



RESPONSIBILITY THE COOPER WAY

2016 CORPORATE SOCIAL RESPONSIBILITY
AND SUSTAINABILITY REPORT



THE POWER OF AND

OUR CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY MISSION

The people of Cooper Tire & Rubber Company believe in the power of “AND.” We are committed to delivering shareholder value AND operating our company in a way that reduces our impact on the environment. We believe in innovation, leveraging it to be successful in the marketplace AND to help us be responsible about the life cycle impacts of our products. We are relentless about improving the efficiency of our operations, AND we care deeply about our people, especially when it comes to their health and safety. We strive to continually improve our economic performance, AND we connect with our communities through philanthropy AND employee activation. Our future is one where Cooper continues to do the right thing AND succeeds because of it.

OUR SUSTAINABILITY STRATEGY

Three pillars will help us continue to focus on sustainability and advance our program. Through these pillars we will be:



CARING AND CONNECTED

We will provide for the health and safety of employees, provide good working conditions and engage with employees through communication, be good community citizens wherever we operate, contribute to our communities and others through philanthropy, preserve human rights and operate ethically.

EFFICIENT



We will focus on using natural resources wisely in our operations by reducing energy and water usage, and waste generation, reducing greenhouse gas emissions and otherwise preserving the natural environment at our operating locations.

INNOVATIVE



We will have excellence in all we do with a primary focus on sustainable products. This includes products that are safe, optimizing water usage and considering the use of more sustainable materials, promoting vehicle fuel efficiency, minimizing life cycle impacts and providing good consumer value.

A Letter from Our President & Chief Executive Officer

Thank you for reviewing Cooper Tire & Rubber Company's Corporate Social Responsibility (CSR) and Sustainability Report: Responsibility the Cooper Way.

This report provides an overview of our activities and performance in terms of our planet, people and products. While this is the fifth year we have published a sustainability report, it is the first time I have introduced our report as Cooper's President & Chief Executive Officer.

PLANET

Environmental performance highlights from the past year include:

- ✔ Continued reduction of energy consumption. Cooper's year-end measure of energy usage intensity was 18 percent lower than that recorded in our initial benchmark, which was seven years ago. Energy usage intensity also declined year over year.
- ✔ Greenhouse gas emissions usage intensity continued the downward trend that has been in place since 2013.
- ✔ A continued focus on recycling. Landfill usage intensity data shows the rate remains trending lower than data seen in the earlier part of the decade.
- ✔ A move to clean oil at our Cooper Kunshan Tire (CKT) facility in Kunshan, China. This change means all Cooper-owned plants are now using clean oil for tire production.
- ✔ Utilization of a global, cross-functional team at Cooper to develop our product sustainability strategy.

PEOPLE

This report also covers our commitment to the health and safety of our people, which is the number one priority for our organization. Cooper is devoted to our "Drive to Zero" campaign and the metric it represents – zero workplace injuries. We have been making great strides in achieving this goal with our Total Recordable Incident Rate (TRIR) hitting a near-decade low of 2.30 in 2016, which is a more than 70 percent improvement since 2007. Cooper's Clarksdale facility received the Rubber Manufacturers Association (now the U.S. Tire Manufacturers Association) Safety and Health Improvement Program (SHIP) Award for excellence in 2016, while the Tupelo plant has earned the SHIP Award for improvement four times in the past five years.

Cooper is also committed to consumer safety, which is the inspiration behind our Tread Wisely program, a tire and vehicle safety initiative for teens and young adults.

As Cooper's global signature philanthropic cause, the company has focused on spreading this message through the activation of hundreds of employees taking part in events near our plant communities, peer-to-peer outreach through Tread Wisely ambassadors, and the launch of the Tread Wisely mobile app created specifically for young drivers.

