

CORPORATE PHILOSOPHY AND CORPORATE SOCIAL RESPONSIBILITY

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, Grand Design 100, and set a clear target of becoming a global company with ¥1 trillion in net sales by 2017. 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.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves and energizes people.
- Deal fairly with society and value harmony with the environment.

Action Guidelines

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

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

Grand Design 100 (GD100) Medium-Term 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, observes as action guidelines the 10 Principles of the United Nations Global Compact and

the ISO 26000 seven core subjects, in accordance with PDCA carried out.

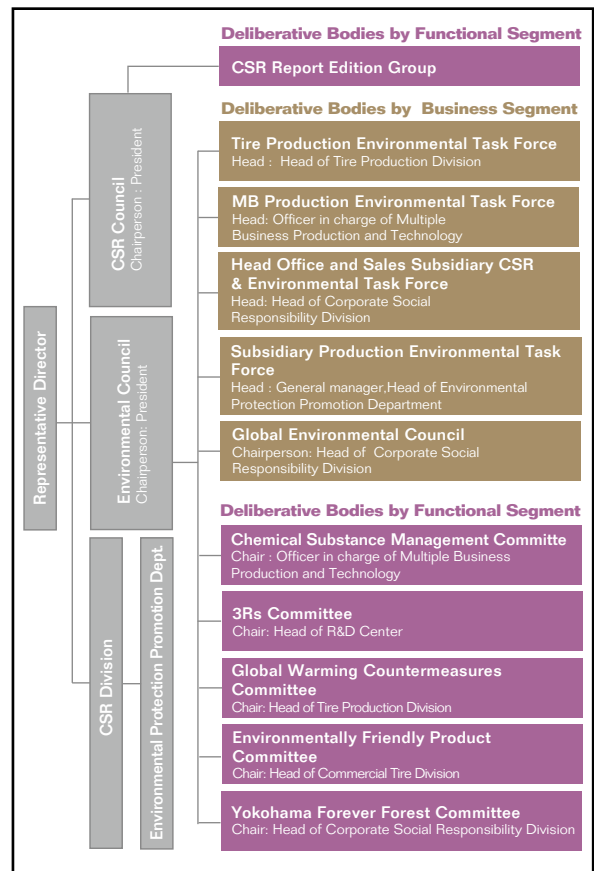
UN Global Compact's 10 Principles		ISO 26000 Seven Core Subjects
<p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and make sure that they are not complicit in human rights abuses.</p> <p>Principle 2: _____</p>	<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.</p> <p>Principle 8: _____</p> <p>Principle 9: _____</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 Management Promotion Framework

Overseeing our measures for fulfilling corporate social responsibility is our CSR Council, headed by our company president. 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 our 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 the managers responsible for environmental protection at Yokohama Group companies. The first regional gatherings took place in China and Thailand 2014, and we held a North American gathering in 2015.

CSR and Environmental Promotion Framework



An Environmental Facet of Corporate Social Responsibility: Conserving Biodiversity in the Name of Maintaining a Rich Ecology

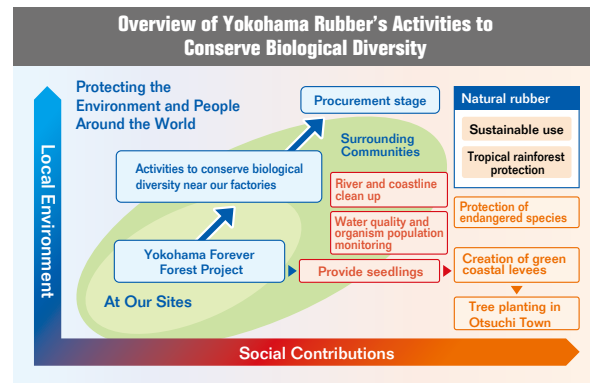
Basic Approach

We at Yokohama Rubber rely in our business on natural rubber and on other fruit of the natural bounty of the Earth. Our plants use large amounts of water, meanwhile, for cooling equipment, and they release large amounts of heat and carbon dioxide. We recognize that the environmental impact of our operations poses a threat to biological diversity, and we are therefore working systematically to offset that threat.

