

CORPORATE PHILOSOPHY

CORPORATE SOCIAL RESPONSIBILITY

Corporate Philosophy

We at Yokohama abide by a formal Corporate Philosophy, which comprises our Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy outlines our vision for the kind of company that we are committed to becoming. The Management Policies articulate

the stance that our management team has adopted. The Action Guidelines are the code of conduct for each employee. Our slogan, "Excellence by nature," expresses our overall commitment to fulfilling all the elements of the Corporate Philosophy.

Corporate Philosophy (Launched in 1992)

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

Corporate Social Responsibility

Fulfilling our corporate social responsibility (CSR) is fundamental to fulfilling our Corporate Philosophy, and that means building a trusted identity as a contributing member of the global community. In that spirit, we equate the notion of "corporate social responsibility" with "corporate social

reliability." The latter phrasing, we believe, makes the concept easier to understand and to put into practice in our daily operations. It evinces our continuing determination in our second century to serve the greater good of the world.

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 firm trust.
- Practice CSR in one's own work.

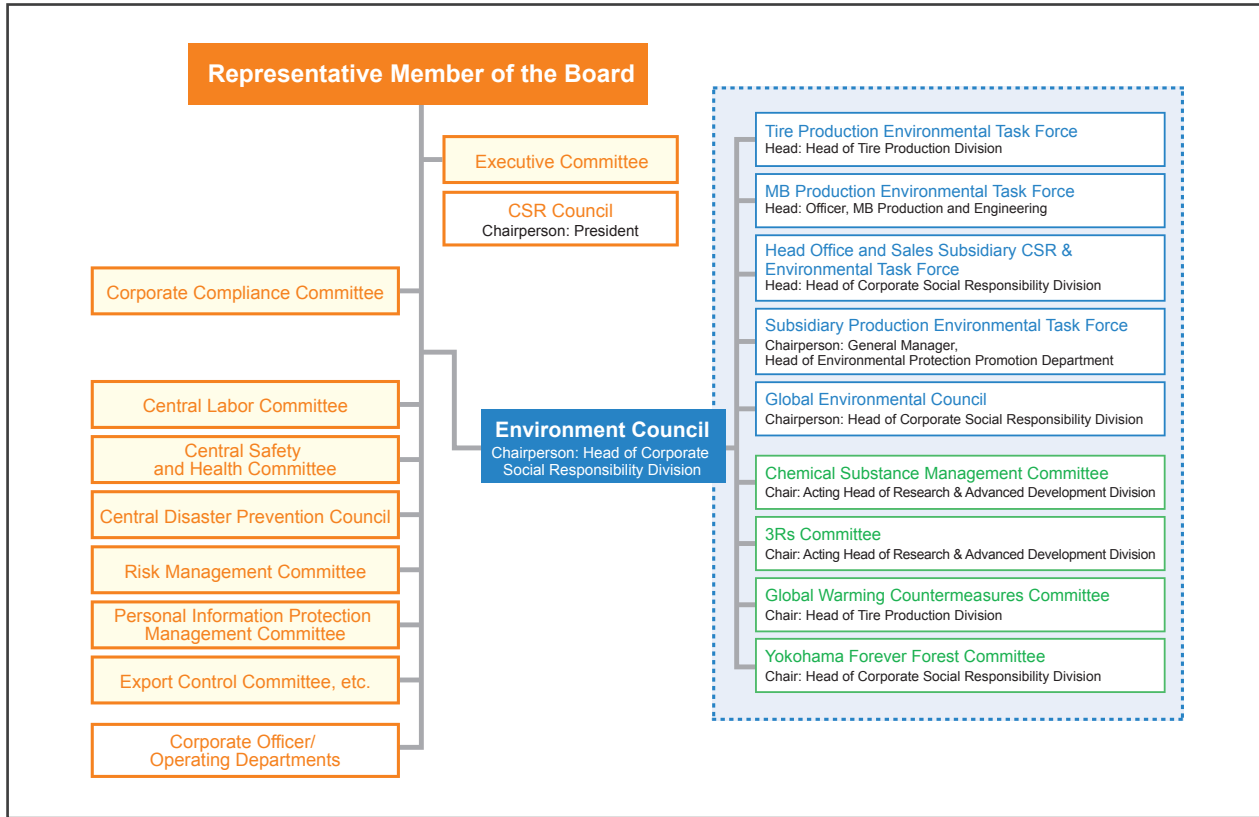
CSR and Environmental Management Promotion Framework

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 the head of our Corporate Social Responsibility Division, 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 been holding regional gatherings of the managers responsible for environmental protection at Yokohama Group companies since 2014.

