

# RESPONSIBILITY THE COOPER WAY

2013 Corporate Social Responsibility  
and Sustainability Report



**COOPERTIRES**  
100 Years



## THE PEOPLE BEHIND THE TIRES FOR THE PEOPLE BEHIND THE WHEEL

As Cooper celebrates 100 years in the tire business, we recognize the contributions of our people. Cooper is more than a company; it's people crafting tires for other people. We make quality tires that we trust to get our own families, friends and loved ones to the places they need to go. The people of Cooper never settle for anything less than the best. We are trusted—and entrusted—to do the same for all people, **now and for the next 100 years.**



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# ABOUT THIS REPORT

Corporate social responsibility (CSR) has played an important role in Cooper Tire & Rubber Company's 100-year history, because we have always known it is the right thing to do. Our sense of responsibility grows as our business and industry seek to become more sustainable and as Cooper expands globally.

Sustainability is becoming increasingly important to our business, our stakeholders and to our world. We consider it an important part of doing business to regularly provide data on our CSR and sustainability performance.

With this in mind, we offer our second annual Corporate Social Responsibility and Sustainability Report. The report focuses on data and activities from Jan. 1 to Dec. 31, 2013, and is intended to meet Global Reporting Initiative (GRI) standards.

We continue to develop processes for applying GRI principles to our report. For our 2013 report, we have applied the principles for defining report content and ensuring report quality as described below.

## Defining Report Content

### *Stakeholder Inclusiveness*

This report identifies our stakeholders and current means of engagement. We expect to increase engagement activities in coming years to inform future performance and reporting.

### *Sustainability Context and Completeness*

Our report addresses Cooper's environmental, social and economic performance across our global business to an extent that enables stakeholders to assess Cooper's sustainability performance.

### *Materiality*

Cooper has identified its business risks, and in turn established metrics, identified action items, and assigned action-item responsibility. Our 2013 Corporate Social Responsibility and Sustainability Report includes our performance on sustainability-related risks.

## Ensuring Report Quality

### *Balance*

We present favorable and unfavorable results in our report.

### *Comparability*

We present consistent environmental performance metrics from 2009 through 2013.

### *Timeliness*

Cooper's Corporate Social Responsibility and Sustainability Report is published annually.

### *Clarity*

The report can be readily understood by stakeholders. Care has been taken to limit the use of jargon and highly technical language. Terms that are generally unfamiliar have been defined.

### *Accuracy*

Data, statistics, measurements and explanations within the reporting context are accurate. Issues and performance are covered in enough detail for stakeholders to assess Cooper's performance in relationship to CSR and sustainability.

### *Reliability*

Cooper's 2013 Corporate Social Responsibility and Sustainability Report was reviewed by the Cooper senior management team and is published with their support and approval. It follows the guidance of GRI 3.1, Application Level C.

To ask questions about or comment on the 2013 Corporate Social Responsibility and Sustainability Report, please contact:

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**419-424-4345**

# RESPONSIBILITY THE COOPER WAY — 100 YEARS AND COUNTING



Welcome to Cooper Tire & Rubber Company's second annual corporate social responsibility and sustainability report: Responsibility the Cooper Way. This report communicates our CSR and sustainability commitments and our performance in the areas of people, planet and prosperity for the year 2013. Additionally, because we are publishing this report in 2014, which marks Cooper's 100th year in business, the document also commemorates our centennial.

Achieving a 100-year milestone is evidence of an enduring legacy of hard work, ingenuity, resilience, an unwavering focus on the customer, and dedication to quality. This is an important milestone that speaks to the contributions of thousands who came before us and those who are part of Cooper today.

As is true with every business, the road we have traveled has not and will not always be a smooth one. We entered our centennial following a year of challenges, some of which delayed progress on our 2013 environmental objectives. However, even faced with challenges, we achieved multiple sustainability wins in 2013, including:

- We issued our first corporate social responsibility and sustainability report, which used the GRI standards.
- Three of Cooper's facilities achieved safety milestones in 2013: The Kunshan, China, plant and Tall Timbers Mold Operations in Findlay, Ohio, both achieved one million hours worked without a lost-time injury, while the Tupelo, Mississippi, plant worked an entire calendar year without a lost-time injury – a Cooper first!
- Although reduced production levels in 2013 had a negative effect on our energy usage intensity, our plants continued to focus on reducing energy consumption. As production levels increase, we expect to see significant reductions in energy usage intensity.
- In 2013, we reported that the acquisition of the Kruševac, Serbia, plant in 2012 caused a spike in solvent usage intensity that same year. The good news is that the plant has reduced solvent usage intensity by nearly 50 percent from 2012 to 2013.

Turning toward the future, it will be even more critical for Cooper to: incorporate sustainable design into product innovation; use logistical and manufacturing processes that protect health, safety and natural resources; and, develop an environment in which Cooper people become increasingly creative problem solvers.

Therefore, we will continue to measure our performance and manage risks in the areas of people, planet and profitability as a key to Cooper's success for the next century. At the same time, we will continue to execute our strategic plan for growing our business in world markets, which will make achieving sustainability goals even more important.

I hope you will find our 2013 Corporate Social Responsibility and Sustainability Report to be informative and useful. I believe you will join us in seeing a bright, sustainable future for Cooper based on the commitments we make today.



A handwritten signature in black ink, appearing to read "Roy Armes".

Roy V. Armes  
*Chairman, Chief Executive Officer and President*



# OUR BUSINESS & COMMITMENTS

## ABOUT COOPER

Cooper is the parent company of a global family of companies that specialize in the design, manufacture, marketing and sales of passenger car and light truck tires. Cooper has joint ventures, affiliates and subsidiaries that also specialize in medium truck, motorcycle and racing tires.

Brands within the Cooper family of companies:



Cooper's headquarters is in Findlay, Ohio, with manufacturing, sales, distribution, technical, and design facilities within our family of companies located in 11 countries around the world: China, France, Italy, Germany, Mexico, Serbia, Singapore, Spain, Switzerland, the United Kingdom, and the United States. Reporting segments include North America (67 percent of revenues) and International (33 percent of revenues).

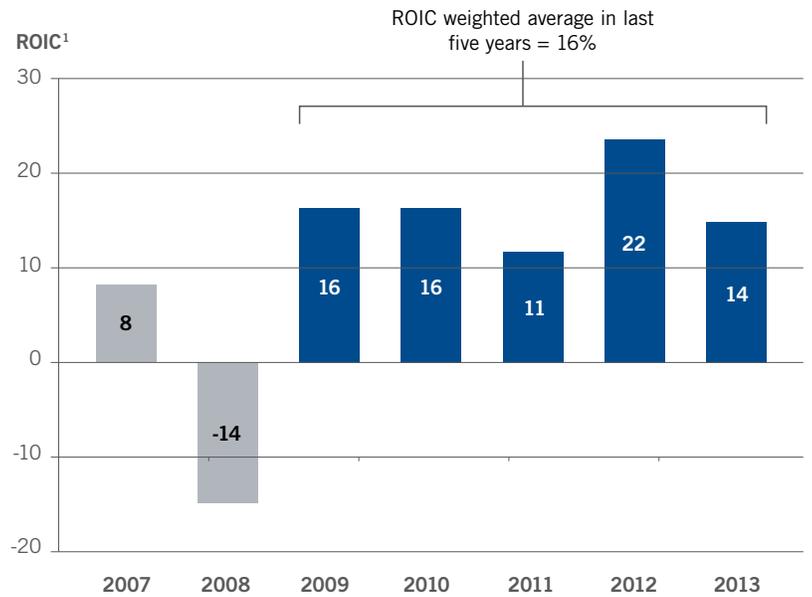
Our business primarily focuses on the replacement tire market; however, Cooper has an emerging global presence in the original equipment (OE) market.

# COOPER 2013 FACTS AND FIGURES

## OVERVIEW

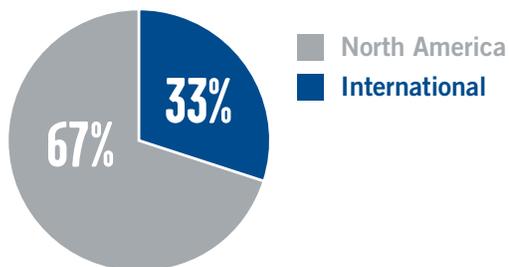
- 11th largest global tire manufacturer and 4th largest in the U.S.
- 2013 revenue of \$3.4 billion
- 14% market share in the U.S. light vehicle replacement tire market
- Emerging OE presence
- Rapidly growing international segment
- 2013 unit sales of 43.3 million tires

## RETURN ON INVESTED CAPITAL

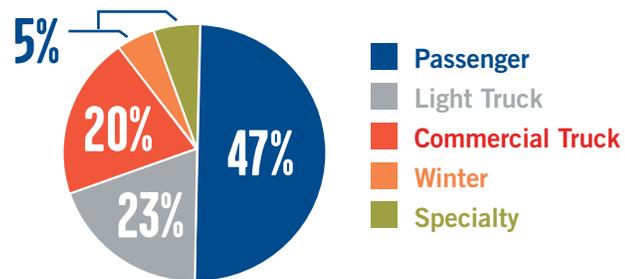


1. Return on Invested Capital, including non-controlled equity

## SALES BY SEGMENT



## SALES BY PRODUCT



## COOPER TECHNICAL FACILITIES

Tires are developed and designed at the company's Global Technical Center in Findlay, Ohio, as well as at its Asia Technical Center in Kunshan, China; Europe Technical Center in Melksham, England; and North America Technical Center, also in Findlay. Additionally, Cooper operates the Tall Timbers Mold Operations facility in Findlay and the Tire & Vehicle Test Center near San Antonio, Texas.



### Global Technical Center

- Opened 2014
- Advanced technology
- Innovative technology



### North America Technical Center

- Opened 1998
- Tire testing, materials lab, offices



### Europe Technical Center

- Opened 2007
- Tire testing, materials lab, offices



### Asia Technical Center

- Originally opened 2008 in Shanghai
- Tire testing, materials lab, offices
- Relocated to a newly built facility in Kunshan in 2014