Our efforts on behalf of biodiversity are in accordance with guidelines that we adopted in July 2010. They include shaping our operations with an eye to maximizing environmental sustainability and undertaking initiatives beyond our business operations in support of conserving biodiversity.

Stance and Targets

Cultivating a commitment to environmental stewardship among employees and an awareness of the importance of biodiversity is central to our work in fulfilling our corporate



social responsibility. In that spirit and in the spirit of contributing to the well-being of our host communities, we launched the Yokohama Forever Forest project in 2007. That project provides for planting 500,000 trees at Yokohama subsidiaries and affiliates worldwide by 2017.

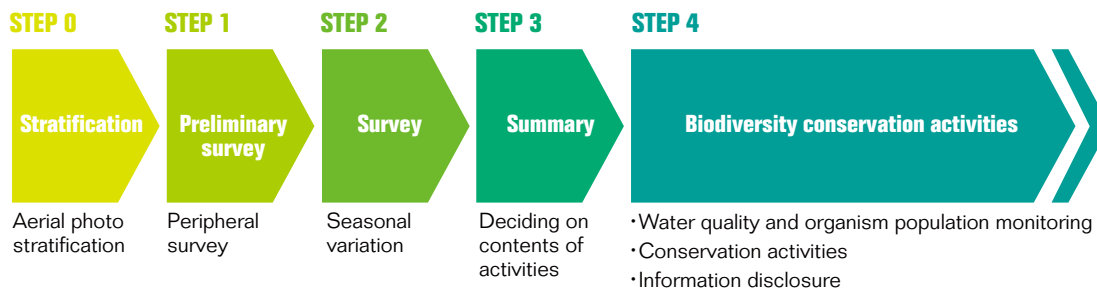
Measures

We abide by a stepwise approach in tackling a growing range of activities for conserving biodiversity. Our preparatory work at each plant consists of securing an overall grasp of ecological conditions in the waters, the verdure, the nature sanctuaries, and the residential communities around the plant. The biodiversity-conservation work gets under way in steps one and two with the conducting of preliminary and full-fledged surveys of water quality and other ecological factors and with the assembling of species maps of the flora and fauna in the vicinity. In step three, we identify a set of species to survey from the perspective of sustainable

biodiversity. Step four unfolds with the project participants monitoring the plant's environmental impact on a year-round basis, selecting species for protecting in the interest of conserving biodiversity, and reporting their results.

Our Yokohama Forever Forest team reported, for example, that project participants had planted 466,390 trees by the end of 2015—93% of the target for 2017. The project participants monitor tree growth at their planting sites and calculate the resultant absorption of carbon dioxide by measuring the tree heights and the trees' chest-height diameters. They also conduct surveys of wild birds to determine the ecological functionality of the plantings.

Process Flow for Biodiversity-Preservation Activities



Momentum in Japan and Beginnings Abroad

Biodiversity-conservation activities at Yokohama got started in November 2010 at our Mie Plant, and seven of our Japanese plants have attained a full-cycle momentum of surveying their ecology, tackling improvements, monitoring the progress, and reporting the results. We extended our biodiversity initiative beyond Japan in September 2013.



Conducting ecological monitoring near the Nagano Plant in July 2015 at the confluence of the Oshimagawa and Tenryugawa Rivers.

Yokohama Tire Manufacturing (Thailand) Co., Ltd., and Yokohama Rubber (Thailand) Co., Ltd., have also advanced to full-cycle biodiversity-conservation work.

Biodiversity-conservation activities got under way in April 2015, meanwhile, at Yokohama Tire Philippines, Inc., and at Hangzhou Yokohama Tire Co., Ltd. And those activities have advanced to step-two survey work.



Surveying marsland ecology in October 2015 along a river near Hangzhou Yokohama Tire's plant

Throughout the Supply Chain

Our people in Indonesia and in Thailand monitor the impact of activity in our supply chain on biodiversity. They conduct biodiversity surveys at suppliers of natural rubber.



Discussing approaches to ecological monitoring at a Thai rubber plantation

Community Interaction

Some of our plants hold open houses to acquaint members of the community with our activity in conserving biodiversity. For example, our Hiratsuka Factory has hosted Think Eco Hiratsuka community panel discussions on the subject of biodiversity annually since 2014. Yokohama Tire Manufacturing

(Thailand) hosted an open house in October 2015 for civic leaders, municipal officials, and schoolteachers to explain its activity in preserving biodiversity and to show them a project site.