CSR and Environmental Promotion Framework





CSR Slogan


Under the Grand Design 2020 (GD2020) medium-term management plan, we must aim to become a global enterprise that is able to successfully develop localized business operations


throughout the world. We will create value through business activities based on our CSR Slogan, "Caring for the Future."




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Corporate Governance
Lay a solid foundation for supporting sustainable business activity in accordance with international norms.
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Products
Deliver products and services that help people enjoy fulfilling lives with peace of mind.
- 

The Earth
Address environmental concerns through our operations and help leave a sound natural environment to future generations.
- 

People
Nurture values accommodating diversity in the workplace and in the community at large.
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Community
Earn the confidence of our neighbors through robust community engagement.

CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

Toward Sustainability in Natural Rubber Procurement

As a manufacturer of tires and other rubber products, we are alert to our social responsibility for ensuring sustainability in the production and consumption of natural rubber. We are engaged in multiple initiatives for fulfilling that responsibility.

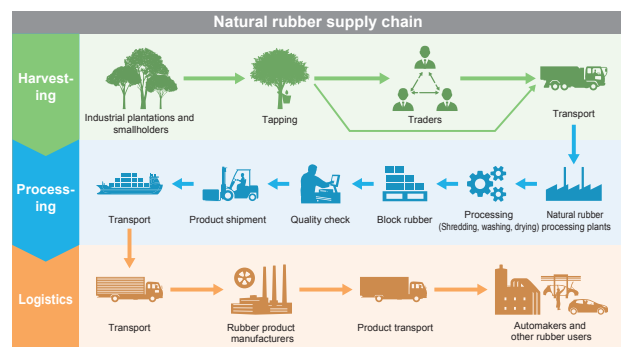
Participation in global projects

Our company is a proactive participant in initiatives aimed at establishing industry-wide standards for sustainable natural rubber. We take part in the Sustainable Natural Rubber Initiatives (SNR-i) advanced by the International Rubber Study Group, comprised of governments of producer and consumer

nations of natural and synthetic rubber. We are also a founding member of the Global Platform for Sustainable Natural Rubber initiated by the World Business Council for Sustainable Development's Tire Industry Project.

Procurement policy for bolstering sustainability in supply-chain management

Close cooperation among the participants in the supply chain is essential to sustainable natural rubber. We have convened information exchange gatherings with our natural rubber suppliers biannually since 2016. In October 2018, we formulated a Procurement Policy for the Sustainable Natural Rubber. The new policy reflects our stance in regard to natural rubber procurement and addresses measures for translating that stance into action and priorities for us to address hand in hand with suppliers. It provides a framework for stepped-up cooperation and heightened sustainability across the supply chain.



Assistance for rubber growers

Our Thai subsidiary for processing natural rubber, Y.T. Rubber Co., Ltd., is helping rubber growers secure reliable incomes through agroforestry. That includes helping the growers adopt mixed cultivation methods in which they grow commercially valuable trees and food crops alongside their rubber plants.

Mixed cultivation helps stabilize the growers' incomes and offers the additional benefit of promoting biodiversity. The number of participating growers has increased annually, and Y.T. Rubber's plans call for broadening the total area to 180 hectares by the end of 2020.

Technological development for increasing sustainability in production

Thailand is our primary production site for natural rubber, and we conduct joint research there on natural rubber with Mahidol University and Prince of Songkla University. Our joint research with Mahidol University has identified proteins that promote and inhibit the biosynthesis of natural rubber. With Prince of Songkla University, we are engaged in basic research, and

that research has verified the impressive stability of natural rubber in regard to composition and physical characteristics. We aim through our work with both universities to develop innovative natural rubber technologies for increasing sustainability in the production of natural rubber.

