

Yokohama Rubber's Important Issues



For the Global Environment

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Yokohama Rubber addresses environmental issues by developing and providing sustainable products.



Together with Local Communities

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Yokohama Rubber addresses community issues by conducting locally-oriented activities that value the importance of communicating with local communities.



Together with Our Customers

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Yokohama Rubber addresses customer concerns by professionally delivering safe products and services to our customers.



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Together with Our Employees

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Yokohama Rubber addresses employee issues by creating a safe working environment using our original approaches.

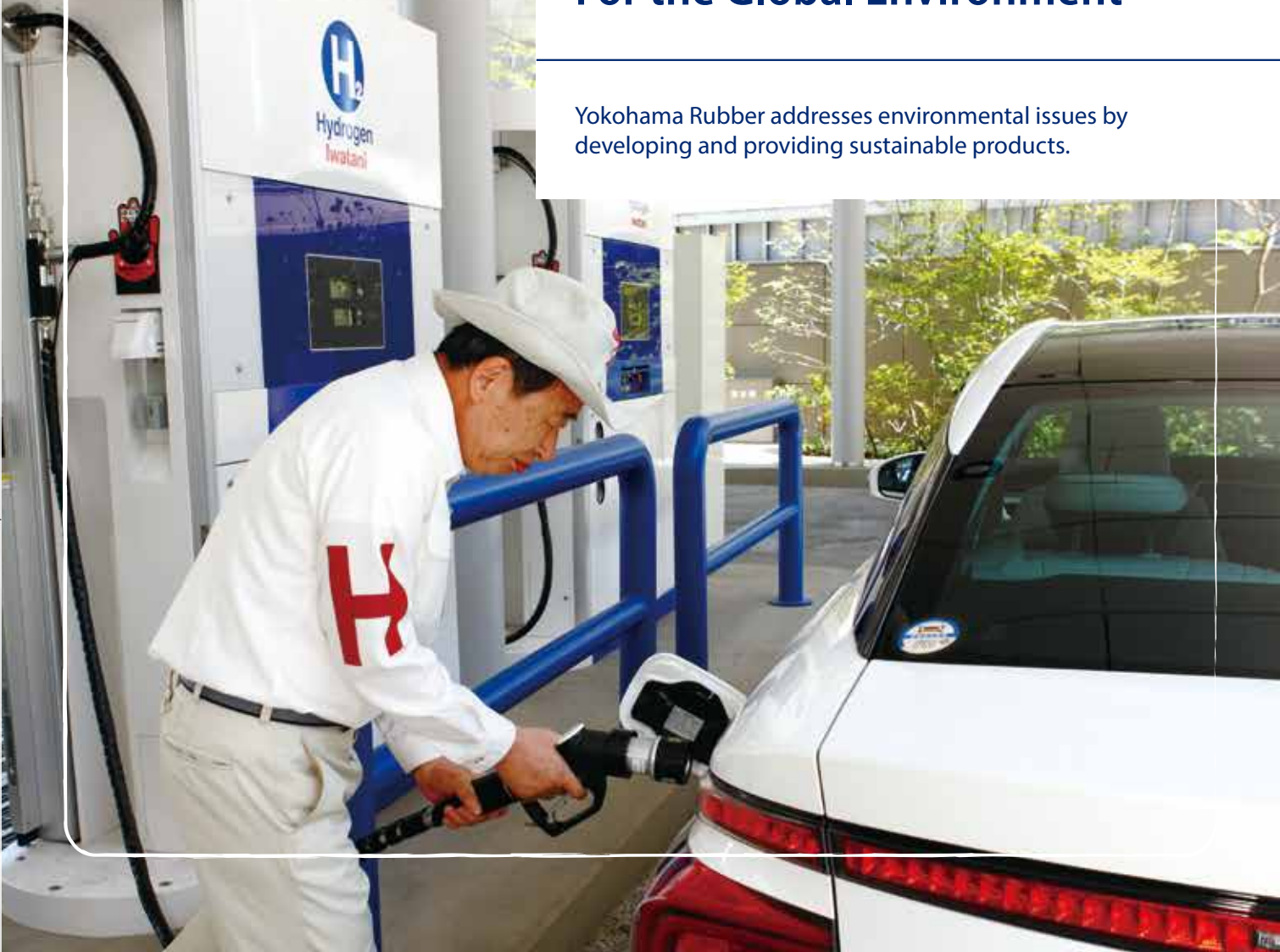


Yokohama Rubber's Important Issues

1

For the Global Environment

Yokohama Rubber addresses environmental issues by developing and providing sustainable products.