### Tire & Vehicle Test Center

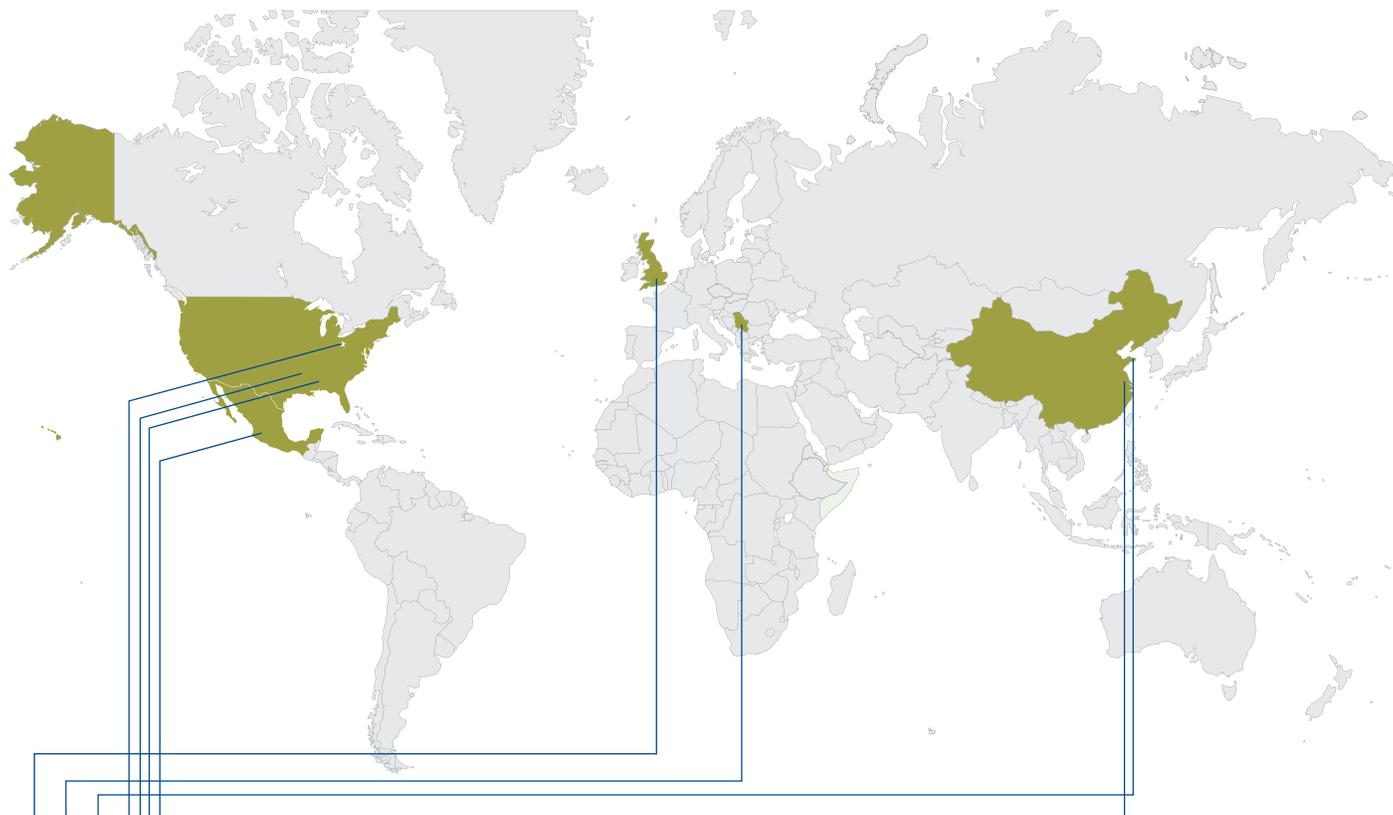
- Opened 1999
- World-class test facility
- Product evaluation and refinement



### Tall Timbers Mold Operations

- Opened 1997
- Special dies and tools, die sets, jigs and fixtures, and industrial molds

TIRE MANUFACTURING FACILITIES



LOCATION	SINCE	OWNERSHIP
<b>UNITED STATES:</b> Findlay, Ohio	1917*	Wholly Owned
<b>UNITED STATES:</b> Texarkana, Arkansas	1964	Wholly Owned
<b>UNITED STATES:</b> Tupelo, Mississippi	1984	Wholly Owned
<b>MEXICO:</b> El Salto, Jalisco	2008	Joint Venture/Majority Shareholder
<b>CHINA:</b> Kunshan, Jiangsu Province	2005	Wholly Owned
<b>CHINA:</b> Rongcheng, Shandong Province	2006	Joint Venture/Majority Shareholder
<b>SERBIA:</b> Kruševac	2012	Wholly Owned
<b>ENGLAND:</b> Melksham	1997	Wholly Owned

Corporate social responsibility and sustainability performance metrics have been identified for Cooper’s tire manufacturing plants. Unless otherwise noted, the reported performance metrics include all the plants listed above.

In addition to our tire manufacturing plants and technical facilities, Cooper operates numerous warehouse and distribution facilities that are included in Cooper’s overall environmental management program. We are working toward attaining performance metrics for these facilities and will selectively report on their performance in future reports.

In June 2013, Cooper entered into a merger agreement with Apollo Tyres Ltd. of India. In late December, Cooper terminated the merger agreement. This is noted because the proposed merger had the effect of delaying the company’s progress on a number of sustainability initiatives. These initiatives have since resumed.

\* Ira J. Cooper formed the Cooper Corporation in 1920 after brothers-in-law Claude E. Hart and John F. Schaefer originally founded the company in 1914 in Akron, Ohio. It was moved to Findlay, Ohio, in 1917.

## THE COOPER WAY – OUR CORE VALUES

The Cooper Way comprises the core values that define who we are as a company. Embodied in the statements below, The Cooper Way guides every action we take and shapes our culture with every tire we produce.

### Help Each Other Succeed

Each day, we help each other succeed. We're people-focused and build strong relationships. We act for the company's collective good. We encourage one another and help others learn and develop.

### Have Engaged Communications

We practice engaged communications, focusing on being open, candid and timely in sharing news while listening to make sure we understand.

### Be Agile

We're agile. We implement the right change at the right time, take risks, continue learning, and value creativity and innovation. We never give up.

### Provide World-Class Customer Service

We provide world-class customer service, delivering exceptional value through great products and services. We're committed to each customer's success and seek what's best for both of us. We honor our commitments. In short, we're the best tire company to do business with – a phrase you'll hear again and again at Cooper.

### Be Results Focused

We're also results focused. We generate aggressive plans, based on the facts – then relentlessly implement those plans. We're personally accountable, tenacious problem solvers who eliminate waste at every opportunity.

### Do the Right Thing

Finally, we do the right thing. We provide high-quality products, and we promote and practice safe behavior. We use Cooper money and resources wisely. We conserve natural resources and work to protect the environment in all operating locations. We earn respect, trust each other, and show respect for the culture and customs of all nations. We act with integrity, as good community citizens, and we seek diversity of thought, experience and ideas.

## WE CONSERVE NATURAL RESOURCES AND WORK TO PROTECT THE ENVIRONMENT IN ALL OPERATING LOCATIONS.



Geoff  
Engineer

## OUR BUSINESS STRATEGY

### Value Proposition

COOPER'S WINNING FORMULA: TO BE OUR CUSTOMERS' BEST SERVICE/VALUE SUPPLIER



Great Products

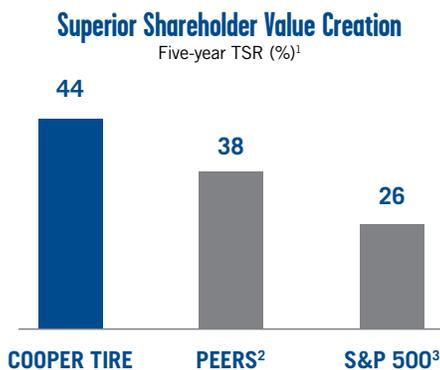
Great Price

Great Performance

### Goals of 2008 Five-Year Strategic Plan Have Been Met

Cooper has strengthened the foundation of our business over the past several years by improving efficiencies and enhancing our technical capabilities to launch world-class products in the fastest growing and highest value segments of the tire business. We have transformed our manufacturing cost base, resulting in a balanced and competitive manufacturing footprint, and we've achieved strong operating and shareholder results. Through solid execution of our strategic plan, Cooper is poised for continued profitable growth, having developed a geographic manufacturing footprint well positioned to sell into our key markets with great performing, cost competitive tires and with additional capacity to support future expansion.

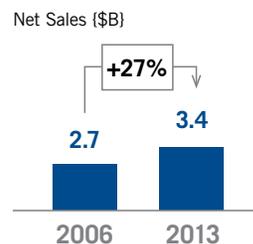
### 2008 STRATEGIC GOALS ACHIEVED OR EXCEEDED



### Achieved Profitability Target



### Exceeded Growth Target Three out of Last Five Years



1. Total Shareholder Returns February 2009 – February 2014 2. Peers include Bridgestone, Cheng Shin Rubber, Michelin, Continental, Goodyear, Hankook, Kumho, Nokian, Pirelli, Sumitomo Rubber, Toyo and Yokohama Rubber 3. Median company performance

Note: Total Shareholder Returns use company reporting currency.

Source: Publicly available financial data

**Next-Level Strategic Plan**

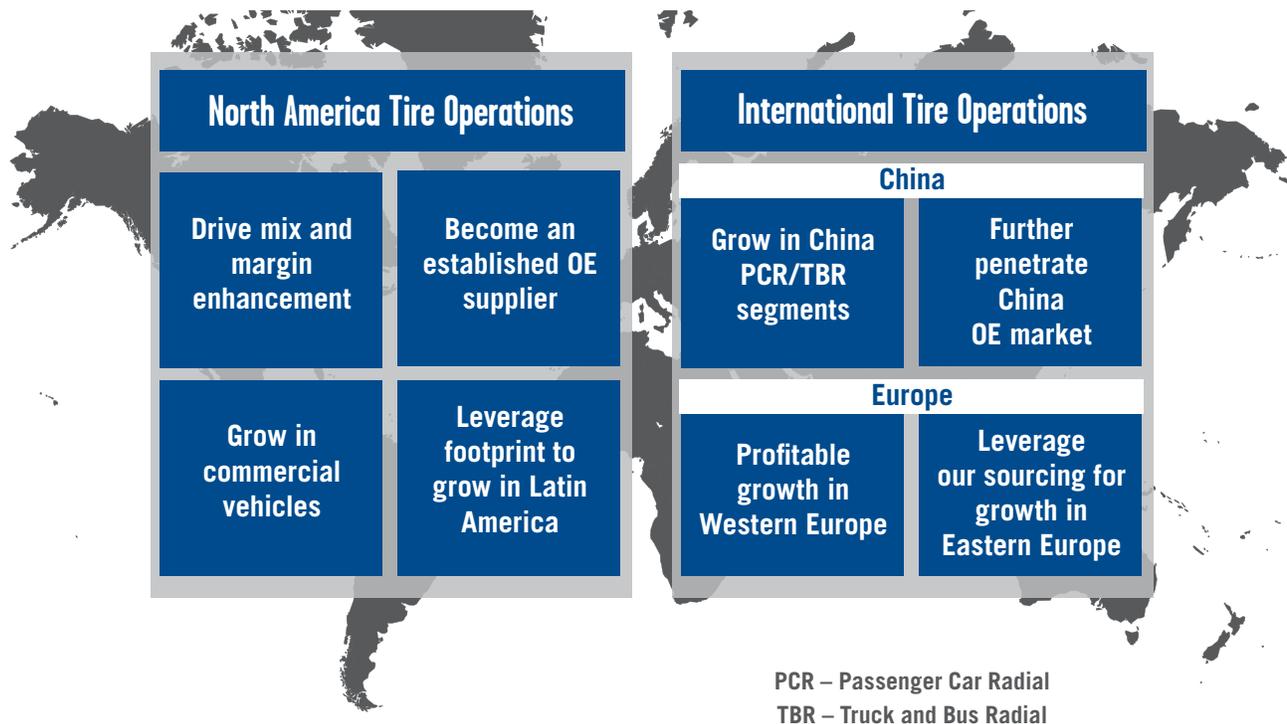
Going forward, we are focused on continuing to improve our globally competitive manufacturing cost structure while delivering great products and driving demand for our brands across our regions in the most attractive product segments. Overall, our goals are aggressive, but attainable.

The four key elements of our North America Tire Operations strategy are:

- To drive mix and margin enhancement through a shift to more premium and house brands
- To become an established light vehicle OE tire supplier
- To grow in commercial vehicles, or truck and bus radial (TBR) tires, by entering the fleet channel with our successful Roadmaster brand
- To leverage our manufacturing footprint, particularly our Mexico plant, to expand beyond our solid position there to further our growth in Latin America

For our International Tire Operations, we are focused on growth in Asia and Europe:

- In Asia, our strategy is to grow in the China passenger car radial (PCR) and TBR tire markets by launching new products, expanding our retail distribution, and further penetrating the OE market to create consumer pull through
- In Europe, we will grow profitably in our core markets in Western Europe by streamlining our product portfolio, making investments in brand awareness, and leveraging our Kruševac plant to strengthen our cost competitiveness; additionally, we're leveraging the Kruševac plant to expand further into the higher-growth Eastern Europe market



Key planning assumptions:

- Relatively stable macroeconomic and political environment for our markets
- No major movements in interest rates in our markets
- No major currency movements in our markets
- Steadily increasing raw material prices in line with global inflation expectations
- No changes to our joint venture arrangements

## KEEPING OUR PLEDGE TO INVESTORS

Cooper is governed by an eight-person Board of Directors with one executive and seven independent members. Board members abide by Governance Guidelines and Cooper's Code of Business Ethics and Conduct. The three standing committees are Compensation, Audit, and Nominating and Governance. Each committee has a charter.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities in a number of areas, including the integrity of Cooper's financial statements, the effectiveness of Cooper's internal control over financial reporting, and Cooper's compliance with legal and regulatory requirements. As part of this responsibility, the committee discusses guidelines and policies with respect to risk assessment and risk management to assess and manage the company's exposure to risk. The committee also discusses significant legal matters with Cooper's General Counsel, management and independent auditors. Overseeing environmental, safety and sustainability programs is also included in this responsibility. The committee is comprised of independent members of the Board of Directors.

