

## Contact:

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Change for the future.  
Change by Japan.



Yokohama Rubber is participating in Challenge 25, a program initiated by the Japanese Ministry of the Environment to help prevent global warming.



# CSR REPORT | 2012

To Build a Trusted Identity as a Contributing Member of the Global Community

## MESSAGE FROM THE PRESIDENT

# Making “globalization” and We will aspire to be a company and every employee thinks takes the initiative.

More than one year has passed since the massive earthquake and tsunami struck Eastern Japan in March 2011.

Immediately after the disaster, employees at our Mie Plant quickly took the initiative and arranged for a truck to transport relief supplies to the area most affected by the quake and tsunami. I was very happy to see that our frontlines quickly took the initiative without first confirming what to do with our corporate head office. This also made me realize once again that the role of senior management is to help foster a culture where such initiative is not only possible, but a daily occurrence.

Following this, Yokohama Rubber continually sent relief supplies and donations to the affected areas, while urged employees to take part in the relief effort as volunteers. At the same time, we also revised our business continuity plan to include tsunami drills at each of our plants. As the next phase of our assistance, we will be actively involved in the construction of “Forest That Protect Lives” along the seashore of the affected areas by leveraging the know-how we have gained from the Yokohama Forever Forest Project to fill in land and plant forests.

## Aspiring to be a Global Company with a Distinctive Presence

2012 marks the first year of the Phase III in our medium-term management plan, the Grand Design 100 (GD100). As part of our efforts, we will once again make the GD100 vision, evoke a distinctive global identity in building corporate value and in building a strong market presence, known to our employees and continually push forward with new initiatives.

As for our Tire Group, first we will build a sufficient mass production system and strive to fix tire supply shortage around the world. Following this, we will focus on developing products that fulfill the needs of differing countries and regions around the world. No matter how high performance it may be, we cannot call a product a good tire if not bought by customers. In this regard, we will revisit our global concept BluEarth and pursue technical development that results in “Gentle for the environment, people and the society”.

In addition, from the perspective of reducing our dependence on fossil fuels, we believe one long-term challenge will be ensuring a stable supply of natural rubber to be used as a raw material alternative to synthetic rubber. In this regard, going forward, I believe tire manufacturers around the world will need to consider working together to help support rubber farmers.

As for our Multiple-Business Group, we will promote its global expansion further and aggressively expand into new fields to become a leading company in each respective

market, with a focus on core technologies covering the three key words of transport, connect and cushion in which we maintain a competitive advantage. Already we have begun product development on components used in photovoltaic and wind power systems as well as nursing care products. Going forward, I would like us to focus on cultivating our ability to propose solutions that include new products and performance qualities, taking into account the end user and all of society, and not just our direct customer.

We have also made a significant change in our human resource policy for cultivating the people that will help make these initiatives a reality. I believe the key to this will be enabling people from different business sites to learn about each other's strengths, instead of training employees at a single mother factory of our choosing. Of course, to accomplish this we need leaders that will gather information on each business site and lead the way forward for all of our training programs. I believe the synergistic effect of developing such leaders and providing advanced training across our plants will help us to build up a solid foundation for the entire company.

## Promoting Initiatives Under Our 7 Pillars of Critical Issues

Last year we considered our acquisition of ISO26000 certification as a license for obtaining credibility as a corporation in global society, and implemented CSR programs under the seven pillars of critical issues that are based on this philosophy. This year we became a signatory to the United Nations Global Compact, and as such, no matter what country or region our employees may work in I fully expect them to recognize and abide by this set of behavioral principles.

As for our environmental initiatives, we began investigating the ecosystem surrounding our Mie, Mishima and Shinshiro plants in an attempt to help conserve biological diversity. We have started a preliminary study for a similar initiative in Thailand and we plan to expand the scope of this study to other regions going forward.

Communication with our stakeholders will form an important part of these activities with local communities. We are building solid relationships of trust with our stakeholders through plant visits organized for people living in the local community and the Yokohama Forever Forest Project. These efforts will greatly change the way our company is viewed by the surrounding community, as what once were complaints will now take the form of feedback provided from members of the local community.

In terms of production, we have changed the focus of our plant operations from QCD to SEQDCH. This acronym indicates that safety is of the utmost importance, and only



# “diversity” the new normal. like no other in the world where each for themselves and

with safety can we improve our environmental impact, quality, delivery and cost. We have established company rules based on this philosophy and by making these rules known to employees we will be able to cultivate the human resources that will form the heart of our operations.

