Corporate Social Responsibility

Fulfilling corporate social responsibility is fundamental to management at Yokohama. The Company works in all phases of its activity to contribute to social sustainability.

Basic approach
At Yokohama, fulfilling corporate social responsibility means earning the confidence of people in the community at large. The central dynamic is one of addressing stakeholder expectations in the course of maximizing corporate value.

Organization
Yokohama established an organizational infrastructure in 2008 to shape the Company’s commitment to fulfilling social responsibility. It upgraded that infrastructure in January 2012, placing the chairman and CEO in charge of overall activity and placing the president in charge of measures focused on environmental quality. The teams for coordinating overall activity under the chairman and for coordinating environmentally focused activity under the president each will meet twice a year. They will hammer out policy and strategy for tackling their priorities and will monitor progress in achieving their aims. In addition, representatives of Yokohama’s overseas manufacturing operations meet annually to coordinate mutual measures for safeguarding the environment.

Seven emphases based on international standards
The ISO 26000 guidelines are an international benchmark for fulfilling social responsibility. Yokohama is systematically tackling seven priority themes that it adopted in 2010 based on those guidelines: environmental protection, workplace safety, safety and quality in products and service, human rights and labor practices, supplier relations, stakeholder communication, and corporate governance and ethical compliance.

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

CSR Action Guidelines
- Identify continually changing social trends
- Spot ways of contributing
- Act swiftly to earn firm trust
- Practice CSR in one’s own work

CSR and Environmental Promotion Framework
**Preserving biodiversity**

We undertake wide-ranging activities to preserve biodiversity in accordance with guidelines that we adopted in 2010. Water quality is a special emphasis, since we use large quantities of water from rivers near our plants to cool our production equipment. We recycle our cooling water and work systematically to ensure that the water we release back into waterways doesn’t affect the riverine ecology adversely. A project launched in 2011 provides a framework for redoubling our efforts on behalf of maintaining water quality.

Our project got under way with an ecological survey in the vicinity of our Mie Plant, in Mie Prefecture, and employees at that plant began taking measures in 2012 for preserving biodiversity. We conducted ecological surveys in 2012 in the vicinities of our Shinshiro and Shinshiro-Minami plants, in Aichi Prefecture, and our Mishima Plant, in Shizuoka Prefecture, and employees at those plants will conduct biodiversity-preservation measures based on the survey findings.

**Mie Plant**

The ecological survey at the Mie Plant included monitoring the water quality, birdlife, and aquatic organisms in and around the Miyagawa and Hinokijirigawa rivers, from which the plant draws water and into which it releases effluent. It also included surveying the configuration of Ominato Beach, at the mouth of the Miyagawa, and monitoring rare plant species there. Employees at the plant conducted the survey activities on a monthly basis. Their subsequent measures for preserving biodiversity have included creating a wildfowl catalog and observation map, creating a distribution map of black killifish, and clearing trash and brush from the wildlife habitats.

**Shinshiro and Shinshiro-Minami Plant**

Employees at the Shinshiro and Shinshiro-Minami plants monitored the water quality in and around the Nodagawa and Kurodagawa. Those rivers, tributaries of the Toyokawa, are water sources for the plants and receptacles of the plants’ effluent. The employees conducted their survey work in the name of ascertaining the rivers’ soundness as aquatic habitats. Their subsequent biodiversity-preservation measures have included upstream work in irrigation channels at the historically important Yotsuya no Semmaidai terraced rice paddies.

**Mishima Plant**

The ecological survey work at the Mishima Plant includes monitoring the water quality in the Kanogawa and five of its tributaries upstream and downstream from the plant. It also includes monitoring aquatic organisms, birdlife, and flora in and around the river.

**Using granulated rubber recovered from scrap tires**

Our tires contain a growing amount of granulated rubber recovered from scrap tires and other rubber products. The difficulty of blending recovered rubber with virgin rubber and achieving the intended tire performance was a long-standing obstacle to recycling. But we have developed technology that allows for blending recovered rubber successfully in different compounds.
We began mass-producing tires in 2009 that contained recovered rubber, and our use of recovered rubber had increased 2.2-fold by 2012 compared with 2008. Our recycling efforts earned an award in October 2012 from a prominent nonprofit organization in Japan that promotes recycling. We have also begun using recovered rubber in tires made at plants in the Philippines, Thailand, the United States, and Vietnam.