A biodiversity panel discussion at the Hiratsuka Factory in November 2015



A biodiversity open house at Yokohama Tire Manufacturing (Thailand) in October 2015

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 2015, 98.3% of our products fulfilled our criteria for minimizing environmental impact, and we aim to increase that percentage to 100% by the end of 2017.

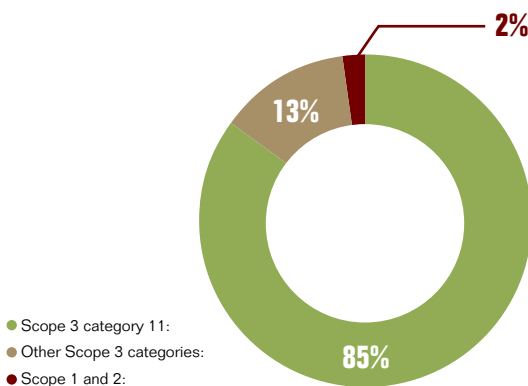
Proportion of Environmentally Friendly Products among All Products



Reducing Output of Greenhouse Gases

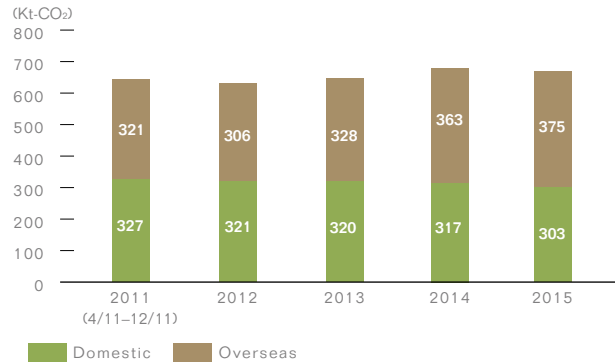
Our medium-term target in Japan is to reduce our annual greenhouse emissions 25% by 2020, compared with 1990. In 2015, our overall reduction reached 20%. Our long-term target worldwide is to reduce our output of carbon dioxide more than 50% across our entire value chain by 2050, compared with 2005. That target encompasses indirect "Scope 3" emissions as defined under the Greenhouse Gas Protocol Corporate Standard, as well as emissions from our directly owned operations.

Emissions associated with product usage account for about 85% of our Scope 3 emissions. We are working to reduce those emissions by deploying fuel-saving performance in tires and other product features for minimizing environmental impact. Our efforts include working with suppliers and other partners to reduce emissions of greenhouse gases throughout our value chain.



- Scope 3 category 11:
- Other Scope 3 categories:
- Scope 1 and 2:

Output of Greenhouse Gases at Yokohama Group Companies



Scope 3 Emissions at Yokohama Group Companies (Kt-CO₂)

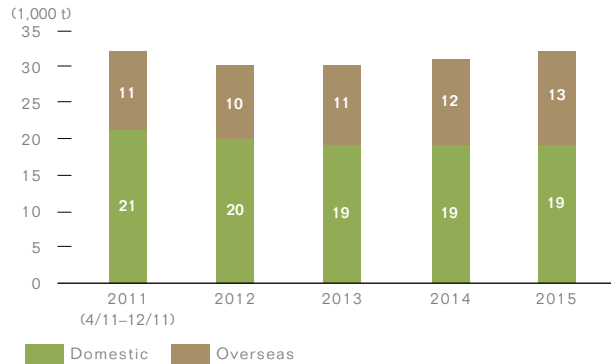
Scope 3 category	2014	2015
1 Purchased products and services	2,342	2,364
2 Capital goods	475	302
3 Fuel and energy	103	108
4 Transportation and distribution (upstream)	148	148
5 Waste	2	2
6 Business travel	3	14
7 Commuting employees	18	18
8 Upstream leased assets	—	—
9 Downstream transportation and distribution	58	50
10 Processing of sold products	5	4
11 Use of products	26,155	20,273
12 Disposal of products	1,467	464
13 Downstream leased assets	0	0
14 Franchises	—	—
15 Investment	67	84
Total	30,844	23,832

Reducing Output of Waste

We continued working in 2015 to reduce waste per unit of production (by value) at least 1% annually at our plants worldwide, and we exceeded that target for the fourth consecutive year.