PRODUCTS

Innovative and sustainable product technology is a Cooper commitment as well. For example, Cooper has served for the past five years as the lead entity in a consortium working under a grant from the U.S. Department of Agriculture and the U.S. Department of Energy to conduct research on developing the guayule plant as an alternative natural rubber source for the tire industry.

Cooper and its partners, including public and private sector organizations and educational institutions, made major strides to develop enhanced manufacturing processes for the production of rubber from the guayule plant as a biomaterial for tire applications. Cooper scientists even created the first concept tires in which all of the natural and synthetic rubber was replaced with guayule natural rubber.

At Cooper, our sense of responsibility continues to grow as our business and industry seek to become more sustainable. Customers, investors, employees and job seekers are looking for organizations committed to sustainable practices, and Cooper is striving to meet those expectations.



A handwritten signature in black ink that reads "Bradley E. Hughes".

BRADLEY E. HUGHES

President & Chief Executive Officer

RESULTS

COOPER TIRE MANUFACTURING WATER USAGE INTENSITY



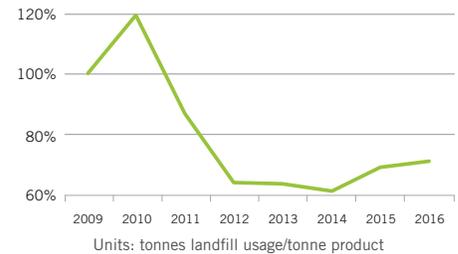
WATER

Cooper uses water in tire manufacturing for heating, cooling and cleaning. Since the water does not become part of the product, most of it is returned to the environment through evaporation, direct discharge to surface water, or discharge to water treatment facilities. As indicated in the related graph, a downward trend in water usage intensity from 2009 through 2011 was reversed in 2012, but has leveled off the past several years. Nonetheless, usage intensity has declined 7 percent since 2009 and we continue to focus on further reduction.

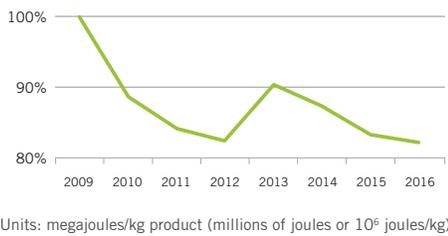
LANDFILL

Some portion of the raw materials and related packaging, maintenance and construction materials used at a tire manufacturing plant become waste that must be managed properly. Cooper is working to minimize waste generation and to divert solid waste from its traditional disposal outlet – landfills – where feasible. As shown in the accompanying graphic, Cooper has reduced landfill usage intensity by nearly 30 percent since 2009. A slight up-tick in 2015 and 2016 resulted from rubber scrap market conditions that rendered some recycling outlets unavailable. We continue to explore alternatives.

COOPER TIRE MANUFACTURING LANDFILL USAGE INTENSITY



COOPER TIRE MANUFACTURING ENERGY USAGE INTENSITY



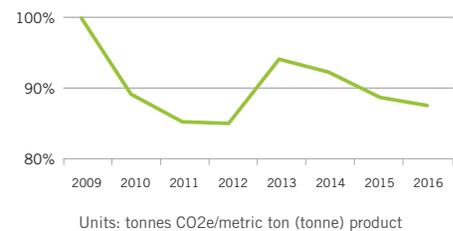
ENERGY CONSUMPTION

Energy is used in tire production to power equipment, generate steam, heat, cool and transport materials, control the environment in occupied spaces, and provide lighting. Energy usage results in air emissions, including greenhouse gas emissions at Cooper plants (direct energy usage) or at upstream electricity and steam generating locations (indirect energy usage). As indicated in the graph at left, Cooper has been working for many years to reduce energy usage. The increase in intensity in 2013 is attributed to reduced production levels during the year. The trend was reversed in 2014 and continues to be favorable. Energy usage intensity in 2016 was 18 percent lower than 2009, and has returned to the 2012 level.

