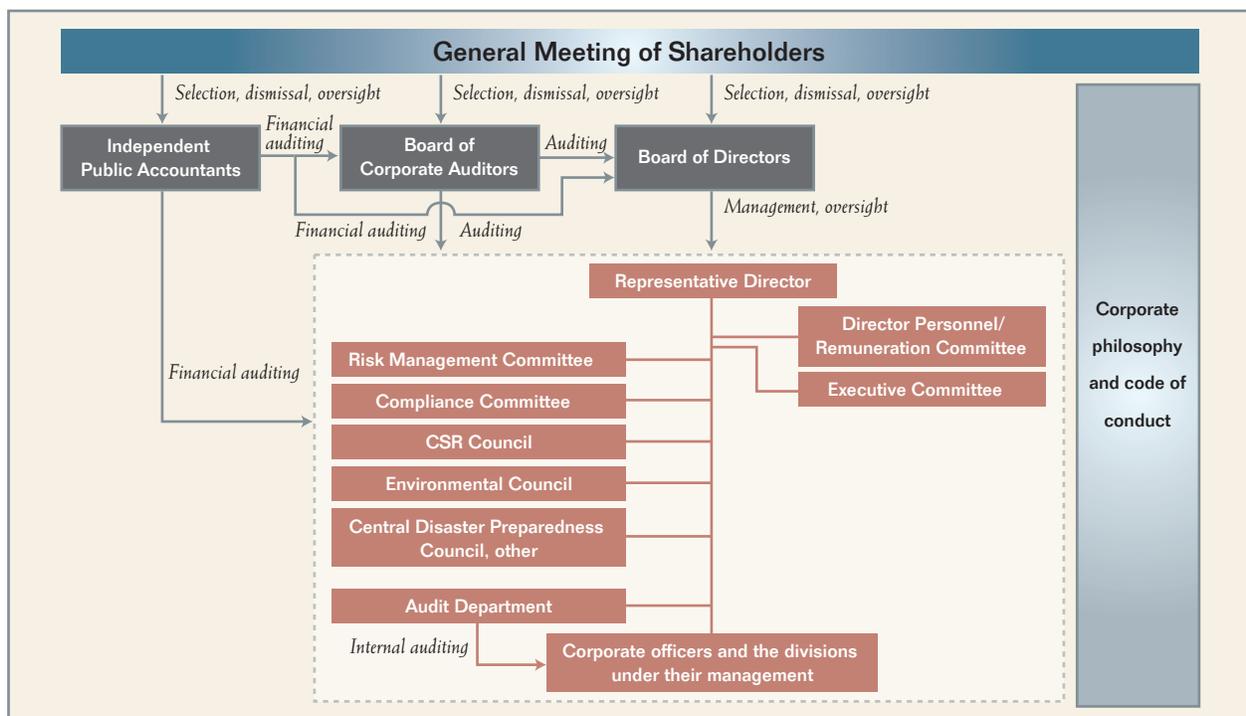
We reinforce our management framework with the Executive Committee, which comprises the chairman and other selected members of the Board of Directors and other executives. That committee, convening in the presence of corporate auditors, reviews overall operational policy and matters crucial to the performance of work. It reports its findings to

the Board of Directors, and the directors discuss and act on the committee's recommendations in accordance with the pertinent corporate guidelines.

Auditing at Yokohama is a tripartite undertaking by our corporate auditors, who monitor management; an independent public accounting firm, which monitors the company's financial accounting; and our Audit Department, which conducts operational and financial auditing of the parent company and of principal subsidiaries and affiliates. We reinforce the auditing function by maintaining autonomy among those units.

The corporate auditors number five, including three recruited from outside the company to help ensure objectivity in the auditing function. They participate in meetings of the Executive Committee and of other management gatherings where important matters are discussed and receive reports about the status of our business operations. The auditors also obtain important information from the independent public accounting firm and from the Audit Department. We assign an assistant to the auditors to help them carry out their work smoothly and effectively.

The Yokohama Framework of Corporate Governance



Internal controls

The Board of Directors adopted a basic policy for internal controls based on Japan's Company Law at its regular meeting in May 2006. And the Board adopted guidelines in April 2009 to prevent involvement with organized crime. Below is a summary of our internal controls in regard to risk management and ethical compliance.

Risk management

Spearheading risk-preparedness measures at Yokohama is our Risk Management Committee, chaired by the general manager of the Corporate Social Responsibility Division. That committee evaluates risk from a cross-sector perspective and devises precautionary measures. We have also established committees to manage risk, respond to incidents, establish guidelines, and distribute manuals in regard to ethical compliance, safety, disaster preparedness, environmental quality, information security, personal information management, and exports. Our Executive Committee receives timely reports from all of those committees.

Ethical compliance

Compliance Committee and Corporate Compliance Department

A director who discovers evidence of a serious legal or regulatory breach or of any other serious misconduct reports his or her suspicion to the chairman of our Compliance Committee, who is the president of the company, and to our corporate auditors. Responsible

for enforcing ethical compliance is our Corporate Compliance Department. That department establishes guidelines for ethical behavior in the Yokohama Group and conducts training and awareness-raising activities in regard to ethical compliance for our directors and employees.

Enforcement at subsidiaries and affiliates

Each principal Yokohama subsidiary and affiliate has prepared and observes ethical guidelines based on the action guidelines established by the Compliance Committee. The Corporate Compliance Department and designated compliance officers at the subsidiaries and affiliates share information and develop a common grasp of issues. In addition, the Corporate Compliance Department makes timely reports to the Executive Committee about the status of ethical compliance in the Yokohama Group. The Audit Department, meanwhile, systematically monitors the auditing functions for accounting, operations, and ethical compliance at the subsidiaries and affiliates and reports its findings to the Board of Directors, to the pertinent divisions, and to the corporate auditors.

Whistleblower hotline

We also maintain a hotline to handle reports of suspected infractions from persons inside and outside the company. The hotline handled 31 inquiries and consultations in 2014.