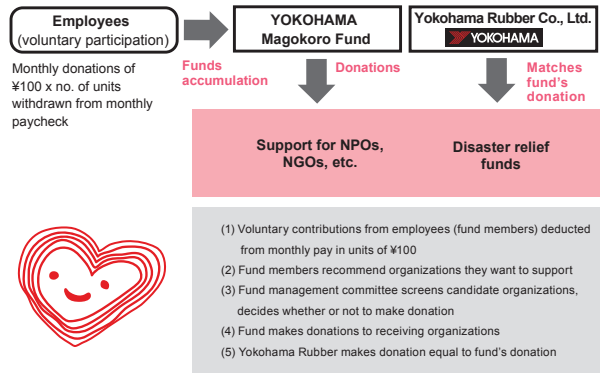
Activity at Y.T. Rubber

Processing natural rubber requires massive amounts of water. We therefore need to take thorough measures to avoid exerting an adverse effect on rivers, groundwater, or biodiversity. At Y.T. Rubber, we concluded a water quality agreement with our host community when we began

operation. We pledged in that agreement to recycle all the water that we use at our plant and to refrain from discharging any untreated effluent. And we have installed and used a water treatment system to fulfill that pledge.

Yokohama Magokoro (Sincere Heart) Fund

We established the Yokohama Magokoro (Sincere Heart) Fund in May 2016 as a philanthropic undertaking funded with voluntary contributions by employees. Each participating employee specifies a portion of her or his salary for deducting and contributing to the fund. The fund trustees allocate donations to organizations engaged in environmental protection, human rights advocacy, and other worthy causes and to emergency relief efforts. Yokohama supports this initiative with matching gifts in the amount of the fund's donations. The Magokoro Fund continued in 2018 to allocate donations to organizations that are doing work on behalf of environmental protection and educational and medical support for young children and to emergency relief



Aggregate disbursements from January 2018 to December 2018

Amount (excluding matching contributions by the company)	¥4.4 million
Beneficiary organizations	6
Emergency relief efforts	4

Emergency relief efforts (including matching contributions by the company)

- February 2018 earthquake in eastern Taiwan
Local currency donation equivalent to about ¥1 million
- June 2018 earthquake in northern Osaka Prefecture
¥1 million
- July 2018 flooding in western Japan
¥11.5 million
- September 2018 earthquake in eastern Hokkaido Prefecture
¥1 million

Third-Party Regard for Our CSR Management

Yokohama has been included in the FTSE4Good Index, the FTSE Blossom Japan Index, and the MSCI Japan ESG Select Leaders Index 2018. The FTSE4Good Index is an influential reference for investors who weigh environmental, social, and governance (ESG) performance heavily in allocating equity investment, and Yokohama has been part of that index

continuously since 2005. The FTSE Blossom Japan Index and the MSCI Japan ESG Select Leaders Index, meanwhile, are two of the three indexes that Japan's Government Pension Investment Fund adopted in 2017 as benchmarks for ESG performance.



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 Act: the annual General Meeting of Shareholders, the representative member 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. Our senior management team comprises nine members of the Board, headed by the president, who serves concurrently as the chairman of the Board, and 18 officers, not including officers who serve concurrently as members of the Board. The members of the Board include four members who serve concurrently as officers and four nonexecutive 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 on matters pertinent to our business strategy.