We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.

We aim to support the hydrogen energy society of the future with our high-pressure hydrogen gas hoses

2 015 marks “the first year of hydrogen,” the year when the full-scale market deployment of hydrogen fuel cell vehicles (FCVs) began. Because emission-free, energy-efficient FCVs are considered to be the ultimate eco-cars, the development of hydrogen stations is assumed to be one of the priorities of infrastructure development across the country. Yokohama Rubber has been working on the development of the hoses necessary for supplying high-pressure hydrogen gas to FCVs.

In accordance with the recent adoption in Japan of the “Global Technical Regulations (GTR) for hydrogen and fuel cell vehicles” and the subsequent revision to Japan’s safety regulations for containers, it is now possible in Japan to provide hydrogen to FCVs at the international standard of 87.5 MPa, so that appropriate hoses corresponding to the new standards are required. An enhanced development team at Yokohama Rubber has been working on the development of 87.5MPa-compatible hoses as required by current regulations, under a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

Under a joint research project with Iwatani Industrial Gases Corp., Yokohama Rubber has been actively seeking out new applications of hoses for high-pressure hydrogen gas, and has developed a 35MPa-compatible hose, “ibar HG35,” and a 70MPa-compatible hose, “ibar HG70.” Currently, we are making the best use of the hose design and technology we have thus developed, the hose evaluation technologies developed in hypothetical real-use environments, and the knowledge gained from hydrogen station demonstrations, to advance the development of safer and more reliable 87.5 MPa-compatible hydrogen gas hoses. We are also working in collaboration with Iwatani Corporation, the operator of hydrogen stations, to enhance our developmental team in response to market needs.

With our development of high-pressure hydrogen gas hoses, backed up by our leading design and evaluation technologies, we have already begun to tackle our goal to contribute to building the infrastructure necessary for a hydrogen energy society.

Message from the team

Energy-efficient, greenhouse gas-free hydrogen will surely become a common energy source essential to our everyday life in the future. As the use of hydrogen energy has expanded to household fuel cells as well as FCVs, and is still expanding, Yokohama Rubber is committed to the development of hydrogen gas hoses that ensure stable operation in a variety of harsh environments. Our hope as the development team is to make contributions to the solution of global warming thorough product development in support of supplying low-carbon energy.

Nariaki Ishikawa, Ikuma Yusa, Naoshi Yamaguchi, Mie Okura, and Tatsuya Minaguchi Hoses and Couplings Division
Susumu Hatanaka MB Materials Development Division
Hideaki Washio Hoses and Couplings Sales Division



Message from the manager of Iwatani Corporation

The development of hoses that meet the three stringent requirements of hydrogen, high-pressure, and low-temperature, requires extremely high technological competence. We sense Yokohama Rubber’s earnestness to stay the course in addressing each issue, even in the face of various obstacles. We expect that Yokohama Rubber will realize Japan’s first 87.5MPa-compatible hose in practical use, and that its specification will become the global standard. As we also have many years of knowledge regarding hydrogen, we would like to continue our joint research in order to realize the clean hydrogen energy society of the future.

Mr. Ryuichi Hirotani Senior Manager, Hrs systems, Hydrogen energy division, Iwatani Corporation



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Together with Local Communities

Yokohama Rubber addresses community issues by conducting locally-oriented activities that value the importance of communicating with local communities.





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Together with Our Customers

Yokohama Rubber addresses customer concerns by professionally delivering safe products and services to our customers.



We supply safe and secure products through manufacturing focused on the heart and technology.