GREENHOUSE GAS EMISSIONS (GHG)

Greenhouse gases are directly emitted from fossil fuel energy sources consumed at Cooper manufacturing plants and indirectly from purchased electricity and steam. As Cooper continues to focus on energy conservation, GHG emissions are reduced. GHG emission intensity closely follows energy usage intensity. The accompanying graph indicates that a recent downward trend from 2014 continues, resulting in an overall reduction in emission intensity of 12 percent since 2009.

COOPER TIRE MANUFACTURING GHG EMISSION INTENSITY



Serbia, Texarkana Implement Lighting Projects to Improve Energy Consumption

Approximately 550 mercury vapor light fittings, as well as additional fluorescent lighting, has been replaced with LED lighting at Cooper Tire's Serbia plant. The lighting upgrade provides an 80 percent energy savings and also greatly improves the illumination within the plant, creating an improved work environment.

Cooper's Texarkana facility has also implemented energy efficient lighting improvements. Approximately 2,800 LED light fixtures have been installed, reducing energy consumption by 4.7 million kilowatt-hours per year – the equivalent to annual use of around 430 U.S. homes.

Tire Amnesty

More than 3,200 tires were collected for recycling at Cooper Tire Amnesty Day events held in Findlay and Tupelo in 2016. Through these events, residents were encouraged to bring scrap tires to designated locations where Cooper volunteers accepted and loaded them into trailers for transport to recycling facilities. Collecting the tires ensures they are processed in an environmentally responsible manner and eliminates a pest habitat.



EMPLOYEE HEALTH AND SAFETY

At Cooper, employee health and safety is paramount.

WORLD CLASS COMPETITIVENESS IS DEPENDENT UPON HAVING HEALTHY EMPLOYEES AND SAFE FACILITIES.

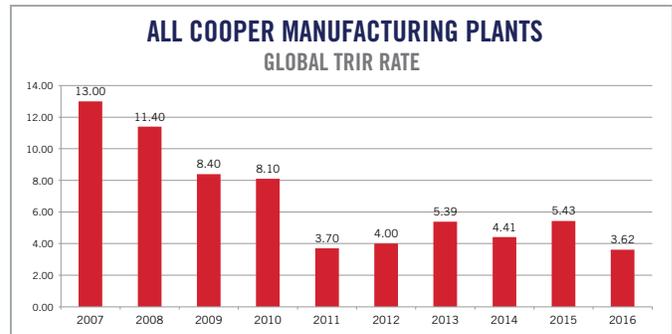
That's why our goal is to become a zero injury workplace. Through our Safety Excellence System (SES) and our "Drive to Zero" campaign, Cooper has created a framework that demonstrates our commitment to zero injuries. SES is an enterprise-wide, measurable and goal-oriented system that engages employees to eliminate hazards and reduce safety risks.

AS A CORE FOCUS, COOPER CONTINUES TO MONITOR OUR SAFETY DATA AND IMPLEMENT CHANGES TO IMPROVE OUR METRICS TOWARD OUR DRIVE TO ZERO.

One measure of our safety performance is Total Recordable Incident Rate (TRIR). The TRIR is determined by multiplying the number of incidents by 200,000 and dividing by the total number of hours worked.

The TRIR for Cooper's tire manufacturing plants has improved more than 70 percent since 2007, a tribute to the focus and dedication of employees and leaders. Moreover, 2016 showed an improvement from 2015 numbers, placing the organization at its lowest recordable TRIR in the past decade.

Helping to drive this safety improvement, Cooper placed a strong focus on auditing during the past year, completing third party compliance audits and internal audits ensuring alignment to our SES goals.



CKT CONTINUES FOCUS ON EMPLOYEE SAFETY

Cooper Kunshan Tire (CKT) has implemented personal pledges and competitions to continue to deepen the plant's safety culture. Designating May as safety month, in May 2017 CKT gave employees the opportunity to sign a safety commitment statement that served to strengthen their personal awareness and responsibility for safety.