Complete information about Cooper governance can be found at [coopertire.com/Investors/Corporate-Governance.aspx](https://coopertire.com/Investors/Corporate-Governance.aspx).

## CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY AT COOPER

Cooper has established a sustainability strategy team that includes leaders from functional areas throughout the company and is responsible for setting direction and approving sustainability programs. The team meets periodically to review strategy, metrics and goals, benchmarking results, responsibilities, stakeholder lists, key projects, and reporting. The team provides recommendations to team leadership and the executive committee, which is comprised of the Chief Executive Officer, Chief Financial Officer, General Counsel, business unit Presidents, and Chief Human Resources Officer.

An environmental team has also been appointed that includes plant improvement project leaders who share best practices with each other.

The strategy and environmental teams are led by our Director of Global Environmental Affairs, with executive leadership provided by the General Counsel, who is a member of the sustainability strategy team and the executive committee. The General Counsel also provides a connection to the Board of Directors Audit Committee.

Cooper recognizes that a commitment to sustainable performance involves engaging stakeholders, assessing materiality, collaborating with other parties, and focusing on specific, achievable actions to improve performance with respect to people, planet and prosperity. In this spirit, the strategy team is working on a project involving benchmarking with competitors and identifying good sustainability practices, engaging with key stakeholders, and gaining insight from Cooper executives.

## ENGAGING OUR STAKEHOLDERS

Cooper offers a variety of opportunities for stakeholders to express concerns and ask questions. Current forms of engagement include:

### Investment Community

- Annual shareholder meeting
- Quarterly financial results conference calls with opportunity for Q&A
- Investor conferences and Investor Day
- Investor section of the corporate website with contact information
- Process by which shareholders or interested parties may send communications to the Board of Directors, the non-employee Directors as a group, or any of the Directors

### Employees

- Quarterly global communication meetings for company leaders, who cascade important company information and programs for team discussions
- Open-ended executive roundtable meetings in the U.S. with a cross-section of employees, each hosted by one of the six executive committee members; these are held outside the U.S. when leaders travel to offshore sites
- Anonymous ethics hotline process
- Global intranet with opportunity to make comments and suggestions
- Newsletters to share information with employees

### Customers

- Ongoing in-person interaction with sales force
- Phone and internet customer service access
- Ongoing email dialogue

### Consumers

- Toll-free consumer relations phone line; inquiries are tracked and responses are documented
- Cooper's social media sites are monitored and company representatives respond as appropriate
- Customer care contact information on website
- Ongoing email dialogue

### Suppliers

- Ongoing dialogue with suppliers around the world
- Access to the Cooper World Supplier Portal
- Periodic opportunities for suppliers to make suggestions to improve packaging and use more efficient delivery methods

### Community/Public

- Questions submitted via the Coopertire.com website with responses by email or other communication
- See pages 27–29 for Cooper social responsibility commitments and initiatives

As part of our corporate social responsibility and sustainability strategy, we will develop additional, direct processes for actively engaging stakeholders in the future.

## MATERIALITY

Cooper understands the concept of materiality as systematically identifying the significant economic, environmental and social aspects of our business, prioritizing those aspects, and focusing our programs, resources and reporting on those aspects. Several years ago, Cooper completed an effort to identify significant risks to the business, and in turn to establish metrics, identify action items, and assign action item responsibility.

For example, manufacturing complexity was identified as a potential risk. The company subsequently established a cross-functional team tasked with identifying and removing complexity. As a result, one of the tactics in the strategic plan for growth is to develop and promote the use of global tire designs and platforms that reduce complexity.

While this process has been successful to date, Cooper recognizes a need to revisit it on a periodic basis. Future reports will describe the process and the results in more detail. Moreover, future reports will focus on our material aspects.

**THREE OF COOPER'S FACILITIES ACHIEVED SAFETY MILESTONES IN 2013:  
THE KUNSHAN PLANT AND TALL TIMBERS MOLD OPERATIONS IN FINDLAY  
BOTH ACHIEVED ONE MILLION HOURS WORKED WITHOUT A LOST-TIME INJURY,  
WHILE THE TUPELO PLANT WORKED AN ENTIRE CALENDAR YEAR WITHOUT A  
LOST-TIME INJURY — A COOPER FIRST!**



Sara  
Pricing Analyst

# SUSTAINABLE TIRE INNOVATION

 **COOPERTIRES**  
100 Years



Cooper is involved in a variety of tire research and development (R&D) activities to improve tire performance, service and cost. Today, many initiatives focus on R&D to make tires more sustainable, such as designs that improve fuel economy by reducing tire weight and rolling resistance.

## COLLABORATION AND PARTNERSHIPS

Cooper collaborates with a number of entities and partners, including those listed below, on tire raw materials and design, training, regulatory matters, scrap tire management and other sustainability topics.

- Agricultural Research Service (ARS) of the U.S. Department of Agriculture (USDA)
- American Chemical Society
- American Society for Testing and Materials
- Arizona State University (ASU)
- The British Tyre Manufacturers' Association
- The Cámara Nacional de la Industria Hulera (The Mexico National Chamber of the Rubber Industry - CNIH)
- Center for Tire Research
- Cooperative Approved Tire List
- The European Tyre & Rubber Manufacturers' Association
- Global Technical Regulations for Tires
- Harbin University of Science and Technology (Heilongjiang Province, China)
- Industrias Negromex S.A. de C.V.
- Industrial Research Institute
- The International Rubber Study Group
- International Standards Organization
- The International Tire Exhibition & Conference
- National Highway Traffic Safety Administration
- The Ohio State University (OSU)
- PanAridus
- PENRA (The Program of Excellence in Natural Rubber Alternatives)
- The (U.S.) Rubber Manufacturers Association (RMA)
- Society of Automotive Engineers
- The Tire and Rubber Association of Canada
- Tire Society
- The University of Arkansas
- University of Toronto
- U.S. Department of Energy
- The World Business Council on Sustainable Development (WBCSD)

### *Specific projects include:*

- Cooper works with the U.S. tire industry through the RMA to develop industry standards and statistics, participate in legislative and regulatory developments, educate consumers on proper tire care and safety, and promote the responsible management of scrap tires, including developing markets that use recycled rubber.
- Cooper and the Mexico tire industry are partnering through the CNIH on developing a scrap tire management plan for Mexico.
- Cooper is a member of the WBCSD, and participates in the Tire Industry Project to identify and address the potential health and environmental impacts of materials associated with tire making and use. While work on the project continues, the project currently focuses on:
  - Understanding the properties, fate and impacts of particles generated by the interaction between tires and pavements during tire use
  - Safely developing and using nanomaterials in tires
  - Working to encourage effective scrap tire management

A summary of the WBCSD work can be found at [www.wbcd.org/work-program/sector-projects/tires.aspx](http://www.wbcd.org/work-program/sector-projects/tires.aspx).

Cooper and our public and private sector partners have received several grants over the past few years for research to develop more sustainable tires and rubber sources. This research was ongoing in 2013, see pages 20–21 for details.

## RESEARCH AND DEVELOPMENT

### Our Approach

Cooper directs its research activities toward product development, performance and operating efficiency. We conduct extensive testing of current tire lines, as well as new concepts in tire design, construction and materials. During 2013, approximately 81 million miles of tests were performed on indoor test wheels and in monitored road tests. Additionally, Cooper continues to design and develop specialized equipment to fit the precise needs of its manufacturing and quality control requirements. Research and development expenditures were \$44.6 million, \$50.8 million and \$51.1 million during 2011, 2012 and 2013, respectively. Cooper is raising our commitment to R&D, a trend that is also reflected in new and expanded facilities.

The Asia Technical Center was recently relocated from Shanghai to a new, purpose-built facility on the grounds of Cooper's tire plant in Kunshan, China. This new technical center was constructed specifically for Cooper's R&D activities and to house a staff of 65 material scientists and tire engineers. It features state-of-the-art testing equipment and expanded R&D capabilities focused on designing and developing new passenger and truck tires primarily for China and the Asia market.

Additionally, a new Global Technical Center (GTC) is being established in Findlay. This will be a center of excellence for tire science and technology, advanced technology and innovation technology, which will ultimately employ 40 scientists and engineers, many of whom will be in highly specialized technical roles. The GTC will have a dedicated R&D team focused on exploring such areas as nanotechnology and new polymers and compounds as well as reinforcements.

During a recent event, Cooper Chairman, Chief Executive Officer and President Roy Armes said, "Technology and innovation are critical in the tire industry. Technology drives the development of new products that deliver improved performance, environmental advantages and safety benefits for today's drivers. At Cooper, we've seen how new products that resonate with our dealers and consumers can give our company a competitive advantage, and with the GTC, we are building on our already strong capabilities to pursue the newest technologies to drive our business—and perhaps the tire industry as a whole—into the future." Sr. Vice President, Global Research and Development, Chuck Yurkovich explained, "Our focus is on developing 'ready-to-use' advanced technologies that help us expedite the product development cycle and allow Cooper to create innovations in Findlay and deploy them to meet regional customer and market needs around the world. We are able to develop and launch world-class products more rapidly each year, while continuing to emphasize enhanced tire performance, lightweight tire materials, rolling resistance and fuel economy, wet and dry grip, and reduced tire and vehicle noise. The GTC will help Cooper and its subsidiaries around the world stay ahead of the curve in a very competitive tire industry."

### Current Research Examples

#### *Guayule Research Yields Concept Tire*

Cooper is partnering with PanAridus, ASU and the ARS to conduct research on developing the guayule (pronounced why-YOU-lee) plant as an alternative rubber source. This research is funded by a \$6.9 million Biomass Research and Development Initiative (BRDI) grant from the USDA. The grant focuses on research to develop enhanced manufacturing processes needed to produce guayule solid rubber as a biomaterial for tire applications, as well as evaluating the plant's residual biomass for biofuel applications.

Guayule is a desert shrub, which grows in Mexico and the southwestern United States. It is one of the few plants containing sufficient rubber to exploit commercially. The rubber is very similar to conventional natural rubber that is used in nearly all tire lines. The aim is to use biopolymers extracted from guayule as a replacement for petroleum-based synthetic rubber and tropical-based natural rubber compounds used in the manufacture of tires.

Cooper's engineers have made major strides in developing all-guayule compounds for a concept tire, and have successfully built a tire with two separate components based on 100 percent guayule rubber. Ultimately, we plan to have a concept tire for testing with 100 percent of the natural and synthetic rubber replaced by guayule-based rubber.

Part of the grant deals with the environmental, economic and social impact of guayule agriculture and rubber production on communities. Recently, ASU issued the first thesis based on the BRDI grant for which a framework for modeling the environmental impact was developed. It emphasizes the importance of utilizing all of the by-products from guayule in a sustainable manner to minimize the overall effect on the environment.