We strive to provide safe products and services by ensuring the safety of our products throughout the entire production and delivery process.

Potential quality issues of our tires and other products could have a great impact on customers' assets as well as the environment. For sustainable business, **it is essential to build customers' trust by providing safe products.** Quality issues could lead to the disintegration of consumers' trust.

Recognizing this possibility, Yokohama Rubber has set "health and safety for our customers" as an important task, and we will continuously promote quality improvement activities in order to evaluate product safety risks and to prevent the recurrence of quality issues. It is important that quality control measures include measures to prevent quality issues from occurring in the first place, restrict the distribution of flawed products once an issue has been identified, as well as to identify the sources of the problem. Once a problem occurs, we need to identify the root cause and implement a permanent countermeasure without delay. **We, Yokohama Rubber, always treat the safety of customers as a priority in all quality control issues.**

To ensure the quality of products and services expected by our

customers, Yokohama Rubber places experienced engineers at distribution and sales bases in domestic and overseas markets, and regularly holds internal training workshops on the specifications and handling of our products. In FY 2014, we held 122 workshops, in which a total of 600 people participated across the company. We have increased opportunities to visit customers and also held regular workshops to help our customers in the safe and secure use of our products. We encourage communication between the tire and industrial materials division, to share information in order to **realize appropriate professional responses toward customers and products, and to build a global service structure to satisfy our customers.**

Message from a staff member

In the overseas market, which I am in charge of, we implement regular reviews and on-site training workshops at customers' facilities to help them to handle our products safely and properly. When we present information on how to handle YOKOHAMA brand products to customers from different countries, we are continuously making efforts to improve our communication skills and product knowledge in various ways, including translating presentation materials into local languages with support from local agencies, to improve customers' understanding of our products. We strive to improve our service structure to properly respond to our customers and products through communication and cooperation with the tire division.

Hirofumi Terauchi MB development service division



Message from quality assurance consultant (aerospace industry)

Regarding quality control issues, Yokohama Rubber has shifted its focus from "preventing reoccurrences" to "preventing issues from occurring." They focus on pursuing the quality that customers expect, collecting information, and identifying and removing potential risks. Regarding quality issues, they act according to "Sangen shugi" (three reality principles) to understand reality, and operate their business with risk assessments from the customer's view point, quick responses by analysis, and "thought based on risks" in the quality management system. We would like to suggest expanding the activities of prevention from occurring to the supply chain,* as the occurrence rate of quality issues is expected to increase when overseas suppliers increase in the future.

Mr. Kiyohide Monma TF Management

Yokohama Rubber's Important Issues

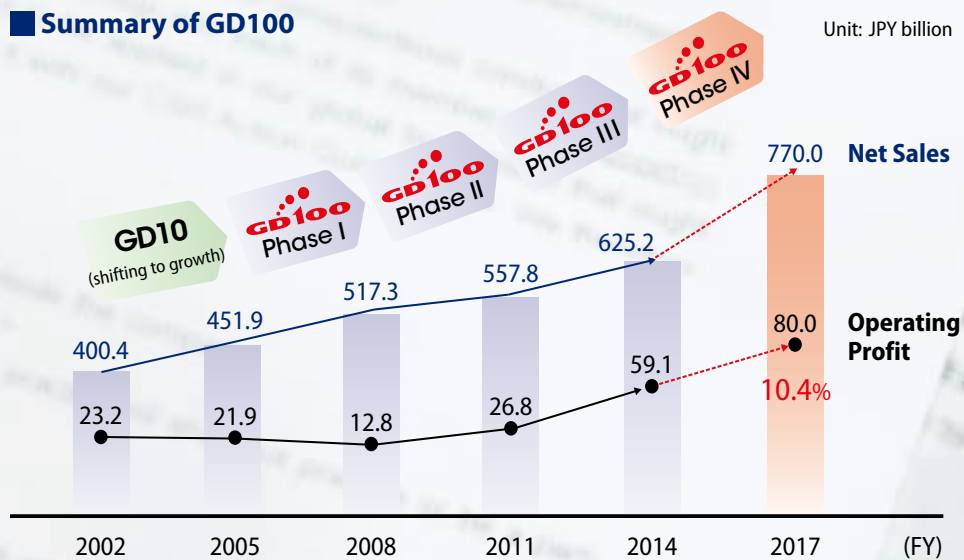
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To Our Stakeholders and Investors

Yokohama Rubber addresses issues of stakeholder concern by sharing value among various group employees in order to improve the company's value together as a team.