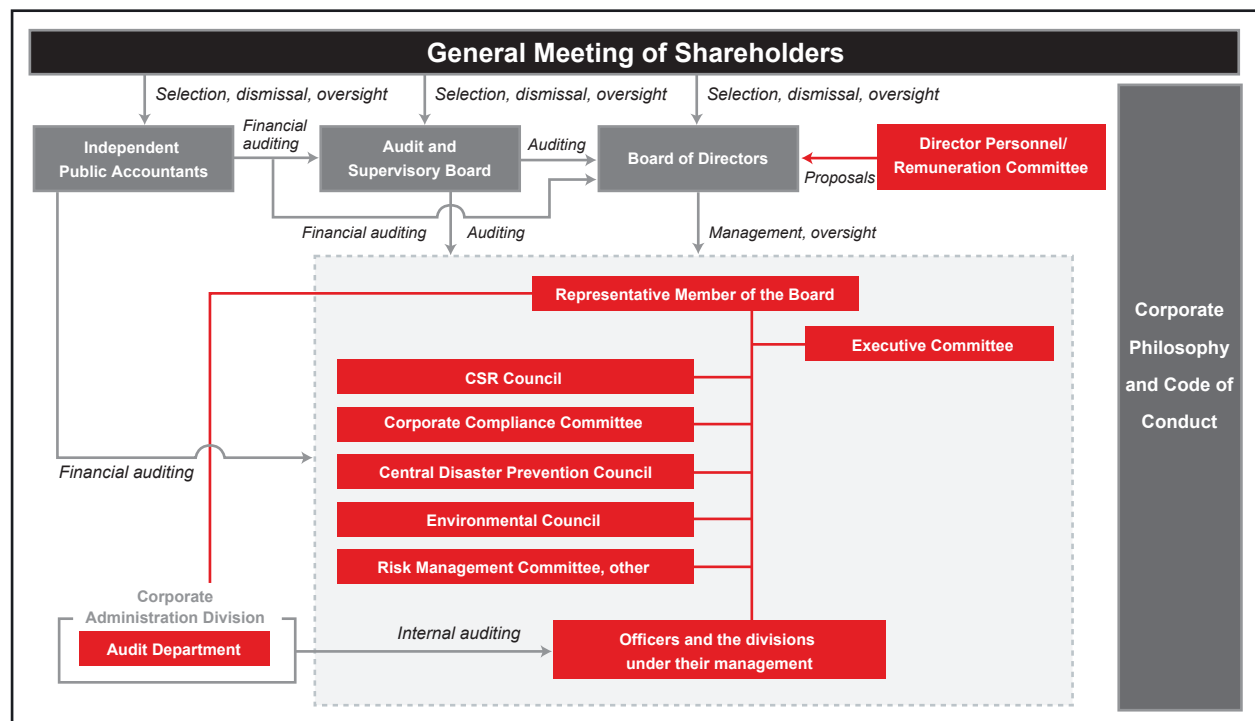
In the interest of clarifying management responsibility, we employ a one-year term for members of the Board. And we abide by the principles of transparency and fairness in personnel and remuneration decisions in regard to the Board. Our Director Personnel/Remuneration Committee, the members of which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

Yokohama adopted a stock compensation plan in March 2018 for members of the Board, not including the nonexecutive members. That plan, subject to restrictions on selling shares, is a measure for instilling a shareholder perspective on share-price movement and for strengthening the motivation to maximize Yokohama's corporate value and share valuation.

Audit and Supervisory Board Members

Auditing at Yokohama is a tripartite undertaking by our Audit and Supervisory Board, which monitors management; an

The Yokohama Framework of Corporate Governance



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 Company to help ensure objectivity in the auditing function. They participate in meetings of the Executive Committee and in 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 14-member Audit Department. We assign an assistant to the Audit and Supervisory Board members to help them carry out their work smoothly and effectively.

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

Our Board and our Audit and Supervisory Board each include, as noted, members recruited from outside the company. In

appointing the nonexecutive 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 nonexecutive 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 nonexecutive 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 nonexecutive members of the Board. They further fortify their capacity for conducting audits efficiently and effectively by exchanging information with the independent public accounting firm, with our Audit Department, and with the corporate auditors at Yokohama subsidiaries.

Internal Controls

The Board of Directors adopted a basic policy for internal controls based on Japan's Company Law in May 2006. It has subsequently adopted a series of measures for safeguarding the Company against risk and for ensuring compliance with rigorous standards of ethical behavior.

Risk Management

Spearheading risk-preparedness measures at Yokohama is our Risk Management Committee, chaired by the director responsible for risk management. 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 Board of Directors, Executive Committee, and CSR Council receive timely reports from all of those committees.

Corporate 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 Corporate Compliance Committee, who is the director responsible for ethical compliance, 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 Corporate 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 reports regularly to the CSR Council 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.