## COOPER'S APPROACH IS TO EXPEDITE DEVELOPMENT OF 'READY-TO-USE' ADVANCED TECHNOLOGIES AND DEPLOY THEM TO MEET REGIONAL CUSTOMER AND MARKET NEEDS AROUND THE WORLD.

Lucy  
Engineer



*Gas-Saving Prototype Fuel-Efficient Tires*

The U.S. Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy awarded Cooper \$1.5 million to develop advanced fuel efficiency technologies. The grant was one of only five awarded by the DOE in the Fleet Efficiency category. Our goal is to develop an ultra-lightweight prototype tire that delivers a minimum of 3 percent improvement in vehicle fuel efficiency while lowering overall tire weight by a minimum of 20 percent. This funding is being used to accelerate innovative tire design, construction, materials and reinforcement technologies focused on the replacement tire market.

To achieve our goal, Cooper has been exploring six new technologies during Phase I of the project from 2011 through 2013. During 2014, Phase II of this program will explore the holistic impact of putting all these technologies together in a new low-weight tire profile design. At the end of Phase II, Cooper will have created and tested a prototype of a fuel-efficient tire and be able to use these newly developed technologies in existing and future product lines. Cooper intends to possess superior fuel efficiency technology as a result of the technological developments from this project, and it is our intent to contribute to our country's vision of becoming more energy independent.

*Study Targets Potential New Domestic Rubber Source*

Cooper also partnered with PENRA to study the Russian dandelion as a possible domestic source of natural rubber. There is potential for natural rubber to be extracted from the plant and used in polymer compounds for multiple tire components. Russian dandelions have traditionally required little fertilizer or water, and the Ohio State University's Ohio Agricultural Research and Development Center (OARDC) estimates farmers would make a greater profit per acre by growing the dandelion for rubber production than growing more traditional crops. OARDC and the Ohio BioProducts Innovation Center, along with other university and industry partners, were awarded a \$3 million grant to develop a renewable, domestic source of natural rubber. Cooper received a small quantity of this rubber, and preliminary lab tests indicate that this material has the potential to be used as a replacement for conventional natural rubber. Cooper and OSU are now in the program planning process, which is setting milestones as far out as 2020.



Cooper and partners were awarded a \$6.9 million grant to produce guayule solid rubber, pictured above, as a biomaterial for tire applications, as well as evaluating the plant's residual biomass for biofuel applications.

## SUSTAINABLE PRODUCT ADVANCES

### CS5 Luxury Touring Tire Improves Fuel Mileage and Helps Drivers Assess Tread Wear

Cooper developed the CS5 Touring tire, which features an improved, second-generation silica tread compound with an advanced polymer formulation that has up to four times more silica than the previous generation of premium all-season tires. This new tread compound dramatically increases tire performance and, when combined with other advanced tire technologies, lowers rolling resistance, improving fuel mileage. The CS5 is one of the lightest tires in its class, which also translates to increased fuel efficiency. The tire also incorporates the new Wear Square™.

Consumers gain an innovative safety feature with the Wear Square™ to help them gauge the amount of wear on their tires, providing an indication of when it may be time to replace them. The Wear Square is exclusive to Cooper and features a visual indicator that is part of the tread design and allows drivers to quickly assess the approximate tread life remaining on their tires, giving them more confidence on the road. As the tire wears, the Wear Square transitions among five stages, beginning with a full square design on new tires and ending with an exclamation mark when the tread reaches 2/32s of an inch, which indicates that it is time to replace the tire. Located at three points of reference around the inside and outside of the tire, the Wear Square can also signal uneven tire wear and possible wheel alignment issues.





# PEOPLE

 **COOPERTIRES**  
100 Years

## PEOPLE

Cooper offers a vibrant and collaborative culture where our employees make a difference every day—at work, and in the surrounding communities in which we operate. We support our employees by promoting their health, well-being and safety, and by providing them opportunities to learn and achieve. We are also deeply committed to being a good corporate citizen in our communities. To Cooper this means:

- Being a fair employer that cares about its employees
- Following the laws and respecting the cultural norms of the communities where we operate
- Giving back by donating time (through volunteerism) and funds to non-profit organizations
- Protecting the environment

## COOPER EMPLOYS 13,280 WORLDWIDE.



## HEALTHY AND SAFE EMPLOYEES

### Safe Workplace

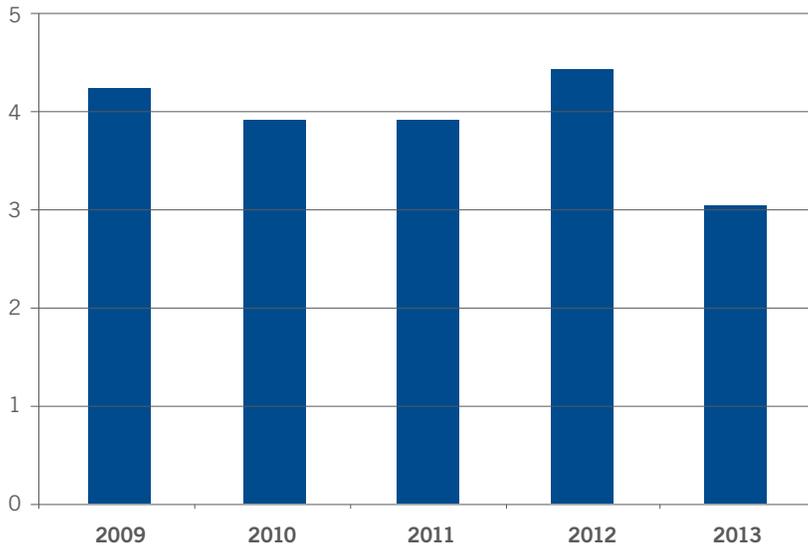
A workplace where employees carry out their responsibilities without injury while producing quality products and providing outstanding service is vital to Cooper's long-term success. That is why our company has long made workplace safety a top priority.

At Cooper, our safety program includes:

- Safety management systems
- Global risk assessments and hazard control procedures
- Use of technology to reduce or eliminate hazards
- Sharing of best practices for hazard elimination
- Enforcement of safety absolutes

The Total Case Incident Rate (TCIR) is one measure of safety performance. The TCIR is determined by multiplying the number of incidents by 200,000 and dividing by the total number of hours worked. The TCIR is shown for all Cooper tire manufacturing plants in the chart below.

### COOPER MANUFACTURING TOTAL CASE INCIDENT RATE



Except for a slight increase in 2012, we have witnessed a favorable downward trend. Yet, our work is by no means complete. Cooper will continue to raise our level of awareness and commitment to injury prevention as a top priority by building a zero-injury culture at every level of the business and across the total enterprise.

To achieve this objective, we have introduced the Cooper Safety Excellence System (SES) as the centerpiece of our “Drive to Zero” campaign. Drive to Zero demonstrates our commitment to continuous improvement and becoming an injury-free workplace. The SES is an enterprise-wide, comprehensive, measurable and goal-oriented system that engages employees to eliminate hazards and avoid safety risks.

Our vision for safety excellence starts with a strong commitment to injury prevention by our senior leadership as well as leaders of our operations and support teams. Leaders of each group are responsible for fostering high levels of employee engagement, which in turn will result in fewer injuries.

The following eight elements of SES guide how safety is managed throughout Cooper:

1. Management commitment and leadership
2. Roles, responsibilities and accountability
3. Employee participation
4. Communication
5. Hazard recognition and control
6. Training and education
7. Accident investigation and analysis
8. Performance evaluation and measurement



### SES Implementation Schedule Update

- Tire manufacturing plants – Implementation of SES is well underway in our North America plants. Cooper has been working to close any gaps discovered in the 2013 baseline safety assessment. The Melksham and Kruševac plants have begun implementing SES. The Kunshan and Rongcheng plants will be reviewed in 2014.
- Support facilities such as distribution centers and service centers, as well as offices and our Mickey Thompson subsidiary, are expected to conclude an SES gap assessment by end of 2014. The Tall Timbers Mold Operations facility and North America Technical Center began implementing SES in 2013.
- Ongoing audits – Formal audits to review SES implementation and compliance with corporate requirements are scheduled for 2014 and will be expanded to include the support facilities based on their risk rating.

### Safety Milestones

The Kunshan plant reached a one-million hours worked without a lost-time injury milestone in January 2013. The facility also was certified to the OHSAS (Occupational Health and Safety Management System) 18001:2007 standard and has recently implemented a behavioral-based safety program to proactively reduce injuries. The Tupelo plant worked one entire calendar year without a lost-time injury. This milestone was reached in May 2013. The Tall Timbers Mold Operations facility reached one-million hours worked without a lost-time injury in November 2013. This milestone represents over five years of work at the facility without an injury.

### Career Development and Recognition

Cooper provides employees a variety of opportunities to learn and grow through our in-house learning center, outside education and training opportunities, on-the-job training, and job rotation.

Our talent management programs ensure that Cooper has a steady stream of leaders to drive us confidently into the future. Our performance management program is designed to ensure Cooper people focus on areas directly aligned with the company's strategic initiatives and to enable them to develop necessary skills and expertise to advance into leadership positions if desired.

To ensure leadership excellence, Talent Summits are held to help identify current and future leaders, key positions, and potential successors to those positions. Our leaders and future leaders are provided appropriate development opportunities for increasingly demanding leadership roles, and their progress is actively supported and monitored by Cooper's executive committee and Board of Directors.

## COOPER PROVIDES EMPLOYEES A VARIETY OF OPPORTUNITIES TO LEARN AND GROW.



Davin  
Tire Builder

## COMMITMENT TO COMMUNITY

In most communities in which we operate, Cooper is among the top employers in the number of jobs we provide. At the same time as we offer jobs and bring revenues to the community, we are committed to being a good corporate citizen.

We want everyone within the Cooper family of companies to be a proud employee of an organization that clearly understands our responsibilities to the communities where we live and work. As we celebrate our 100th anniversary, we are proud of our strong heritage of giving and are committed to being a contributing member of the communities where we operate for many decades to come.

Cooper and its employees donate countless hours and hundreds of thousands of dollars in donations to nonprofit organizations in the regions where we are located. A representative sample of the many community involvement activities in which we participate is provided below.

### Corporate Giving – A Cooper Tradition

Part of being a socially responsible company is making a commitment to enhance the quality of life in the communities where the Cooper family of companies operates around the world. Often this includes employees supporting non-profit organizations through volunteerism, including service on the Boards of Directors that guide these groups. In addition, it also includes employee's and Cooper's financial support to assist the organizations that help make our communities a better place to live and work.

#### *Giving in our Headquarters Hometown, Findlay, Ohio*

At times, these organizations are responsible for solving problems that impact thousands within our communities. An example is Cooper's support of flood mitigation efforts in Findlay. Since 2008, we have provided significant financial support to help resolve this important issue. In addition, in Findlay, we are a key supporter of The Alliance (Findlay-Hancock County Economic Development, Chamber of Commerce and Visitors Bureau), which serves to keep our headquarters hometown an attractive place to do business as well as to enjoy a high quality of life. We also help underwrite the city's subsidy of the local airport to maintain this facility for use by the business community and others.

In addition to these efforts, we actively support a host of groups throughout the local area including the Boy Scouts, Hancock County Agency on Aging, the Hancock County Historical Museum, the Alzheimer's Association, the Ohio Foundation of Independent Colleges – which recognized Cooper's financial support with a commemorative plaque in 2013 – the Red Cross, Habitat for Humanity and many others. Cooper people volunteer their time for countless organizations in addition to these, and each Friday employees at the corporate headquarters have the opportunity to wear jeans to work in exchange for making a donation to a different charity every week.