Summary of GD100

Unit: JPY billion



— Yokohama Rubber Group Action Guidelines —

- * We shall respect human rights inside and outside the company.
- * We shall create workplaces that are safe and healthy.
- * We shall harmonize our activities with the global environment.
- * We shall provide safe and high-quality products and services.
- * We shall conduct corporate activities with a high transparency and practice proper disclosure of information.
- * We shall observe not only laws and regulations but also social norms.
- * We shall aspire to harmony and prosperity with local communities.

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社外相談窓口

横浜ゴムグループ行動指針

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地球環境との調和を図ります
品質な製品・サービスを提供します
業務活動を行い、適切に情報を開示します
ならず社会規範を守ります
との共存共栄を図ります

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We improve our company value by growing business opportunities.

Yokohama Rubber's goals as we approach our 100th anniversary (FY2017)

Since 2006, the Yokohama Rubber Group has been working toward the achievements set out in our midium-term management plan, Grand Design 100 (GD100),* with the financial goals of one trillion yen in sales, 100 billion yen in operating profit, and a 10% operating profit ratio by FY 2017. GD100 is divided into 4 phases of 3 years each, and FY 2014 was the last year of phase III, which began in FY 2012. Phase III set a financial goal of 1.8 trillion yen in sales, 150 billion yen in operating profit, and an 8.3% operating profit ratio for total of 3 years. By the end of phase III, we had achieved 1.7866 trillion yen in sales, 165.4 billion yen in operating profit, and a 9.3% operating profit ratio. Beginning in FY 2015 we entered phase IV, with FY 2017 as the final year, marking the completion of GD100 and the first step towards our next 100 years of growth. We set the theme of "Consolidating YOKOHAMA's potential to pioneer the next 100 years" for phase IV, in which we will solve unfinished business issues and will work on the 3 years of phase IV by bringing all of our potential together, including

improving sales, technical and financial potentials, and operational efficiency.

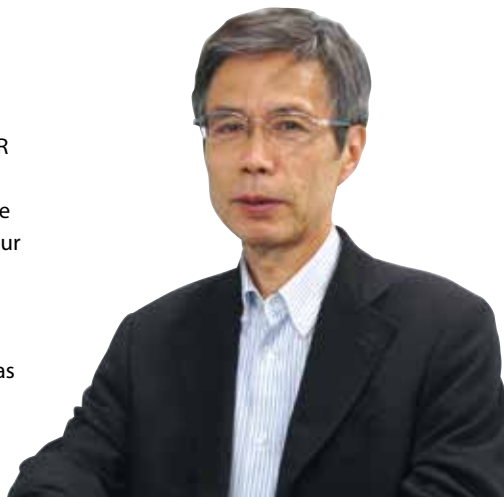
In promoting global business expansion, one of the goals outlined in the GD100 business strategy, we will have many opportunities to entrust each employee with various decisions regarding daily operations, such as how to deal with cultural and value differences in regions where we expand our business, and how to respond to ever-changing and ever-expanding social requirements. We therefore revised the "Yokohama Rubber Group Action Guideline" to make it more authoritative regarding employees' actions and decisions, which are becoming increasingly diverse. We will distribute the code of conduct, which includes the content of the UN Global Compact* and ISO26000,* to all employees at all offices and production sites. We will improve our corporate value based on the idea that we must be a socially trusted company in order to achieve the goals of GD100.

*Please see our official website (<http://y-yokohama.com/cp/global/ir/company/gd100/>) for details regarding our financial goals, business and technology strategies, and the company-wide strategy.