As for human rights, everything starts with the acceptance of diversity. How do we communicate with people from different cultural and religious backgrounds with totally different values? How do we recognize and accept each other's differences? This will undoubtedly become an even more important issue as globalization advances. I also recognize that going forward we will need to expand our vision and take measures to improve human rights throughout our entire supply chain.

We have begun implementing measures based on specific targets set for each of the seven critical issues. This is because by doing so we will be able to more clearly see pressing issues that need to be addressed to achieve these targets. During this process we may need to reform or innovate, rather than simply make improvements, and I believe continually pursuing this process will be critical to the future of the company.

## Enhancing Our Frontline Strengths to Make Strides Toward Becoming an Irreplaceable Company to the World

The year 2017 stands as the final year of GD100. Yet, looking further into the future we find that the words “globalization” and “diversity” will have become the new normal for companies around the world. At the same time, I would like us to make strides toward becoming an irreplaceable company to the world where Yokohama Rubber products have become indispensable to both customers and consumers alike.

Each and every one of our employees thinking and taking action aimed at this future vision will become our frontline strength and enhance the corporate value of Yokohama Rubber in the process. In turn, I believe this will provide new value to society as a whole.

I would greatly appreciate if you could reach through this report, which introduces our progress and challenges, and I welcome your frank feedback so that we may improve the content of future reports.



**Hikomitsu Noji**

President and Representative Director





# CSR REPORT 2012

## Editorial Policy

Yokohama Rubber's CSR vision is "to build a trusted identity as a contributing member of the global community." We issue a CSR Report every year to let our stakeholders know our stance towards CSR as a company and what kind of CSR activities we conduct.

We fully launched activities from a global perspective during FY 2011 based on the Seven Pillars of Critical Issues that were set out in FY 2010. In addition, as a new initiative, we established KPIs (key performance indicators) in order to visualize the progress of our CSR activities. In the future, we will implement activities aimed at the continual improvement of these KPIs and revise these KPIs as required in line with the expectations and demands of society.

Note that because the end of our fiscal year was changed to December 31 during FY 2011, this report will focus on reporting the activities conducted from April to December 2011. We will also introduce some of the activities we have planned for the future.

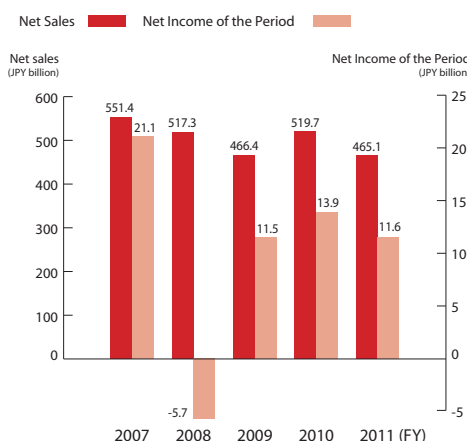
In order to achieve our CSR vision we would like to incorporate the opinions of all stakeholders in our future activities and accordingly we look forward to hearing from you from our online questionnaire.

## Yokohama Rubber Group at a Glance (as of December 31, 2011)

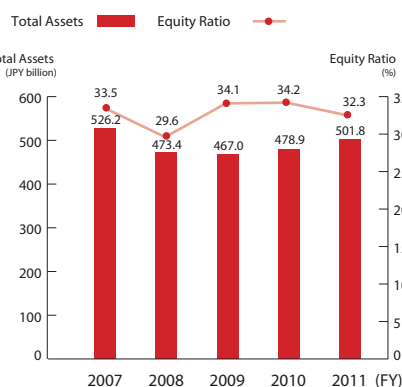
Company Name	The Yokohama Rubber Co., Ltd.	Number of Employees	19,272 (consolidated)
Establishment	October 13, 1917	Number of Shareholders	15,171
Paid-in Capital	JPY 38,909 million	Number of Shares Issued and Outstanding	342,598,162
Net Sales	JPY 465,133 million (consolidated)	Number of Consolidated Subsidiaries	120
Fiscal Year End	December 31*	Number of Affiliates Accounted for by the Equity Method	2
Chairman and CEO and Representative Director	Tadanobu Nagumo	Stock Exchange Listings	Tokyo, Osaka, and Nagoya
President and Representative Director	Hikomitsu Noji	Our Worldwide Locations	Japan, the USA, Canada, Australia, Germany, the Philippines, Vietnam, China, Thailand, Russia, etc.
Head Office	36-11 Shimbashi 5-chome, Minato-ku, Tokyo, Japan 105-8685	Website	<a href="http://www.yrc.co.jp/english/">http://www.yrc.co.jp/english/</a>

\*In order to be consistent with our overseas subsidiaries for consolidated accounting, we decided to shift our financial closing date from March 31 to December 31 as of the fiscal year of 2011.