Reducing output of greenhouse gases
Doing our part to help forestall global warming is an important part of fulfilling our corporate social responsibility. We have therefore established a panel of experts to oversee such initiatives as installing cogeneration systems, shifting to cleaner fuels, and conserving energy throughout our operations. A target was to reduce our average annual output of greenhouse gases in Japan 12% from 2008 to 2012, compared with reference years that differ by gas, and we have more than achieved that target in terms of gross emissions and emissions adjusted for carbon credits (see graph). Next, we will strive to reduce our annual greenhouse emissions 25% by 2020, compared with specified reference years.

Earthquake-recovery assistance
We participate in an ongoing initiative for creating lifesaving sylvan barriers along the Sanriku coast, in northeastern Japan. The coastal areas there were the scenes of severe devastation wrought by the Great East Japan Earthquake and the subsequent tsunami, and rubble left by the disaster has impeded the recovery effort. Gathering disaster debris for the barrier foundations literally clears the way for restoration work to proceed more smoothly, and planting broad-leaved trees on the mounds of debris helps hold them in place.

Our participation in the sylvan-barrier initiative, dubbed Forests That Protect Lives, centers on helping with the planting work. We held our initial planting in April 2012 in the town of Otsuchi-cho. The planting was on a newly built, 50-meter-long mound, and it took place under the name of our Yokohama Forever Forest Project, which provides for planting trees around our plants worldwide. We held a second planting in May 2013 across 50 meters of a 250-meter addition to the mound, and we will plant 50 meters of trees each year, creating 300 meters of sylvan protection by our corporate centennial in 2017.

Reducing landfill waste at plants worldwide
We are working worldwide to reduce landfill waste per unit of production (by value) at least 1% annually. In addition, we are working in Japan to reduce annual landfill waste 35% by 2014, compared with 2006. We reduced our landfill waste in Japan 11% in 2012, to 17,074 metric tons, and we reduced our landfill waste per unit of production 11%. Our efforts to achieve further reductions in 2013 center on reducing burrs and other product scrap.

Yokohama Group Greenhouse Gas Emissions in Japan

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<tbody>
<tr>
<td>Index: reference years = 100</td>
<td>339.7</td>
<td>309.6</td>
<td>295.1</td>
<td>317.8</td>
<td>315.9</td>
<td>316.6</td>
</tr>
</tbody>
</table>

- 15.6% reduction
- 19.2% reduction

Public-Interest Activities
Taking part in the United Nations Global Compact

In May 2012, we signed the United Nations Global Compact, a pledge by corporations and other organizations to adhere to prescribed guidelines for respecting human rights, observing labor standards, protecting the environment, preventing illegal behavior, and addressing other concerns. We participate in the compact through the Global Compact Japan Network. The Global Compact is a high-profile initiative and provides a platform for pursuing common, high standards in fulfilling corporate social responsibility at our operations worldwide.

Volunteers from Yokohama participating in restoration work organized by the Global Compact Japan Network in Kesennuma Oshima, Miyagi Prefecture, in October 2011. The Global Compact Japan Network organized 13 volunteer excursions from September 2011 to February 2012 to conduct restoration work in areas ravaged by the Great East Japan Earthquake and its tsunami, and groups of Yokohama employees participated in 10 of those excursions.

Overseas Activity in Fulfilling Corporate Social Responsibility

Our operations around the world contribute to their host communities in diverse ways. Their activities include undertaking environmental initiatives, such as planting trees in the Yokohama Forever Forest Project, and conducting other public-interest activities. Here are some examples.