Message from a staff member

Our CSR started from environmental protection and has grown to become a CSR operation based on ISO26000, the GRI guidelines* for disclosure, and the acceptance of the UN Global Compact, with global standards always in mind. We have come to recognize the importance of CSR through encouragement from our top executives to understand "CSR" as "society's trust in us" instead of "our social responsibility," safety and health activities on-site, compliance* activities, the Forever Forest Project, and biodiversity conservation activities. Now we will promote and share the value of "winning unshakeable credibility from society" as a whole group, based on the new code of conduct.

Yuichiro Chigira Corporate Compliance Dept.



Manager of Yokohama Corporation of North America (tire business controlling company in North America)

Yokohama Tire Corporation (tire sales company) has set and used the code of conduct by sharing it with employees via our internal network system. It is important for the code of conduct governing the entire Yokohama Rubber Group to address reporting misconducts and infringement, workplace safety, and privacy and information management, in consideration of the description of our business, corporate culture, and expectations of employees, as well as to specify applicable laws and regulations. It may be also efficient to add items that reflect the characteristic features of each group company. I think it will be necessary to develop human resources to work on the promotion and adoption of the code of conduct.

Ms. Stephanie Beaulac YCNA Senior Director, HR



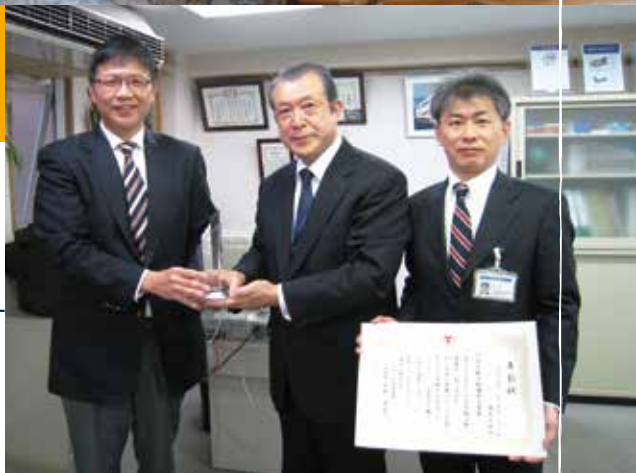


Yokohama Rubber's Important Issues

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Together with Our Business Partners

Yokohama Rubber addresses CSR* issues by implementing workshops, awards programs, and site visits.



We promote CSR activities throughout the value chain*.

Yokohama Rubber strives for sustainable procurement of natural rubber through the strong relationships of mutual trust.

Yokohama Rubber has various sources for raw materials and indirect materials to make our products. The most important thing we consider is to have a stable supply which is not affected by any conflicts, natural disasters and so on. We believe that keeping good relationships and collaborating with our partners are the keys to keep the stable supply. Therefore, we have started to look into the situation of CSR activities not only of our primary partners but also of our secondary partners through collaboration.

Natural rubber-the essential material for our rubber products, is mainly sourced from Southeast Asia. We communicate with rubber farmers and natural rubber processors in order to understand more about their working environment and human rights problems, which we consider to be an important aspect for our stable supply and working together with them for the improvement if needed.

In FY2014, we invited some of rubber farmers who have business with us to our natural rubber processing plant in Thailand and confirmed that there are no significant problems in terms of working environment or human rights issues. As a next step, we will

share the information of CSR activities conducted by our partners in Southeast Asia and collaborate with them. By doing so, we will be able to understand the 60% of the current situation of our natural rubber suppliers.

In 2015, the International Rubber Study Group (IRSG); an inter-governmental organisation composed of rubber producing and consuming stakeholders, has published guideline for rubber farm management. The guideline covers the stable procurement of natural rubber (maintenance of quantity and quality), sustainable farm operation (management of farmland and water), human rights, and the improvement of working environment. We will keep developing various ways of supports by keeping up with the certification trend, surveying for our partners and rubber farms, and collaborating with local NGOs.

Message from a staff member

I first thought that it wouldn't be easy for natural rubber producers to implement CSR activities as most of their businesses are small. However, through the visits to our partners and rubber farms, I learned that our local partner had already started to put their care about safety and environment into action. We will expand our quality verification survey not only to our partners but also to the rubber farms and individual producers in the future. We seek for what we can do for sustainable natural rubber supply and will endeavour to create CSR programs which can strengthen the relationships with our partners.