*Giving in the United States*

Throughout the United States, we are also active in supporting the United Way. In fact, a significant percentage of our total corporate philanthropy budget is directed at United Way at each of our U.S. locations in Findlay, Texarkana, Tupelo, and Clarksdale, and at the Mickey Thompson subsidiary. The United Way improves lives by “mobilizing the caring power of communities around the world to advance the common good.” Findlay Plant Manager Jeff Kamm was elected to serve on the local United Way Board of Directors, and the Texarkana plant ranked first in its community in 2013 for contributions to the local United Way.

*Matching Gift Program*

Cooper administers a Matching Gift Program that enables employees to increase the impact of their individual contributions to eligible educational and cultural organizations. Cooper matches dollar-for-dollar employee charitable contributions, up to \$5,000 per year, per employee.

*Giving Around the World*

The Cooper family of companies around the globe sponsors many activities and supports important causes, such as health and education, in their communities.

Cooper is actively committed to public welfare and social responsibility in Asia. In recent years, Cooper has relied on the platform of the China Youth Development Foundation (CYDF) to initiate a number of public service activities. For example, CYDF sponsors Project Hope, which supports children in poverty-stricken areas. Each year, one million children are deprived of education in China due to poverty. The vast majority are from the countryside. Cooper donates annually to Project Hope to help children stay in school. Cooper also helped build Cooper-Siyuan Primary School in Duosong Township, Henan County, Qinghai Province.

Additionally, in 2013 the Kunshan plant donated computers to Kunshan Xin primary school. The computers are used as teaching and learning resources at the school, which is attended by 1,100 seven- to 12-year-old children.

Cooper Tire Europe supports the Midland Freewheelers, a voluntary organization that delivers via motorcycle urgent medical documents, as well as desperately needed blood supplies, to hospitals in England. In Melksham, support is also provided to benefit Comic Relief, which aids victims of famine in the UK and Africa. Employees not only donate funds, but they are active in wearing red noses and other clown attire to bring attention to the cause.



## EMPLOYING OUR VETERANS

Cooper is committed to recruiting and hiring U.S. military veterans. In fact, we employ more than 600 veterans and expect that number to grow. Cooper's Findlay, Texarkana and Tupelo plants have been recognized for exemplary support of veterans as well as National Guard and Army Reserve employees.

For example, Cooper was honored in May 2013 by the Ohio Employer Support of the Guard and Reserve with an Above and Beyond Award. The award recognizes U.S. employers that provide extraordinary patriotic support and cooperation to employees who serve in the country's military Guard and Reserve.

As we execute our strategic plan and continue to grow globally, there will be a continuing need to place qualified talent in key positions throughout all areas of the company. The U.S. military serves as an outstanding source of potential employees since it provides education and often unparalleled training.

Additionally, when service men and women leave the military and begin to build careers in the civilian world, they bring with them a powerful combination of purpose, work ethic, leadership, and often, an unmistakable drive to succeed.

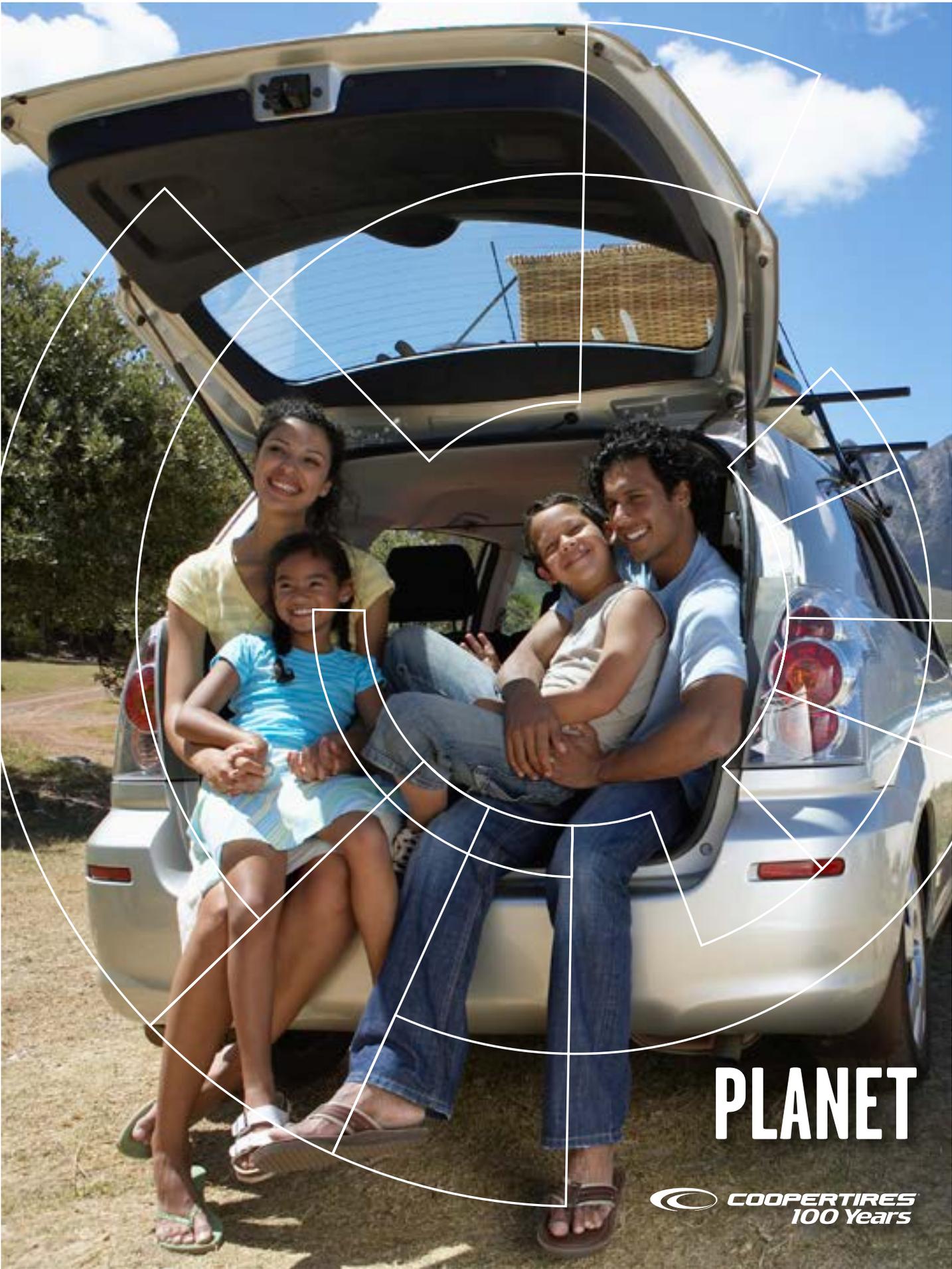
In an effort to continue our hiring outreach to veterans, Cooper's Corporate Human Resources group has expanded its participation in a number of military hiring events and activities. Additionally, we are working with the United Steelworkers regarding our skilled trade requirements to pave the way for qualified military personnel to meet our job requirements. Furthermore, Cooper actively recruits military job candidates on the Hero2Hired website, making it easy for military service members to connect to and find jobs at Cooper.

Cooper also has a relationship with the Ohio National Guard Employer Advisory Council. The council helps employers nationwide recruit and retain employees from military bases. In addition to traditional recruitment, the advisory council specializes in placing transitioning military members into the civilian workforce. The group meets quarterly to identify the hiring needs of the companies involved, provide guidance on hiring and retaining military personnel, and also provide an opportunity for companies like Cooper to attend a number of recruiting and military networking events throughout the year.

## SERVICE MEN AND WOMEN BRING A POWERFUL COMBINATION OF PURPOSE, WORK ETHIC, LEADERSHIP, AND DESIRE TO SUCCEED TO THE WORKFORCE.



Christie  
Distribution Manager



**PLANET**

 **COOPERTIRES**  
100 Years

Being a good corporate citizen extends to the environment. Cooper is committed to complying with environmental laws and protecting the environment in the communities where we operate. We believe it is the right thing to do.

Our commitments are specified in our environmental policy and include:

- Using good environmental practices globally
- Considering the environment in the design of our products and processes
- Preventing pollution by managing materials responsibly, using energy and natural resources efficiently, controlling emissions and reducing waste
- Training and educating our employees about their environmental management responsibilities
- Monitoring our environmental performance and setting measurable objectives and targets for achieving continual improvement
- Communicating with our employees and others regarding our environmental commitments and performance
- Auditing our operations to ensure compliance with environmental laws and regulations, Cooper standards and the environmental policy

## ENVIRONMENTAL MANAGEMENT

Complying with environmental laws and protecting the environment is a corporate-wide responsibility. Employees at all levels are expected to fulfill this responsibility within the context of their particular roles and to cooperate with related Cooper programs.

As part of doing the right thing, Cooper has implemented environmental management systems at all of our manufacturing plants. At a number of Cooper plants, the systems have been certified to ISO (International Organization for Standardization) 14001, the Environmental Management System international standard. The standard provides a structured approach to managing a company's environmental performance through policy, planning, monitoring and measuring, checking, correcting, and reviewing.

### Management Systems Certifications

Cooper plants have achieved certification to the standards listed below.

**ISO 14001: 2004**—Environmental Management System standard

**ISO 50001: 2011** and **ANSI/MSE 50021:2012**—Energy Management System standards

**ISO 9001: 2008**—Quality Management Systems standard

**ISO/TS16949: 2009**—Quality Management Systems technical specification for the automotive sector

**OHSAS 18001: 2007**—Occupational Health and Safety Management System standard

**ISO/IEC 17025: 2005**—Testing and Calibration Laboratories standard



The certifications achieved by each facility are shown in the table below.

Location	ISO 14001: 2004	ISO 50001: 2011 ANSI/MSE 50021: 2012	ISO 9001: 2008	ISO/ TS16949 2009	OHSAS 18001: 2007	ISO/IEC 17025: 2005
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#### Plants

El Salto			X			
Findlay	X		X			
Kunshan	X		X	X	X	
Kruševac			X			
Melksham			X			
Rongcheng	X		X	X		
Texarkana	X	X	X			
Tupelo	X		X			

#### Materials / Tire Testing Laboratories

El Salto						X
Melksham						X
Rongcheng						X
Asia Technical Center			X			
Europe Technical Center			X			
Tall Timbers Mold Operations			X			
North America Technical Center			X			X

#### Compliance Record/Audit Program

We seek to exceed regulatory requirements and are proud of our compliance record. As part of our environmental management system, we have established a regulatory compliance audit program. This involves conducting regular reviews of Cooper manufacturing plants to monitor compliance and taking corrective action as necessary. In addition to these outside audits, our plants conduct regular internal audits of their operations.

#### Sanctions / Incidents

Cooper did not receive any fines or sanctions in 2013 for non-compliance with environmental laws and regulations.

The Tupelo plant received a new wastewater discharge permit in 2013, and immediately found that it could not comply with the limit for the discharge of copper. The source of the copper was traced to a corroding piece of energy-saving equipment. The permit was modified to accommodate the situation temporarily and the equipment has since been replaced.

Each manufacturing location has storage facilities equipped with secondary containment for liquid petroleum products. There were no reportable releases at Cooper plants in 2013.

## AIR, WATER AND LAND

In 2010, Cooper began a concerted effort to collect data on a number of environmental metrics:

- Energy consumption
- Water usage
- Greenhouse gas emissions
- Solvent usage
- Landfill usage

We set targets and goals for improvement, all of which were met by the end of 2012. A new set of goals was established in 2013 (see page 41). A summary of our progress through 2013 is provided below.

The sources of metric data reported by the plants are summarized in the table below. Data is submitted to and compiled by Cooper's Global Environmental Affairs (GEA) personnel on a periodic basis. GEA compares submissions to historical data and to data received from other Cooper plants, including usage intensities. Inconsistencies are explored and resolved. The data is not third-party verified, except as required for greenhouse gas emission data for the Melksham plant.