Hangzhou Yokohama Tire Co., Ltd. (China)
Contributions to economic vitality and environmental protection at Hangzhou Yokohama Tire earned grants for the company recently from the city of Hangzhou and from the Hangzhou Economic and Technological Development Zone (above). The company has earned especially high marks for its commitment to preserving environmental quality, and it is the development zone’s only officially designated "environmental protection model company."

Yokohama Tire Manufacturing (Thailand) Co., Ltd.
Recent public-interest activities at Yokohama Tire Manufacturing (Thailand) have included collecting aluminum cans and used identity badges to raise funds to purchase wheelchairs for needy users (left) and laying floor tile on outdoor corridors at an elementary school (right).

SAS Rubber Company (United States)
A city park in SAS Rubber’s hometown of Painesville, Ohio, is greener thanks to tree planting by company employees.

Yokohama Tyre Vietnam Inc.
Employees at Yokohama Tyre Vietnam’s Ho Chi Minh sales office held a Christmas party for children from a nearby day care center.

YH America, Inc. (United States)
Raising funds for worthy causes, such as the Breast Cancer Care and Research Fund, is a tradition at YH America.
Corporate Governance

We are committed to positioning Yokohama to achieve continuing growth in corporate value and to earn the unwavering confidence of all our stakeholders. In that spirit, we have built a framework of corporate governance for achieving sound management characterized by transparency and fairness. We continue to reinforce that framework in accordance with our Basic Philosophy, which calls for enriching life through beneficial products.

The Yokohama Framework of Corporate Governance

Framework
Our management framework differentiates clearly between operational responsibility, invested in the corporate officers, and oversight responsibility, invested in the Board of Directors. That helps maximize our responsiveness in management. Presently, the senior management team comprises 10 directors, headed by the chairman and president and including 6 members who serve concurrently as corporate officers and 1 external director, and 14 corporate officers, not including officers who serve concurrently as directors.

The Executive Committee, which comprises the chairman and other selected members of the Board of Directors and other executives, 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. Transparency and fairness are overriding emphases in appointing directors and corporate officers and in determining their compensation. Appointments and compensation receive thorough consideration in the Director Personnel and Remuneration Committee and then go to the Board of Directors for decisions.

Auditing
Auditing at Yokohama is a tripartite undertaking by our corporate auditors, an independent public accounting firm, and our Audit Department. 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. They also obtain important information from the independent public accounting firm and from the Audit Department. The independent public accounting firm monitors the Company’s financial accounting, and the Audit Department...
monitors operations and accounting at the parent company and at subsidiaries. We assign an assistant to the auditors to help them carry out their work smoothly and effectively.

**Internal controls**
The Board of Directors adopted a basic policy for internal controls based on Japan’s Company Law in May 2006. We have since enacted and implemented a system of internal controls and monitored our compliance annually. In addition, the Board of Directors has revised internal controls periodically to increase their effectiveness. The Board adopted guidelines in April 2009, for example, to prevent involvement with organized crime. Our evaluation of our internal control mechanisms in 2012 included a review based on Japan’s version of the US Sarbanes-Oxley Act, which took effect in 2008, and the review verified the effectiveness of the mechanisms.

**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, and exports. Our Board of Directors, Executive Committee, and corporate auditors receive timely reports from all of those committees.

**Ethical compliance**
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. In addition, we assign compliance monitors for each sector of operations at the parent company and for each subsidiary in Japan to help foster awareness of our ethical guidelines.

The Corporate Compliance Department receives monthly reports from the compliance monitors, circulates pertinent information to the monitors to engender a shared awareness of our status, conducts compliance-related training for employees, and reports periodically to the Executive Committee. We also maintain hotlines to handle reports of suspected infractions from persons inside and outside the Company. The hotlines handled 39 inquiries and consultations in 2012.

**Training**
Our compliance training includes general training to convey a basic understanding of compliance fundamentals and specialized training. In 2012, we stepped up our training for overseas managers with an eye to fortifying our compliance framework worldwide. Another special emphasis was harassment-related issues.