Yuta Ozawa Raw Material Procurement Department, Singapore Branch



Message of encouragement from a partner (a natural rubber processor)

It is very important for us to establish strong bonds with the local people in Indonesia, and to create sustainable value from rubber in order to realize sustainable business. Especially, focusing on improving the production efficiency of natural rubber, we evaluated and built community development and environmental programs in 2014. Currently, we are conducting 5 major social programs: health promotion, education enhancement, economic development, social and cultural events, and infrastructure building.

We believe that we can meet our goals and create efficient programs for small rubber farms by conducting surveys and engaging in dialogue about small-scale farms with Yokohama Rubber.

Mr. Martinus S. Sinarya PT.KIRANA MEGATARA (CEO)





Yokohama Rubber's Important Issues

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Together with Our Employees

Yokohama Rubber addresses employee issues by creating a safe working environment using our original approaches.



We value and develop our people, and create opportunities for people.

We build a culture of workplace safety through the full participation in activities to deliver safe products from safe workplaces.

Based on the idea that “safety and health are the basis for everything,” Yokohama Rubber implements safety activities focusing on “human,” “equipment,” and “management,” with full participation of the management and employees. We are working to continuously improve safety and health by employing the PDCA* (Plan-Do-Check-Act) cycle in our safety and health management system, which includes a variety of unique activities including one-on-one trainings and safety-worker* evaluations, as well as 5S,* Hiyari-Hatto* (near misses), KYT (Kiken Yochi Training/ hazard prediction training), and risk assessment. We also make contributions to the improvement of the societal safety level by promoting safe communications between companies and collaboration with safety and health organizations. The significant contributions of our whole-group initiatives for safety and health were recognized by the Japan Industrial Safety and Health Association (JISHA), and received the 2014 chairman award. We will continue our safety and health-related activities to build a “zero accident” and “zero hazard” safety culture.

At our Mie Plant, we promote the identification, assessment, and improvement of potential hazards with a risk-assessment approach, as an initiative for safe equipment and the prevention of accidents even in case of human error. We have shifted from “passive learning” to “positive learning” by revising our human-focused activities from group training to personal training and from classroom lectures to experience-based workshops. We aim to develop human resources who do not cause nor let others cause accidents by recognizing and improving personal weak areas as a group. To be more specific, we educate people to be able to think about how to respond when they recognize hazards. We recognize good case examples and encourage employees to take on challenges without fear of failure, regardless of an employee’s position or employment status, an approach which has already resulted in various on-site employee inventions. Through these activities we will familiarize all operators with an easy-to-understand SOP,* in order to promote the development of safer plants.

Message from a staff member

Since I was designated as a safety and health staff member in July 2014, far from developing greater awareness of the issues my days have been filled with trying to remember a great deal of new information. My biggest concern has been how to protect the health and safety of the people who work at our plant. I have been trying to communicate with the workers while devising various ways to use my feminine wisdom. I really appreciate the approaches of my bosses and seniors with on-site safety foremost in their minds, which leads to their own on-site improvements. I work hard to develop such approaches in order to create a safe and secure plant where all staff members can work in peace together.

Hiroko Morita Safety and Health Section, Mie Plant, TB division



Message from the Japan Industrial Safety and Health Association (JISHA)

The characteristic of the safety and health activities of Yokohama Rubber is that each production site has its own well-established, unique activities tailored to individual situations, identified through personal activities including one-on-one trainings. It tends to be considered difficult to achieve results of safety and health activities in China, where the turnover rate is high, but Yokohama Rubber has certainly achieved success through their efforts in educational activities in China. We expect the well-positioned plants will lead other plants so as to raise the basic safety level. We hope that Yokohama Rubber, as a tire manufacturer, will protect human safety continuously and take initiatives focusing on “safety,” to set an example worth following.

Mr. Akihisa Shirasaki Director, Management System Audit Center, JISHA