The plant also hosted an interactive safety education competition. Initial rounds of the competition were completed through online trivia, while the competition progressed to safety fault-finding through drawings and videos. Employees remaining in the competition conducted safety demonstrations, and finalists competed in a round of safety questions.

Safety displays in the cafeteria, social media interaction, manager videos and the permanent installation of two safety arch structures at the facility have been instrumental in driving awareness and sharing important safety-related information.

Tupelo & Clarksdale Plants Recognized for Safety Records



Cooper Senior Vice President, General Counsel & Secretary Steve Zamansky accepts the SHIP award from Anne Forristall Luke, President and CEO of USTMA.

Cooper's Clarksdale facility received the Rubber Manufacturers Association (now the U.S. Tire Manufacturers Association, or USTMA) Safety and Health Improvement Program (SHIP) Award for excellence in 2016.

This award honors tire manufacturing facilities that achieve a Days Away Restricted Transfer (DART) rate 75 percent better than the average achieved by plants that submitted data to USTMA. The Tupelo plant earned the SHIP Award for improvement four times in the past five years, including 2017. This award recognizes plants that achieve a DART rate that is both 10% better than its rate in the previous year and the same or better than the USTMA average DART incidence rate.

Clarksdale also reached a milestone of 365 days worked without a lost-time incident on June 12, 2017.



COMMUNITY SAFETY, EDUCATION & DEVELOPMENT

Tire Safety

The importance of tires is often overlooked, especially by young drivers. However, tires are the only thing connecting a car to the road, so keeping them in top shape is important. That's why Cooper chose tire and vehicle safety for teens and young adults as its global signature philanthropic cause. Through the Tread Wisely program, Cooper supports this cause by empowering, educating and motivating young drivers to practice proper tire and vehicle maintenance.

In our plant communities, hundreds of Cooper employees have volunteered to share the Tread Wisely message by taking part in events and going into local schools to speak directly with young drivers. In Findlay, employees took tire safety demonstrations to teens attending a local football game. Texarkana employees helped share the message at a 5K race. And, each of Cooper's U.S. manufacturing plants had Tread Wisely booths during "Cooper Manufacturing Experience" events held in 2016. Globally, in 2017 Cooper Tire Serbia kicked off Požuri Polako, or Tread Wisely, sharing the message in schools and with community members by hosting a 5k race.

To reach young people across the country, Cooper activated Tread Wisely ambassadors, a group of college-age students passionate about sharing tire safety with their peers. Ambassadors travel to events throughout the U.S. spreading tire safety knowledge and motivating students to sign up for the "Tread Wisely Challenge" – a competition encouraging young people to hold safety events within their schools, clubs or community groups.

In addition to peer-to-peer and community outreach, a Tread Wisely app was developed to share tire safety with youth. The Tread Wisely app – the first app of its kind – puts tire safety information directly in the hands of young drivers when and where they need it most.

Tread Wisely impact will continue to grow with plans to spread the initiative to Latin America and the United Kingdom. Learn more about the Tread Wisely program by visiting TreadWisely.org or by downloading the app.

Cooper Tire & Rubber Company supports core programs that focus on safety, education, youth career development and local community giving in the locations where Cooper has major facilities.

DREAM IT. DO IT.

Dream It. Do It. is a program led by The Manufacturing Institute designed to change the perception of careers in manufacturing to help fill the jobs pipeline with qualified future workers. In 2016, Cooper marked its second year participating in Dream It. Do It and its second year of activating the Cooper Dream Team, a group of early-career employees from our major facilities, to spread this message. Through grass-roots efforts such as career fairs and speaking engagements, the Dream Team led Dream It. Do It. events in our communities that reached more than 10,000 students.



GIVING

Cooper has long been a supporter of causes in the communities where we live and work.

In the United States, Cooper supports the United Way which provides assistance to many individual non-profit groups doing important work. Cooper people, partners and the company raised nearly \$700,000 for the United Way in 2016.