Location	Metrics					
	Energy Usage	City Water Usage	River Water or Ground Water Usage	Greenhouse Gas Emissions	Solvent Usage	Landfill Usage
El Salto	Invoices	N/A	Invoices	Calculations	Purchases	Invoices
Findlay	Invoices	Invoices	N/A	Calculations	Purchases	Invoices
Kunshan	Invoices	Invoices	Estimates	Calculations	Purchases	Invoices
Kruševac	Invoices	Not Included	Not Included	Calculations	Purchases	Invoices
Melksham	Invoices	Invoices	Estimates	Calculations	Purchases	Invoices
Rongcheng	Invoices	Invoices	N/A	Calculations	Purchases	Invoices
Texarkana	Invoices	Invoices	N/A	Calculations	Purchases	Invoices
Tupelo	Invoices	Invoices	N/A	Calculations	Purchases	Invoices

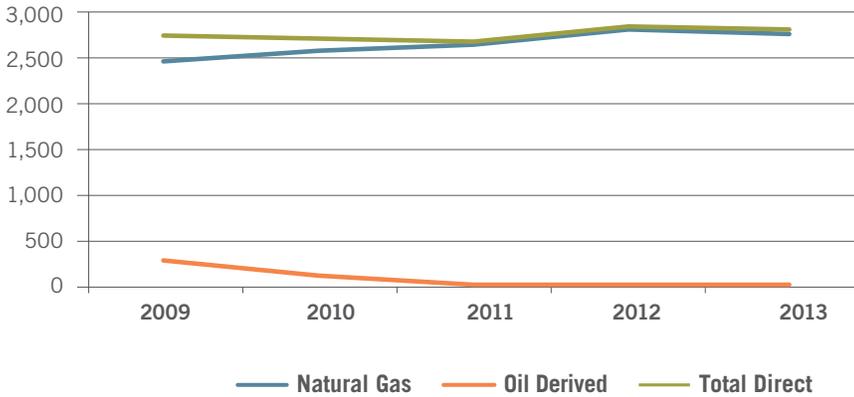
### Progress on Energy Consumption

Cooper has been working for many years to reduce our energy usage, a key resource in the production of tires. The energy to power equipment; generate steam; heat, cool and transport materials; control the environment in occupied spaces; and provide lighting typically comes from natural gas, fuel oil, propane, and purchased electricity and steam. In most cases, these energy sources are in the form of, or are generated from, fossil fuel combustion. Energy usage results in air emissions, including greenhouse gas emissions at Cooper plants or at upstream electricity and steam generating locations.

Direct and indirect energy usage and energy usage intensity are reported for tire manufacturing plants only. Cooper has reduced energy usage intensity (mega joule/kg product) by 15 percent since 2009. This is somewhat lower than the 20 percent reduction through 2012. Energy usage intensity increased during 2013 due to reduced production at several of Cooper's plants. However, energy-saving projects that resulted in the improvements seen through 2012 are still in place. Consequently, as production levels increase, those improvements are expected to be recouped.

Based on 2013 production levels, the energy saved is approximately 1.2 trillion joules / year (terajoules / year), which is equivalent to approximately 18 percent of current energy usage. This reduction is the result of increasing the efficiency of existing utility systems and tire manufacturing equipment, and by replacing lighting. Cooper's goal is to reduce 2012 energy usage intensity by 10 percent by 2015.

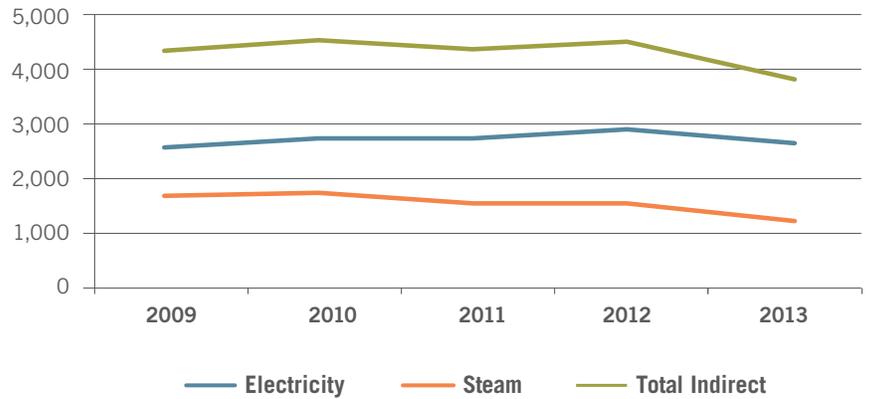
### COOPER MANUFACTURING DIRECT ENERGY USAGE



Units: terajoules (trillions of joules or 10<sup>12</sup> joules)

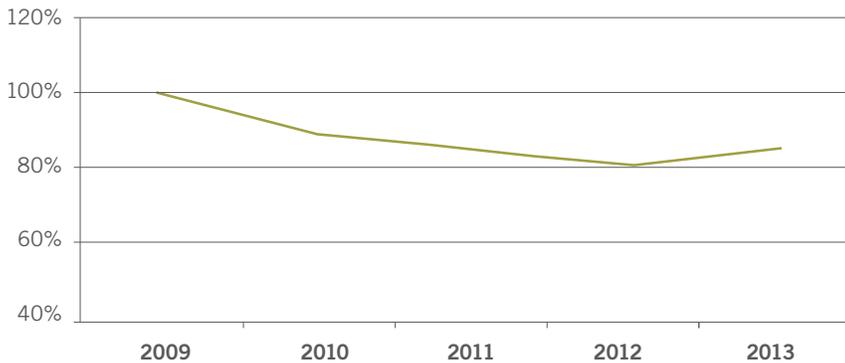
**COOPER'S TUPELO PLANT WAS LAUDED BY MISSISSIPPI GOVERNOR PHIL BRYANT FOR MAKING GREAT STRIDES ON ENERGY CONSERVATION.**

### COOPER MANUFACTURING INDIRECT ENERGY USAGE



Indirect steam is used only at one plant.  
Units: terajoules

### COOPER MANUFACTURING ENERGY USAGE INTENSITY



2015 Goal: 72%

Units: megajoules / kg product (millions of joules or 10<sup>6</sup> joules / kg)

# COOPER'S CLARKSDALE CURING BLADDER MANUFACTURING PLANT WAS RECENTLY ACCEPTED INTO THE MISSISSIPPI ENHANCE PROGRAM IN RECOGNITION OF ITS COMMITMENT TO ENVIRONMENTAL STEWARDSHIP.

## Progress on Water Usage

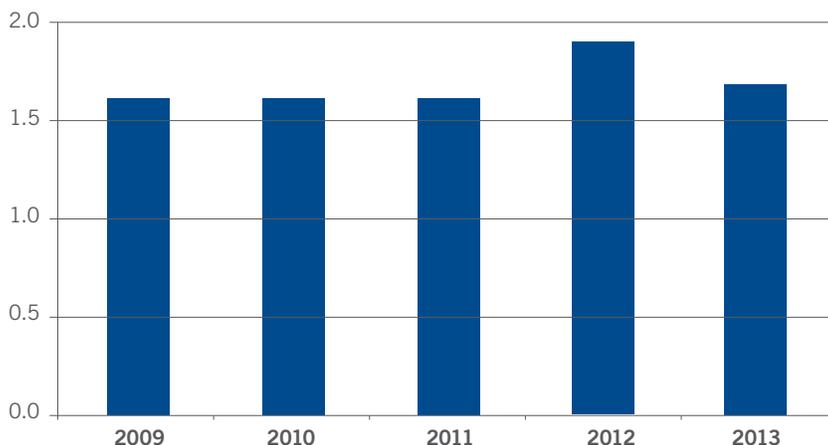
Cooper uses water in tire manufacturing for heating, cooling and cleaning. Since the water does not become part of the product, most of it is returned to the environment through evaporation, direct discharge to surface water, or discharge to water treatment facilities.

Cooper's water sources are surface water, groundwater and municipal water supplies, some of which are known to include groundwater. The sources are summarized in the table below.

Location	Water Sources		
	Municipal	River/Creek	Groundwater
El Salto			X
Findlay	X		
Kunshan	X	X	
Kruševac	X		X
Melksham	X	X	
Rongcheng	X		
Texarkana	X		
Tupelo	X		

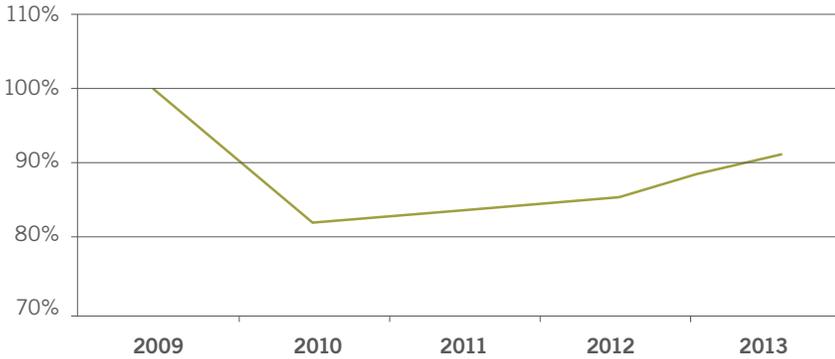
Cooper monitors water usage at the plants. The graphs below and on page 36 show water usage and water usage intensity since 2009. The Kruševac plant was acquired in 2012. Its water usage is not included in these graphics.

## COOPER MANUFACTURING TOTAL WATER USAGE



Units: millions of cubic meters

### COOPER MANUFACTURING WATER USAGE INTENSITY



**2015 Goal: 68%**

**Units: cubic meter / metric ton (tonne) product**

Cooper adopted a goal in 2010 to reduce water usage intensity by 10 percent by the end of 2014, as compared to a 2009 baseline. That goal was achieved by the end of 2012. Consequently, Cooper established a goal to reduce 2012 water usage intensity by 20 percent by 2015. This goal represents a 32 percent reduction in water usage intensity from 2009. The increase in water usage intensity since 2010 suggests that there is much work to be done. The plants are formulating plans to move toward the goal.

#### *Water Scarcity Review*

Cooper has reviewed water scarcity information for all its tire manufacturing sites, except the Rongcheng plant. The review comprised global water scarcity tools, publicly available (internet) reports, and telephone interviews with local water resource agencies. The results indicate that, compared to the other plants, the El Salto plant may have a higher risk of water scarcity.

The El Salto plant extracts groundwater from on-site wells for its non-potable water needs, and to date, water has been available. However, the government has determined that extraction from the aquifer accessed by the plant exceeds recharge, and has characterized the area as a restricted zone. The plant is working to reduce water usage by minimizing leakage and identifying other areas of non-essential use in order to contribute to regional water conservation efforts. Plant wastewater is treated in an on-site treatment system with secondary treatment. The effluent is used for on-site irrigation, which contributes to recharging the aquifer.