Our efforts to eliminate landfill waste at our plants worldwide also continued in 2015. We have achieved zero output of landfill waste at all our plants in Japan and at 12 our 16 overseas plants.

Output of Waste at Yokohama Group Companies



Public-Interest Activities in Japan and Overseas

Below are some examples of public-interest activities at our operations around the world in 2015.

JAPAN

Ibaraki Plant

Employees at our Ibaraki Plant cultivate plant seedlings on the plant grounds, and some of them distributed 1,380 seedlings at a local festival. They also distributed seedlings at community tree plantings.



Mie Plant

Our Mie Plant held an outdoor environmental workshop for fourth-grade students from an elementary school in the plant community. Employees from the plant and the children removed plants of invasive species along a nearby beach to protect the native species.



Mishima Plant

Third-grade students at an elementary school near our Mishima Plant received storytelling instruction about environmental stewardship from plant employees and took part in tree planting. In addition, the plant distributed tree seedlings to members of the community at a local festival.



OVERSEAS

Yokohama Tire Manufacturing Virginia, LLC

At Yokohama Tire Manufacturing Virginia, employees picked up litter in the plant community. Company employees also worked with other members of the community in collecting used electrical appliances for recycling.



SC Kingflex Corporation (Taiwan)

Employees from our Taiwanese subsidiary SC Kingflex participated in an oceanfront cleanup sponsored by Miaoli County. In addition, the company contributed to a fund for supporting environmental education at an elementary school in its host community and held a litter pickup on nearby mountain paths.



Yokohama Tyre Vietnam Inc.

An elementary school near Yokohama Tyre Vietnam received assistance from the company in planting trees and fortifying its curriculum. The company also furnished aid to a nearby orphanage. In another initiative, Yokohama Tyre Vietnam gave 710 notebooks to schoolchildren in Dong Nai Province. And it held charity activities on behalf of a center for disabled children in Ho Chi Minh City.



LLC Yokohama R.P.Z. (Russia)

Our Russian subsidiary, LLC Yokohama R.P.Z., supports afforestation under the United Nations' Green Wave project. That support included hosting elementary and junior high school students at a tree-planting event. The company also held open houses to foster awareness of environmental issues and to introduce the Yokohama commitment to environmental protection. And it called attention to Yokohama's fuel-saving tires at plant tours.



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 members of the Board, the Board of Directors, the Audit and Supervisory Board, and an independent public accountancy. We supplement those entities with officers, who are responsible for operational management, to speed the process of making and implementing decisions. Presently, the senior management team comprises 12 members of the Board, headed by the chairman of the Board and the president, and 16 officers, not including officers who serve concurrently as members of the Board. The members of the Board include 7 members who serve concurrently as officers and 3 independent members of the Board.

We reinforce our management framework with the Executive Committee, which comprises the chairman of the Board, other selected members of the Board, and other executives. That committee monitors our performance in fulfilling our business plans and deliberates matters pertinent to our business strategy.