In addition, in the U.S. Cooper matches employee donations to approved not-for-profit organizations including educational institutions, the arts and others. Cooper plans to make the matching gifts program a global initiative in 2018.

In China, Cooper helps to fund Project HOPE, part of the China Youth Development Foundation. Our donations benefit more than 1,500 students and teachers in underprivileged areas by funding supplies, facility improvements and the construction of playgrounds at primary schools. In all, six schools have been assisted by Cooper's donations and have in turn been named "Cooper Hope" primary schools.

SCHOLARSHIPS

Cooper has two funds – the Centennial Scholarship and the Roy V. Armes Scholarship – dedicated to providing financial assistance to the children of Cooper employees in the United States moving from high school to colleges, universities and technical schools.



SUSTAINABLE PRODUCT INNOVATION

Cooper continues to strive toward ever more fuel efficient, better performing tires – creating more value in our products. We are doing this through a variety of sustainable product innovations.

Alternative Materials

GUAYULE

2017 marked the completion of Cooper's participation in a five-year, \$6.9 million Biomass Research and Development Initiative (BRDI) grant, "Securing the Future of Natural Rubber – an American Tire and Bioenergy Platform from Guayule." Part of a public-private sector consortium that included Clemson University, Cornell University, PanAridus and the Agricultural Research Service of the U.S. Department of Agriculture (USDA-ARS), Cooper served as the lead entity in the grant. The team studied the feasibility of using guayule in tires versus Hevea natural rubber, which is used by the industry today.

As part of its work, Cooper built more than 450 tires, replacing various tire components made with Hevea and synthetic rubber with those made with guayule and testing each for overall performance. With knowledge gathered from these builds, Cooper created the industry's first all-guayule concept tires. The 100 percent guayule-based concept passenger car tires underwent extensive evaluation by Cooper's technical team, including rigorous wheel and road tests, and were found to have overall performance at least equal to tires made with Hevea and synthetic rubber. Notably, the tires performed significantly better in rolling resistance, wet handling and wet braking than their conventional counterparts.

Clemson University completed a Life Cycle Analysis (LCA) to quantify the environmental impact of producing tires from guayule including materials, energy and emissions from raw material procurement to end of life. Through the LCA, it was found that the 100 percent



guayule-based concept tire had between 6 to 30 percent lower emissions in 10 different life cycle environmental and energy impact categories compared with a conventional tire. Other significant accomplishments included:

- ✔ **USDA-ARS completed the most extensive irrigation study of guayule ever conducted.** USDA-ARS also developed a web-based tool for farmers to access an irrigation model online.
- ✔ **USDA-ARS pioneered direct seeding methods and agronomics.** In addition, ARS completed the first-ever assembly of the guayule plant genome. This effort is geared to position the crop to benefit from modern breeding and genetics tools reported by Cornell University.
- ✔ **PanAridus achieved success in manufacturing rubber using improved strains of guayule, producing rubber in quantities never before achieved for use in modern tires.** Cooper and PanAridus also improved the rubber extraction process from guayule plants.
- ✔ **Cooper, PanAridus and USDA-ARS worked closely to identify key variables impacting rubber quality.** Controlling these factors during the rubber manufacturing process resulted in compounds with properties that are similar to Hevea natural rubber.

TKS RUSSIAN DANDELION

Cooper is playing a key role in the Program of Excellence in Natural Rubber Alternatives (PENRA), a consortium dedicated to the development of *Taraxacum kok-saghyz* (TKS), a type of Russian dandelion, as a domestic natural rubber source. This consortium, led by The Ohio State University, is making significant progress in germplasm improvement, agronomics and cropping systems, rubber and inulin extraction process, and tire compound evaluations using this material.

