

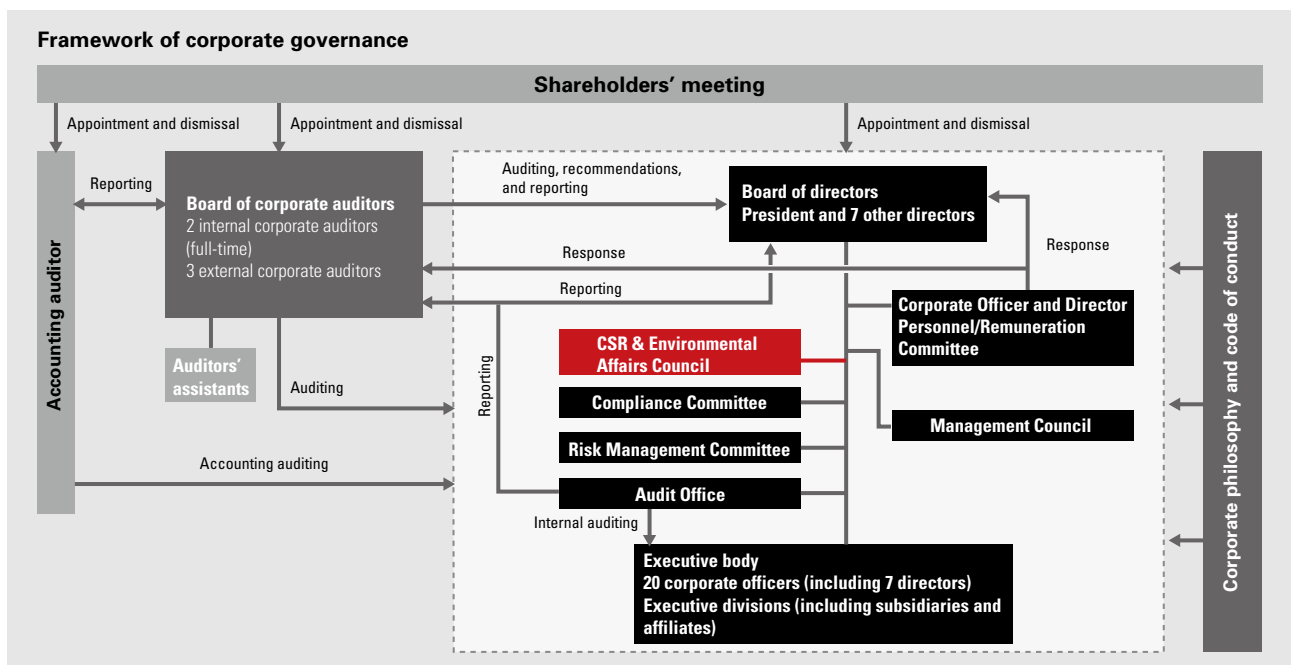
Corporate Governance

The CSR & Environmental Affairs Council, chaired by the president, was established in June 2008 to strengthen CSR management.

Strengthening of Framework for Corporate Governance

Yokohama Rubber Group has developed a management structure to ensure sound and highly fair and transparent management in pursuit of increased corporate value in pursuit of its corporate philosophy and the GD100 new medium-range management plan. In order to fulfill all our stakeholders' expectations, we also established a CSR & Environmental Affairs Council, chaired by the president, on June 27, 2008. Responsibilities to society, such as legal

compliance, contribution to the environment, corporate governance, risk management, and internal control, were at the same time clarified, and a CSR Division was newly established to actively pursue CSR activities. Its task will be to promote CSR management in partnership with the existing Compliance Committee, Risk Management Committee, Central Accident Prevention Council, and Export Control Committee.



Management Framework to Expedite Management Decision-making and Execution

Rigorous action is taken to clarify the roles of directors and corporate officers and to speed up management decision-making and execution.

Board of directors

The board of directors audits management decision-making and the performance of their duties by directors and corporate officers.

Management council

The council's main members are the president and directors. Its role is to deliberate the performance of key business and important matters of risk management based on the basic management principles, and it supports the strategic functions of management.

Corporate officer and director personnel/remuneration committee

This committee ensures the transparency and fairness of corporate officer personnel and remuneration matters.

Auditing framework

Auditing is performed by three mutually independent bodies.

<Auditing by corporate auditors>

Five corporate auditors, including three from outside the company, attend meetings of the Board of Directors and the Management Council to audit directors' performance of their duties.

<Accounting auditors>

Accounting audits are subject to outside auditing, and the company retains Ernst & Young ShinNihon as its accounting auditor.

<Auditing by Internal Audit Department>

The accounts and operations of each executive division and group company are audited at the instruction and request of the president.

Pursuit of Stronger Internal Control since 2006

In order to further strengthen arrangements for independent checking of business management following the entry into effect of the Company Law in May 2006, the Board of Directors adopted a basic policy reaffirming and continuing to develop the existing internal control system. Leading the way in ensuring the propriety of financial

reports and strengthening internal control will be the Internal Control Department, which was established in January 2007. In FY2007, some 30 briefings and roundtable discussions on resolving specific were held for the Yokohama Rubber Group as a whole, and these were attended by more than 500 participants.

Thorough Compliance throughout the Yokohama Rubber Group

Basic stance on compliance

Compliance is regarded as the bedrock of CSR management, and we see it as "conduct based on the values and ethics needed by a good corporate citizen and by society," rather than simply compliance with laws, ordinances, and other rules.

Compliance framework

Activities to put compliance into practice were systematized by the establishment of the Compliance Committee in 2005 and the adoption of the "Yokohama Rubber Group Code of Conduct." Based on this framework, compliance promoters are appointed in each organization and compliance officers are assigned to each group company in order to organize training to prevent violations of laws and ethics before they arise.

Education and awareness-raising activities and response to consultations

In FY2007, education and awareness-raising activities were organized using e-learning channels. Due to the diversifying nature of the compliance challenges faced, we continue to provide education on subjects such as changes in the social environment. 14 reports were made to the Compliance Advisory Center in FY2007 (seven from within and seven from outside the group),

Discovery of marine hose sale cartel

An internal audit in 2006 revealed Yokohama Rubber's involvement in a cartel involving the sale of marine hoses, and the findings of an investigation were reported to the Japan Fair Trade Commission and a request made for application of the charge reduction and exemption system. We regret and apologize for the concern and inconvenience caused to everyone by this incident, and would like to assure everyone that mechanisms and framework and internal training will be strengthened to eliminate such improprieties, and that the entire Group will be working to ensure rigorous compliance management.

e-learning training in FY2007 (no. of participants)

Course name	Number of participants
Introduction to compliance	1,600
Antimonopoly Law Compliance Course	500
Information Security	1,300

all of which were reported to the Compliance Committee and handled with the utmost seriousness. The Compliance Committee met three times in FY2007.

Response to Various Risks Led by Risk Management Committee

The Risk Management Committee was established to manage risks having a material impact on business across the Group and to develop appropriate responses,

and the response to constantly changing risks face each year is being strengthened.

Incidence of health problems caused by asbestos (as of October 2008)

Two former workers at the Hiratsuka Factory were found to be eligible for workers' compensation in October 2006 and May 2007 respectively. A health survey of all employees identified as having been involved in work handling asbestos in the past has now been completed. Yokohama Rubber investigated for the presence of spraying materials containing asbestos at all buildings owned by the

Yokohama Rubber Group, and the removal of such materials has now been completed at all buildings in which such materials were found. No claims or consultations regarding health problems caused by asbestos in and around plants of the Yokohama Rubber Group were received. Asbestos-related consultations will continue to be taken.