**Compliance Training in 2012**

<table>
<thead>
<tr>
<th></th>
<th>Participants</th>
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</thead>
<tbody>
<tr>
<td>Ordinary employees</td>
<td>60</td>
</tr>
<tr>
<td>Representatives at overseas operations</td>
<td>10</td>
</tr>
<tr>
<td>Employees to be dispatched overseas</td>
<td>46</td>
</tr>
<tr>
<td>Newly named directors</td>
<td>1</td>
</tr>
<tr>
<td>Special-subject training</td>
<td></td>
</tr>
<tr>
<td>Overseas contracts (English, Russian, Chinese)</td>
<td>154</td>
</tr>
<tr>
<td>Harassment</td>
<td>873</td>
</tr>
<tr>
<td>Antitrust issues</td>
<td>473</td>
</tr>
<tr>
<td>Total</td>
<td><strong>1,617</strong></td>
</tr>
</tbody>
</table>

**Global compliance meetings**
We began holding global compliance meetings in 2011 for the compliance officers and legal personnel at Yokohama Group companies around the world. The meetings foster a shared awareness of the risk we face in regard to compliance issues, and the attendees hone their skills in identifying and resolving issues through case studies. In 2012, we held global compliance meetings in July for six management companies and sales companies in Australia, China, Germany, India, and Russia and in November for five production and sales companies in the Philippines, Thailand, and Vietnam.

A global compliance meeting
Global Network

Oversea Subsidiaries and Affiliates

Tire Group

Production and Sales

Americas
1. Yokohama Tire Corporation (United States)
2. LLC Yokohama R.P.Z. (Russia)
3. Hangzhou Yokohama Tire Co., Ltd. (China)
4. Suzhou Yokohama Tire Co., Ltd. (China)
5. Yokohama Tire Philippines, Inc. (Philippines)
6. Yokohama Tire Manufacturing (Thailand) Co., Ltd. (Thailand)
7. Yokohama Tyre Vietnam Inc. (Vietnam)

Europe
15. Yokohama Reifen GmbH (Germany)
16. Yokohama Austria GmbH (Austria)
17. Yokohama Danmark A/S (Denmark)
18. Yokohama Iberia, S.A. (Spain)
19. Yokohama Russia L.L.C. (Russia)
20. N.V. Yokohama Belgium S.A. (Belgium)

Asia
21. Yokohama Tire Sales (Shanghai) Co., Ltd. (China)
22. Yokohama Tire Taiwan Co., Ltd. (Taiwan)
23. Yokohama Tire Korea Co., Ltd. (Republic of Korea)
24. Yokohama Tire Sales Philippines, Inc. (Philippines)
25. Yokohama Tire Sales (Thailand) Co., Ltd. (Thailand)
26. Yokohama Asia Co., Ltd. (Thailand)
27. Yokohama India Pvt. Ltd. (India)

Oceania
28. Yokohama Tyre Australia Pty., Ltd. (Australia)

Middle East
29. Dubai Head Office (Dubai/Business coordination)
30. Jeddah Office (Saudi Arabia/Business coordination)

Sales and Marketing Support

Americas
8. Yokohama Tire (Canada) Inc. (Canada)
9. Yokohama Tire Mexico S. de R.L. de C.V. (Mexico)
10. Yokohama Rubber Latin America Indústria e Comércio Ltda. (Brazil)

Europe
11. Yokohama H.P.T. Ltd. (United Kingdom)
12. Yokohama Suisse SA (Switzerland)
13. Yokohama Scandinavia AB (Sweden)
14. Yokohama Europe GmbH (Germany)
18. Yokohama H.P.T. Ltd. (United Kingdom)
19. Yokohama Suisse SA (Switzerland)
20. Yokohama Scandinavia AB (Sweden)
21. Yokohama Europe GmbH (Germany)

Multiple Business Group

Production and Sales

Americas
SAS Rubber Company (United States)
YH America, Inc. (United States)

Asia
Yokohama Hoses & Coupling (Hangzhou) Co., Ltd. (China)
Yokohama Hamatite (Hangzhou) Co., Ltd. (China)
Shandong Yokohama Rubber Industrial Products Co., Ltd. (China)
SC Kingflex Corporation (Taiwan)
Yokohama Rubber (Thailand) Co., Ltd. (Thailand)