Other Initiatives

TIRE INDUSTRY PROJECT

Cooper takes part in the Tire Industry Project (TIP) to help identify and address potential health and environmental impacts that may result from materials associated with tire making and use. One of 11 tire companies participating in this initiative, TIP works under the umbrella of the World Business Council for Sustainable Development and is currently focused on a number of industry challenges and developing potential solutions. These include understanding the impact of tires on the environment, establishing best practices for the management of end-of-life tires, developing new guidelines for the management of Environmental Health and Safety (EH&S) issues throughout the life cycle of the tire, developing a Product Category Rule to standardize how Life Cycle Analyses and Environmental Product Declarations are performed, and developing key environmental performance indicators for TIP members.

DEVELOPING LIGHTER PRODUCTS

Cooper has developed a prototype tire that meets European tire label grade "AA," meaning it has received an A rating in both fuel efficiency and wet grip based on European tire grades. Technology from this prototype is being applied to Cooper products to assist with the continual development of tires that are lighter and more fuel efficient than ever before.



SUSTAINABLE PRODUCT STRATEGY

Working to develop its sustainable product strategy, Cooper brought together a global, cross-functional team of employees for the first Cooper Sustainable Product Workshop in 2016.

Workshop participants discussed key topics including:

- ✔ Better incorporating sustainability into new product development
- ✔ Defining new metrics for monitoring product sustainability (rolling resistance, weight reduction, recycled material content, renewable materials)
- ✔ Developing a new “sustainable product” definition for Cooper

The result of the event was the development of significant enhancements to Cooper’s product sustainability program, many of which are being phased in throughout 2017 and 2018.

CLEAN OIL

Cooper is committed to the use of rubber extender oils that are considered "clean oil" in its production plants. The latest Cooper plant to move toward clean oil usage is Cooper Kunshan Tire Company (CKT), located in Kunshan, China.

Conventional extender oils contain polycyclic aromatic hydrocarbons (PAHs), which are recognized carcinogens, while clean oil meets European Union regulatory restrictions on PAH content. While not a government regulation in China, CKT began using 100 percent clean oil in July 2017.

At Cooper, sustainability is part of The Cooper Way which embodies our core values:

Help Each Other Succeed, Have Engaged Communication, Be Agile, Provide World-Class Customer Service, Be Results Focused, and Do The Right Thing.

enHance Initiative Honors Clarksdale and Tupelo Plants

The Mississippi Department of Environmental Quality sponsors an Environmental Stewardship Initiative, called the enHance Initiative, to encourage voluntary environmental stewardship by recognizing committed environmental leaders in Mississippi. Participating organizations make a commitment to address and achieve on-going environmental improvements.



Tupelo Energy Coordinator, Albert McShan (right), accepts the enHance Leader award from MDEQ Executive Director Gary Rikard.

The Clarksdale plant has been a member of this initiative for three years and has been recognized as a Steward level member. The Tupelo plant has been a member for six years and has been recognized as a Leader level member, the highest level possible.

ENVIRONMENTALLY RECOGNIZED

- ✔ Cooper’s Roadmaster line offers six SmartWay-verified truck tires. The United States Environmental Protection Agency’s SmartWay Technology Program verifies low rolling resistance tires that meet its criteria of reducing fuel consumption, ultimately cutting costs and benefiting the environment.
- ✔ Cooper is one of only two tire companies that qualifies as an Energy Star Partner under the standards of the U.S. Department of Energy and the Environmental Protection Agency.
- ✔ The American Electric Power Continuous Energy Improvement (CEI) Program recognized the Findlay plant for reductions in energy usage in 2016.
- ✔ Cooper’s Texarkana plant has earned ISO 50001 Energy Management Standard certification.



ADDRESSING DEFORESTATION

Cooper recognizes that deforestation is a concern, and we continue to work with the U.S. Tire Manufacturers Association to understand it as it relates to natural rubber production and to identify measures that can be taken to address it.

To ask questions about or comment on the 2016 Corporate Social Responsibility and Sustainability Report, contact:

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