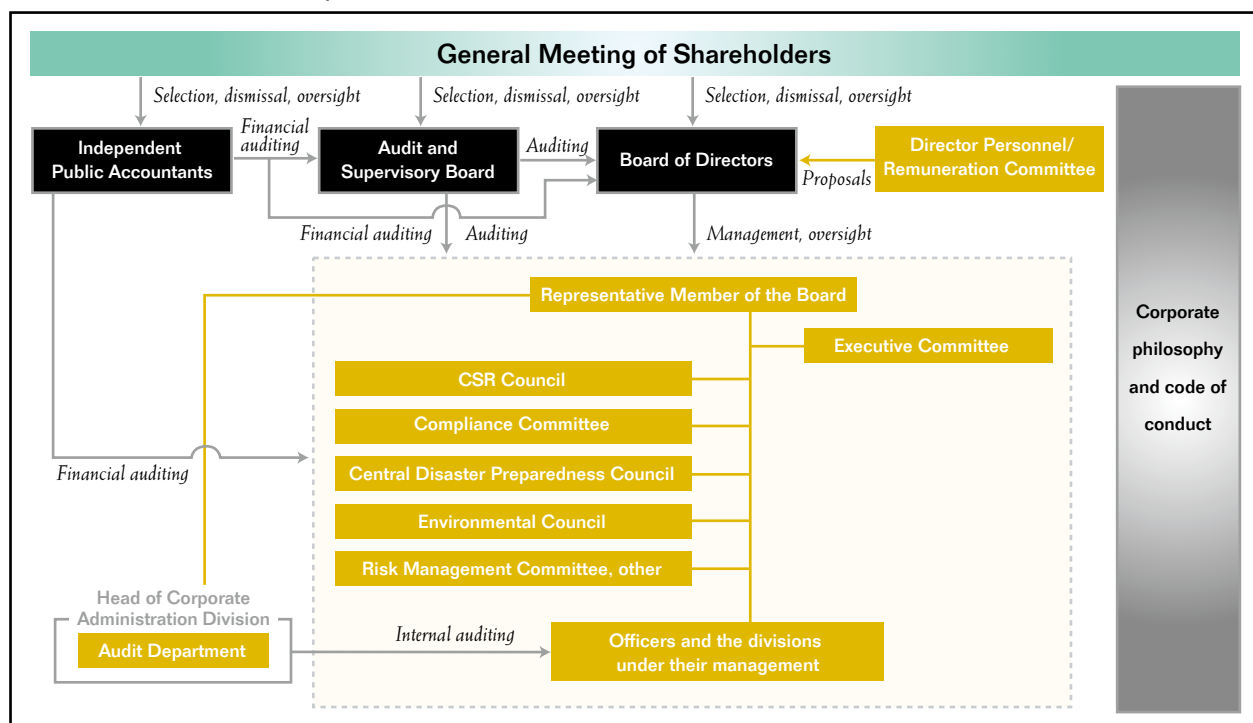
In the interest of clarifying management responsibility, we employ a one-year term for members of the Board. And we abide by the principles of transparency and fairness in personnel and remuneration decisions in regard to the Board. Our Director Personnel/Remuneration Committee reviews proposals for matters under its purview and makes recommendations to the Board of Directors, which makes the final decisions.

Audit and Supervisory Board members

Auditing at Yokohama is a tripartite undertaking by our Audit and Supervisory Board, which monitors 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 its principal subsidiaries and affiliates. We reinforce the auditing function by maintaining autonomy among those units.

The Audit and Supervisory Board comprises five members, including three recruited from outside the

The Yokohama Framework of Corporate Governance



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 Audit and Supervisory Board members also obtain important information from the independent public accounting firm and from the 10-member Audit Department. We assign an assistant to the Audit and Supervisory Board members to help them carry out their work smoothly and effectively.

Independent Members of the Board and Independent Audit and Supervisory Board Members

Our Board and our Audit and Supervisory Board each include, as noted, three independent members recruited from outside the company. In appointing the independent members of the Board and the independent Audit and Supervisory Board members, we refer to guidelines established by the Tokyo Stock Exchange for

ensuring independence.

The independent members of the Board receive reports from the Audit Department about the results of internal audits and about the maintenance and operation of our framework of internal controls. They also receive regular reports from the Audit and Supervisory Board members about pertinent matters. The independent members of the Board thereby secure a grasp of the status of the Yokohama Group and of issues faced by the group, and they express their views on matters of importance to their fellow members of the Board as they deem appropriate.

Our independent Audit and Supervisory Board members receive reports in the same manner as the independent members of the Board. They further fortify their capacity for conducting audits efficiently and effectively by exchanging information with our independent public accounting firm, with our Audit Department, and with corporate auditors at Yokohama subsidiaries.

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 of Directors adopted guidelines in April 2009 to prevent involvement with organized crime and strengthen our framework of internal controls. 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 head 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 and CSR Council receive timely reports from all of those committees.

Ethical Compliance

Compliance Committee and Corporate Compliance Department

A member of the Board 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 the Audit and Supervisory

Board members. 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 the members of the Board, our officers, and our 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 compliance officers designated by that department at our Japanese 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 members of the Board, to the pertinent divisions, and to the Audit and Supervisory Board members.

Whistleblower hotlines

We also maintain hotlines to handle reports of suspected infractions from persons inside and outside the company. The hotlines handled 50 inquiries and consultations in 2015.