**COOPER’S FINDLAY PLANT RECEIVED THE GE “PROOF NOT PROMISES” AND “RETURN ON ENVIRONMENT” AWARDS FOR A RECENT WATER USAGE REDUCTION PROJECT THAT INVOLVED REUSING A WASTEWATER STREAM AS MAKE-UP WATER FOR COOLING TOWERS.**

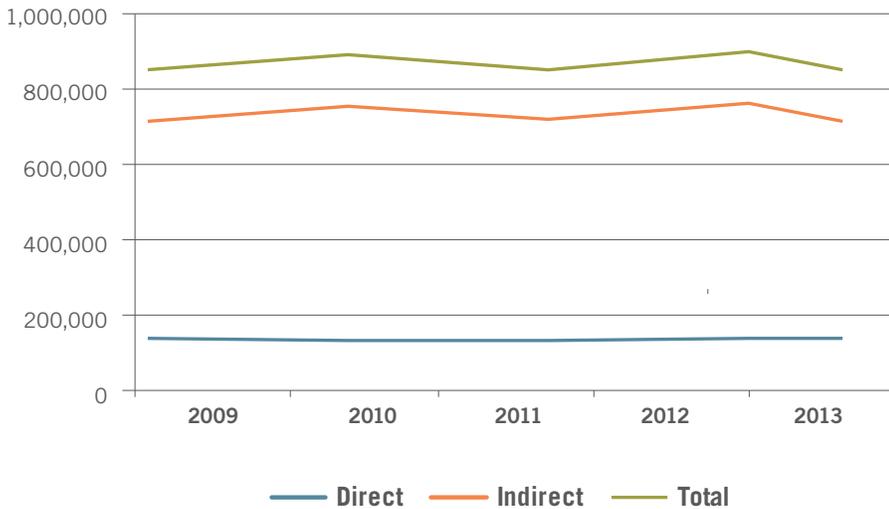
### Progress on Greenhouse Gas Emissions

Fossil fuels are used and greenhouse gases (GHGs) are emitted during various phases of a tire’s life cycle, including during raw material production and delivery, tire manufacturing, tire delivery to customers, tire use, and scrap tire management. Most of the GHG emissions occur during tire use due to the fuel consumed by the vehicle.

Greenhouse gases are directly emitted from fossil fuels consumed at Cooper manufacturing plants and indirectly from purchased electricity and steam. Cooper is calculating GHG emissions from our manufacturing operations. The graph below shows direct, indirect and total GHG emissions from Cooper tire manufacturing operations only. Our calculations are based on energy usage data and generally accepted GHG emission factors.

Cooper continues to focus on energy conservation, which reduces consumption of natural resources and corresponding GHG emissions.

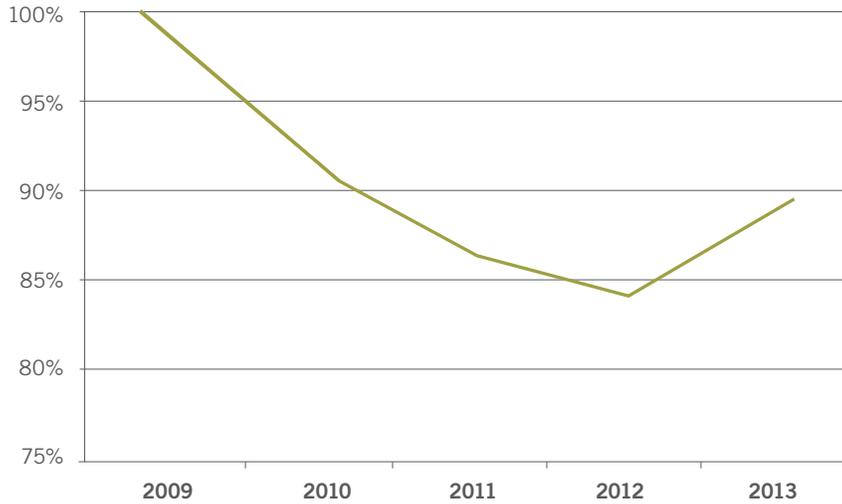
#### COOPER MANUFACTURING GHG EMISSIONS



Units: tonnes CO2e (CO2 equivalent)

While GHG emissions remained relatively flat from 2009-2012, Cooper production increased nearly 30 percent during the same period. At the same time, our GHG emission intensity dropped sharply, as shown on the graph on page 38. While emission intensity in 2013 still indicates a significant improvement over 2009 and 2010, progress achieved in 2011 and 2012 was surrendered. However, this is due to reduced production at several of Cooper’s plants and is expected to be temporary. As with energy, as production levels increase, we expect to recoup the improvements achieved through 2012.

### COOPER MANUFACTURING GHG EMISSION INTENSITY



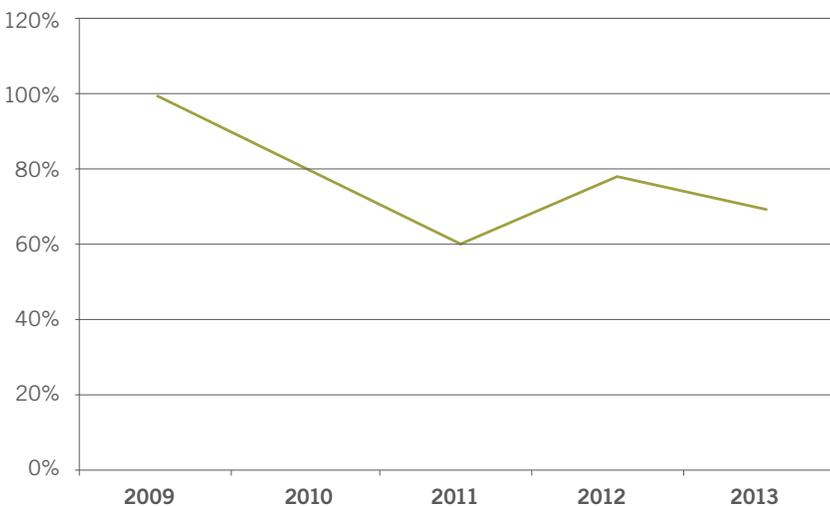
Units: tonnes CO2e / tonne product

### Progress on Solvent Usage

Cooper uses some solvent-based materials in manufacturing. The solvent typically evaporates from these materials upon application and is emitted into the atmosphere. To protect the environment, Cooper has been working for many years to reduce solvent usage and the resulting emissions by reformulating compounds and improving material management.

While solvent usage has been decreasing, solvent usage intensity increased sharply in 2012. This spike occurred primarily due to the addition of the new Kruševac plant, which comprises 26 percent of total solvent usage. The trend in 2013 is in the right direction, however, as most of the plants reduced their solvent usage intensity. The Kruševac plant reduced their solvent usage intensity by nearly 50 percent from 2012 to 2013.

### COOPER MANUFACTURING SOLVENT USAGE INTENSITY



Units: tonnes solvent used / 1000 tonnes product

### Progress on Landfill Usage

A typical tire manufacturing plant consumes 225 to 450 tonnes (500,000 to 1 million pounds) of raw materials every day. Some portion of the raw materials and related packaging, maintenance and construction materials become waste that must be managed properly. The main types of waste generated at Cooper plants and the related methods of waste management are summarized in the table below.

Material	Reuse	Reuse	Recycle	Recover	Energy Recovery	Landfill
	On-Site	Off-Site				
Scrap Tires				X	X	
Scrap Rubber	X		X			X
Rubber Grindings			X		X	X
Scrap Wire			X			X
Scrap Fabric			X			X
Scrap Composite Material			X	X	X	X
Scrap Poly Film			X			X
Curing Bladders			X			X
Dust Collectors/Solids			X			X
Empty Containers	X	X				X
Packaging			X			X
Paper			X			X
Cardboard			X			X
Metal			X			
Wood/Pallets	X		X			
Used Oil			X		X	
Absorbents					X	
Solvent-based Waste					X	
Food-related Waste			X			X
Beverage Containers			X			X

### Waste Disposal Methods

Our data for waste disposal methods is for waste generated by tire manufacturing only.

#### Reuse

- Some wastes are reused on-site, such as empty containers (drums and totes)

#### Recycling

- Some rubber scrap is recycled on-site and some is recycled off-site
- Paper, cardboard, plastic, metal, used oil and other materials are recycled off-site

#### Recovery, Including Energy Recovery

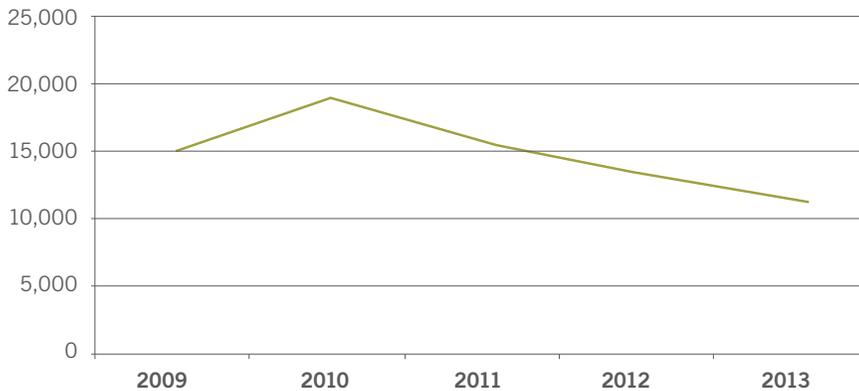
- Scrap tires and some other wastes are used by off-site cement kilns and steel and paper mills for resource and/or energy recovery

#### Landfill

- Progress in reducing landfill usage is shown on the graphs below

Traditionally, waste has been disposed at local landfills. Cooper is working to minimize waste generation and to divert solid waste from landfills where feasible. The company has made good progress to date.

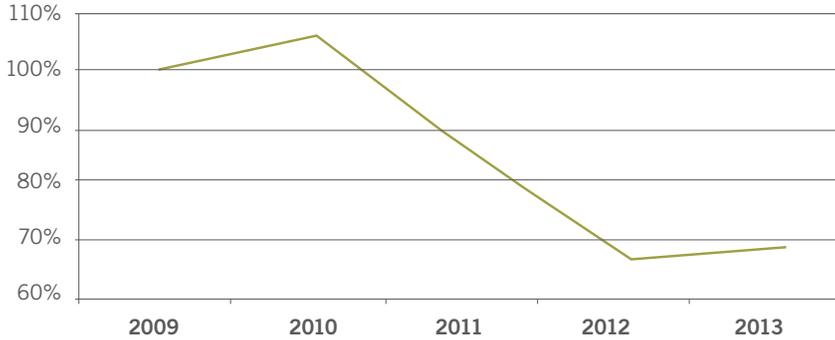
### COOPER MANUFACTURING LANDFILL USAGE



Units: tonnes

Cooper's landfill usage has declined substantially since 2009 as specific efforts were put in place to drive a reduction. The increase in 2010 shown on this graph is attributed to an abnormal rate of waste generation at one plant, which returned to normal levels in 2011. During 2013, we saw the downward trend continue on landfill usage.

### COOPER MANUFACTURING LANDFILL USAGE INTENSITY

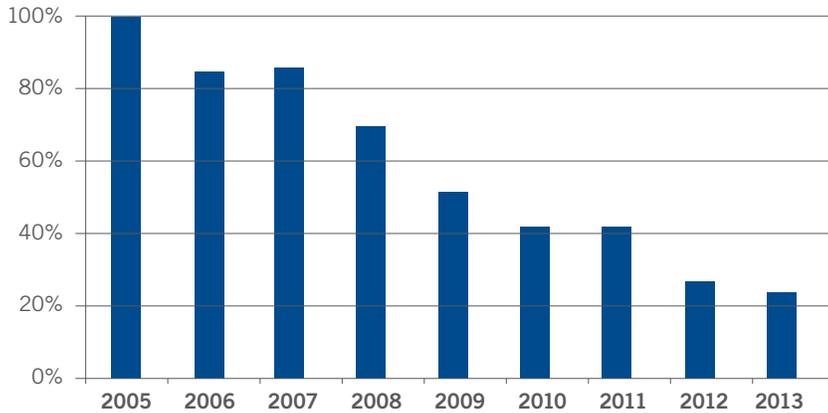


**2015 Goal: 54%**

Units: tonnes landfill usage / tonne product

Cooper’s landfill usage intensity has declined dramatically since 2009, far exceeding the goal set in 2010 to reduce landfill usage intensity by 15 percent. As noted above, the increase in 2010 is attributed to an abnormal rate of waste generation at one plant, which returned to normal levels in 2011. As noted in the graph below, the Texarkana plant has steadily decreased landfill usage for a number of years. Their progress sets the example for Cooper’s other plants. The work continues as we identify potential recycling or recovery outlets for the highest-volume wastes. Cooper has established a goal to reduce 2012 landfill usage intensity by 20 percent by 2015.