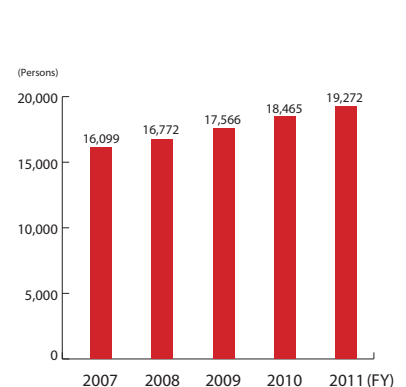
### Net Sales and Net Income (consolidated)



### Total Assets and Equity Ratio (consolidated)



### Number of Employees (consolidated)



## Introduction of Online Edition

Reflecting GRI Guidelines, this online edition provides comprehensive information. We also provide some detailed data not included in the printed edition herein for your additional reference.

<http://www.yrc.co.jp/csr/en/>



Contents of  
Printed Edition

### Online Edition contents

- Fiscal Year 2011 Activity Report
  - Corporate Governance and Compliance
  - Environmental Protection
  - Together with our Employees
  - Together with our Society
  - Together with our Business Partners
  - Together with our Shareholders and Investors
  - Together with our Customers
- Plants and Affiliates CSR Report
- Company Overview and CSR Management
- Related Information on CSR Report

**Issued Date**

November 2012

**Editorial Responsibility**

CSR Report Editorial Group

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### Notes Concerning Forward-Looking Statements, etc.

This report contains projections, statements regarding plans and objectives, and other forward-looking statements. All such statements are made based on assumptions and judgments derived from information available as of July 2012, and are subject to risks and uncertainties that could cause actual performance to differ, including not only the business activities of the Yokohama Rubber Group but also global and economic trends and changes in the global environment. This report is a translation of "CSR REPORT 2012 (Japanese version)", and its content is identical to the Japanese version. We hope for your understanding on this point.