Europe
Yokohama Industrial Products Europe, GmbH (Germany)

Asia
Yokohama Industrial Products Sales—Shanghai Co., Ltd. (China)
Yokohama Industrial Products Asia-Pacific Pte. Ltd. (Singapore)

Other
Yokohama Rubber (China) Co., Ltd. (China/Management company)
Singapore Branch (Singapore/Business coordination)
Y.T. Rubber Co., Ltd. (Thailand/Processing of natural rubber)

Sales and Marketing Support

Americas
Yokohama Aerospace America, Inc. (United States)

Europe
Yokohama Industrial Products Europe, GmbH (Germany)

Asia
Yokohama Industrial Products Sales—Shanghai Co., Ltd. (China)
Yokohama Industrial Products Asia-Pacific Pte. Ltd. (Singapore)

Oceania

Middle East

Proving Ground

Tire Test Center of Asia (Thailand)
### Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tadanobu Nagumo</td>
<td>Chairman and CEO and Representative Director</td>
</tr>
<tr>
<td>Hikomitsu Noji</td>
<td>President and Representative Director</td>
</tr>
<tr>
<td>Tooru Kobayashi</td>
<td>Director and Executive Vice President</td>
</tr>
<tr>
<td>Yuji Goto</td>
<td>Director and Senior Managing Corporate Officer</td>
</tr>
<tr>
<td>Kinya Kawakami</td>
<td>Director and Managing Corporate Officer</td>
</tr>
<tr>
<td>Takao Oishi</td>
<td>Director and Managing Corporate Officer</td>
</tr>
<tr>
<td>Takao Oishi</td>
<td>Vice President of Multiple Business</td>
</tr>
<tr>
<td>Fumio Morita</td>
<td>Director and Managing Corporate Officer</td>
</tr>
<tr>
<td>Hideto Katsuragawa</td>
<td>Director and Corporate Officer</td>
</tr>
<tr>
<td>Kinya Kawakami</td>
<td>Head of Corporate Social Responsibility Div. and Head of R&amp;D Center</td>
</tr>
<tr>
<td>Tetsuya Kuze</td>
<td>Director and Corporate Officer</td>
</tr>
<tr>
<td>Yoshihito Katsuragawa</td>
<td>Head of Tire Business Planning Div. and Head of Tire Overseas Sales &amp; Marketing Div.</td>
</tr>
<tr>
<td>Hidechi Okada</td>
<td>Director</td>
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### Board of Corporate Auditors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</thead>
<tbody>
<tr>
<td>Takashi Fukui</td>
<td>Senior Managing Corporate Officer</td>
</tr>
<tr>
<td>Masayoshi Daio</td>
<td>Chairman and President of Yokohama Rubber (China) Co., Ltd.</td>
</tr>
<tr>
<td>Naozumi Furukawa</td>
<td>Chairman and President of Yokohama Tire Sales Shanghai Co., Ltd.</td>
</tr>
<tr>
<td>Hirohisa Hazama</td>
<td>Corporate Officer</td>
</tr>
<tr>
<td>Yasushi Kikuchi</td>
<td>Chief Quality Assurance Officer</td>
</tr>
<tr>
<td>Kazuya Nakazawa</td>
<td>Corporate Officer</td>
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<tr>
<td>Ato Kishi</td>
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<tr>
<td>Shigeru Nakano</td>
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<tr>
<td>Koichi Tsuruno</td>
<td>Corporate Officer</td>
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### Corporate Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Koichi Tanaka</td>
<td>Managing Corporate Officer</td>
</tr>
<tr>
<td>Hirohisa Hazama</td>
<td>Corporate Officer</td>
</tr>
<tr>
<td>Hiroyuki Katsuragawa</td>
<td>Corporate Officer</td>
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<tr>
<td>Kazuya Nakazawa</td>
<td>Corporate Officer</td>
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<td>Atao Kishi</td>
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*Note: The text provides a list of directors, corporate auditors, and corporate officers along with their positions and responsibilities.*