### TEXARKANA LANDFILL USAGE INTENSITY



Units: tonnes landfill usage / tonne product

### Looking Ahead

As indicated above, the environmental performance improvement goals established in 2010 have been met. In 2013, a new set of goals to be achieved by the end of 2015 was established:

- Reduce 2012 landfill usage intensity by 20 percent
- Reduce 2012 water usage intensity by 20 percent
- Reduce 2012 energy usage intensity by 10 percent
- Reduce solvent usage intensity

## BIODIVERSITY

Cooper has conducted a review of readily available information covering all of its tire manufacturing plants (except the Rongcheng plant) to gather information on the following biodiversity factors:

- Sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
- Habitats protected or restored
- Protected species with habitats in areas affected by operations

The results of the review are summarized in the table below.

### Cooper Biodiversity Assessment

Location	Site Area (km <sup>2</sup> )	Potential On-site or Adjacent Significant Habitat Areas	Likely On-site Presence of Protected Species	Basis for Protected Status	Nearest Recreation/ Conservation Area (km)
El Salto	0.65	N/I	N/I		30
Findlay	0.3	N/I	N/I		0.5
Kunshan	0.4	N/I	N/I		N/I
Kruševac	0.2	Nearby River Rasina (freshwater)	N/I		N/I
Melksham	0.5	Adjacent Bristol Avon River (freshwater)	As many as 11 species within river habitat	UK legislation	Adjacent Bristol Avon River
Texarkana	0.3	N/I	N/I		1
Tupelo	0.5	On-site Potential Wetland	N/I		2

N/I – None Identified

Cooper has made site improvements and implemented operational practices to protect the Rasina River at the Kruševac plant. These include improved oil containment and waste management facilities and practices. The installation of additional equipment and/or practices intended to further protect the river is being evaluated.

Structures, equipment and practices are in place at the Melksham plant and are being regularly maintained to protect the Bristol Avon River. These primarily involve oil containment and separation facilities and practices. Additional equipment to provide further protection of the river is being considered.

The potential wetland at the Tupelo plant is located in an unused perimeter area.

## TIRE SAFETY

The National Traffic and Motor Vehicle Safety Act gives the Department of Transportation's National Highway Traffic Safety Administration (NHTSA) the authority to issue tire safety standards and to require manufacturers to recall tires that have safety-related defects or do not meet Federal safety standards. If a safety defect is discovered, the manufacturer must notify NHTSA and remedy the problem.

As part of our manufacturing process, we monitor the quality of our tires and ensure that they conform to safety requirements. Occasionally, our own quality systems will identify a potential issue and Cooper will voluntarily conduct a recall on a group of tires. We are pleased to report that there were no circumstances in 2013 that caused a voluntary or external tire recall.

Tires are designed and built with great care to provide thousands of miles of excellent service. Not only must tires be designed for safety, they must be maintained properly for maximum benefit.

The most important factors in tire care are:

- Proper tire size, type and load capacity (or load range)
- Proper inflation pressure
- Proper vehicle loading
- Regular tire rotation
- Regular inspection
- Proper tire repair
- Vehicle condition, alignment and maintenance
- Good driving habits

**For additional tire safety information, visit the websites of the following organizations:**

### **Rubber Manufacturers Association**

- Tire Safety [www.rma.org/tire-safety](http://www.rma.org/tire-safety)
- Be Tire Smart – Play Your Part brochure [www.rma.org/product/be-tire-smart-tire-safety-brochure](http://www.rma.org/product/be-tire-smart-tire-safety-brochure)

### **National Highway Traffic Safety Administration**

- Vehicle [www.safercar.gov](http://www.safercar.gov)
- Tire Safety – Everything Rides on it [www.nhtsa.gov/cars/rules/TireSafety/ridesonit/brochure.html](http://www.nhtsa.gov/cars/rules/TireSafety/ridesonit/brochure.html)

### **The National Safety Council**

- [www.nsc.org/safety\\_road/Pages/safety\\_on\\_the\\_road.aspx](http://www.nsc.org/safety_road/Pages/safety_on_the_road.aspx)

### **TyreSafe**

- [www.tyresafe.org](http://www.tyresafe.org)

## SCRAP TIRE MANAGEMENT

Approximately 300 million scrap tires are generated in the U.S. each year. Proper management of these tires is an important environmental concern. Cooper works with other tire manufacturers through the RMA to advocate for effective scrap tire management legislation and regulations, and to promote sustainable end-use markets.

Cooper recognizes our responsibility to appropriately manage the scrap tires we generate. All scrap tires produced by our manufacturing operations are managed according to local requirements and directed into regional end-use markets. In 2013, an estimated 60 percent of the scrap tires generated by Cooper's manufacturing operations were directed into fuel markets, while 40 percent were directed into ground rubber and civil engineering applications.

A high percentage of scrap tires in the U.S., UK, and EU are directed into end-use markets. Regulations, recycling markets and infrastructure for scrap tires in China and Mexico are developing. Cooper is monitoring progress in these locations through the WBCSD (China) and the CNIH (Mexico).

Cooper also promotes responsible scrap tire management by holding scrap tire amnesty days and by educating consumers about responsible tire maintenance.

### Tire Amnesty Days

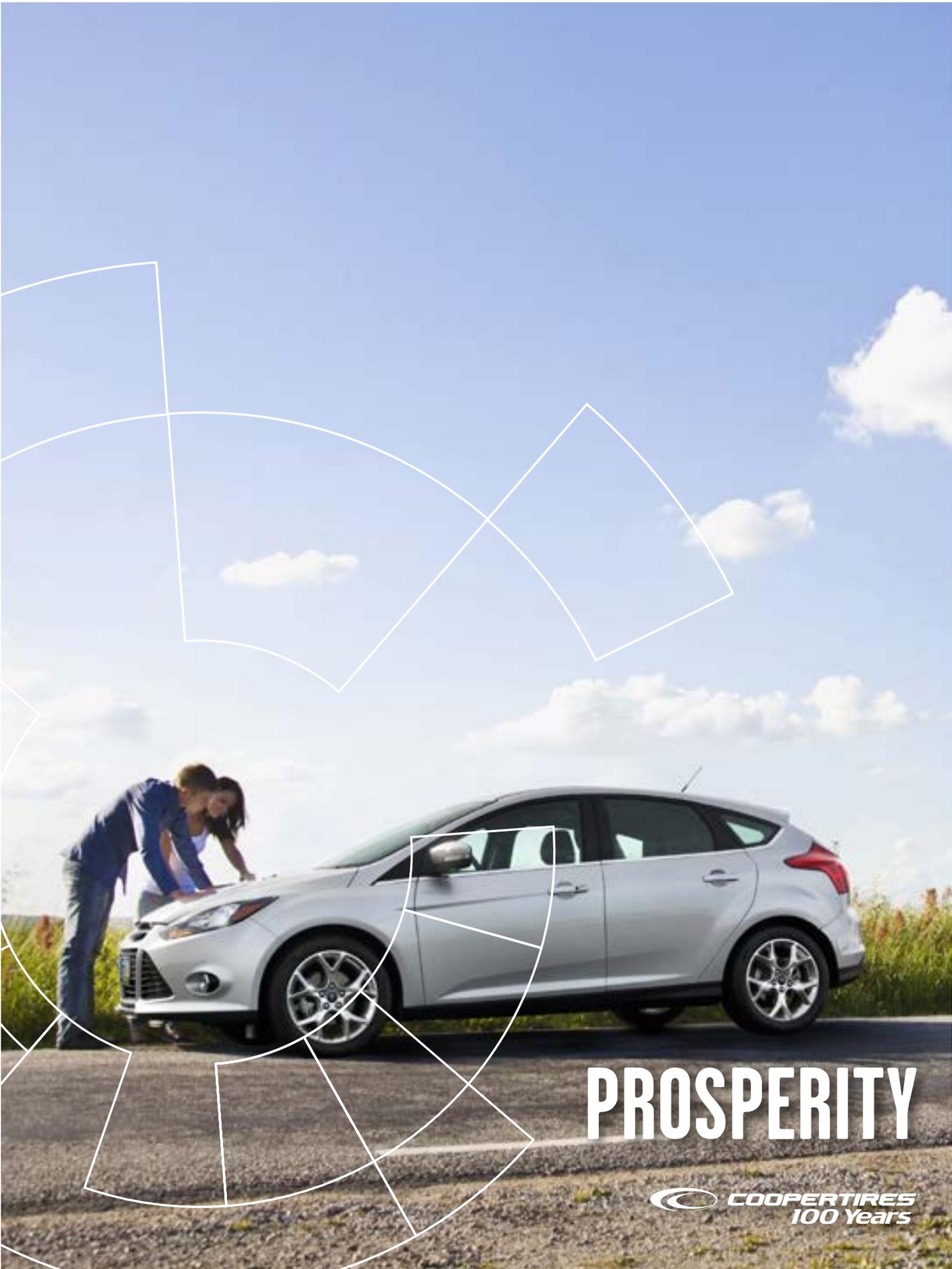
Cooper co-sponsors Scrap Tire Amnesty Days in Findlay and Tupelo in cooperation with the local governments. At these events, residents are encouraged to bring scrap tires to designated locations where Cooper volunteers accept them and load them into trailers for transport to recycling facilities. Collecting the tires ensures that they are processed in an environmentally responsible manner and eliminates a pest habitat.

### Consumers' Responsibilities / Tire Maintenance

Tires are designed and built with great care to provide thousands of miles of excellent service. But to achieve maximum miles they must be maintained properly. Cooper includes information on tire maintenance on its website. Consumers can help minimize scrap tire generation by adhering to "Be Tire Smart – Play Your PART (Pressure, Alignment, Rotation and Tread)." Maintaining the appropriate air pressure, keeping the vehicle aligned, rotating the tires and regularly checking the tires for uneven wear all help to prolong tire life.

Additional information for consumers can be found by visiting the Rubber Manufacturers Association website at [www.rma.org](http://www.rma.org).





# PROSPERITY

 **COOPERTIRES**  
100 Years

## 2013 FINANCIAL RESULTS

At Cooper, prosperity is having the financial means to contribute to the success and well-being of our stakeholders. Cooper is stronger than ever, and all of us look forward to writing the next chapter in our rich history.

### Highlights

- Second best full-year operating profit in Cooper's 100-year history
- \$241 million operating profit (7 percent of net sales)
- \$3.4 billion net sales
- Full-year net income of \$1.73 per share attributable to Cooper Tire & Rubber Company

Cooper delivered operating profit of \$241 million in 2013 and exited the year with a strong balance sheet. These achievements, despite several unique challenges in 2013, are a testament to the dedication and commitment of Cooper people worldwide and to the resilience of Cooper's business model.

### North America Tire Operations

The North America segment reported net sales of \$2.5 billion, \$0.6 billion lower than the prior year.

### International Tire Operations

The International segment reported 2013 net sales of \$1.2 billion, a decrease of \$0.3 billion from the prior year.

**AT COOPER, PROSPERITY IS HAVING THE FINANCIAL MEANS TO CONTRIBUTE TO THE SUCCESS AND WELL BEING OF OUR STAKEHOLDERS. COOPER IS STRONGER THAN EVER, AND ALL OF US LOOK FORWARD TO WRITING THE NEXT CHAPTER IN OUR RICH HISTORY.**



John  
Stock Servicer



# GRI INDEX

**COOPERTIRES**  
100 Years

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### External Assurance

Cooper has not chosen to have the metric data contained this report to be third-party verified, except as required by local regulation, nor have we sought external assurance of the report itself. Cooper's stakeholders have not requested such verification or assurance to date. Periodically, we will specifically ask stakeholders for their viewpoint and consider seeking assurance if a majority of our stakeholders value it.

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