# Corporate Philosophy and Yokohama Rubber

## Corporate and CSR Philosophies

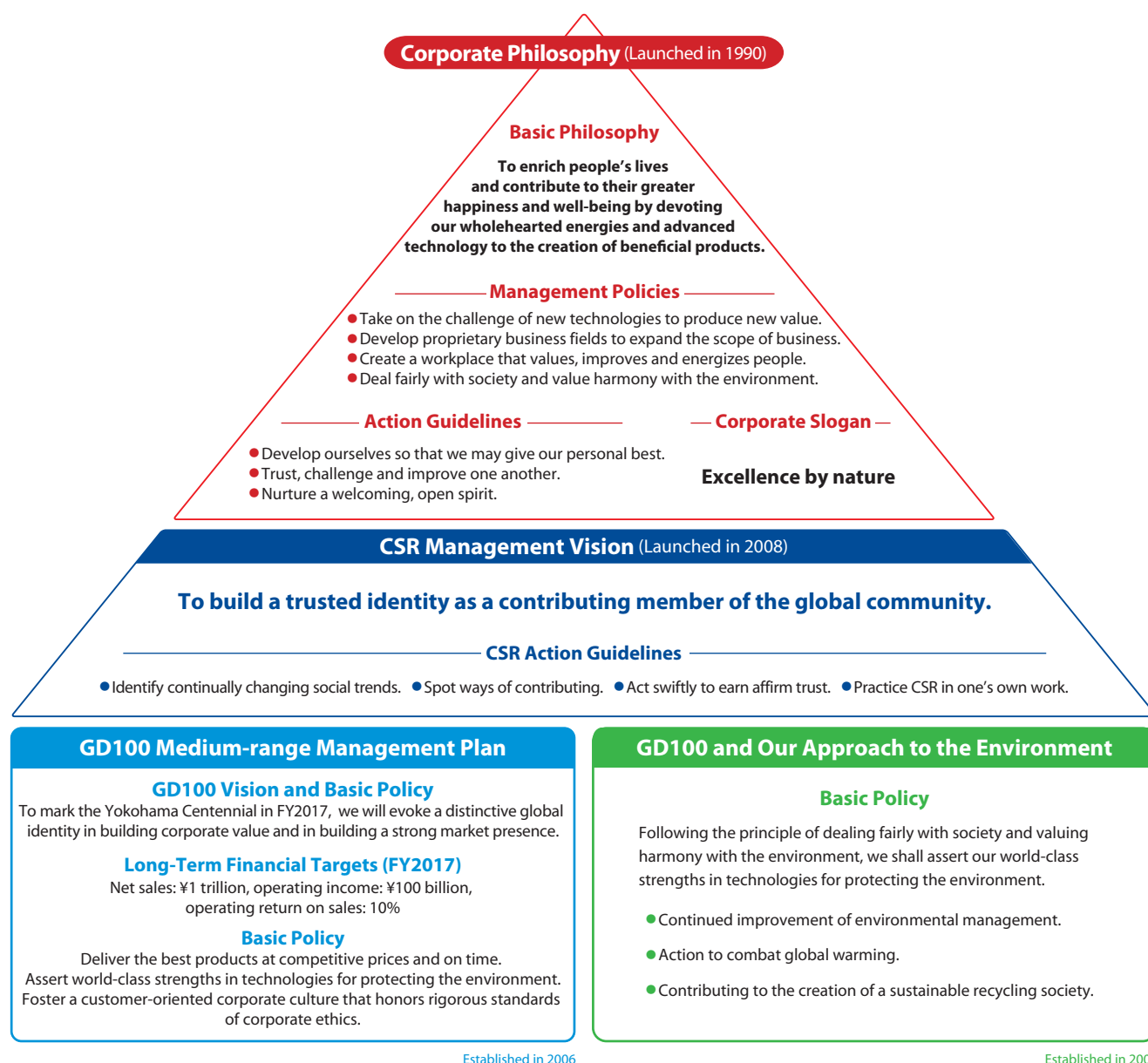
Yokohama Rubber established its corporate philosophy in 1990. It consists of the Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities. The Management Policies outline basic administrative principles for upper-level management to commitment themselves to. The Action Guidelines are the code of conduct for each employee to comply with.

In 2006, we drew up a medium-term management plan, the Grand Design 100 (GD100), and set a clear target of becoming a global company with one trillion yen in net sales by FY2017. Also, since our Basic Philosophy has been compiled based on the strong awareness of the expectations and needs arising from the international community, the plan places a strong emphasis on CSR by adopting these two basic points; to become a top level corporation in terms of our contribution towards the environment, and fostering a customer-oriented corporate

culture as our first priority by respecting higher standards of corporate ethics. In 2008, we reformed our corporate structure by establishing the CSR Division, followed by announcing our vision of CSR management both internally and externally. Our vision, to build a trusted identity as a contributing member of the global community, incorporates our desire to change the letter "R" in CSR to "Reliability", instead of the original "Responsibility." By doing so, we are hoping to make the concept more accessible and practical in our daily operations.

Incidentally, Yokohama Rubber still maintains the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration of our Yokohama Plant (located in Tsurumi-ku, Yokohama-shi) in 1929 as our Founding Spirit\*. This tale comprises the balancing of both sociality and economic efficiency; it still greatly relates to today's notion of CSR management.

\* Further details about our Founding Spirit are available on our website : URL : <http://www.yrc.co.jp/csr/en/outline/group.html>



Established in 2006

Established in 2006

# Group's Approach to CSR

## Our Stakeholders

Following the establishment of our CSR Division in 2008, we have organized the social responsibility issues we need to address in our day-to-day and future activities, and also we have appointed our stakeholders as listed below. During our selection process, we consulted the GRI Guidelines, ISO26000, and Nippon Keidanren's Charter of Corporate Behavior, and other descriptions thereto.

### Customers

We will enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technologies; this basic philosophy is our declaration to put our customers first. We seek to develop a corporate culture where the customer's interests are the top priority.

### Employees

We believe that being considerate to the rights and safety of the workers and providing an environment to maximize their potential are the greatest driving forces for a corporation with sustainable growth. This is clearly stated in our management policies that reads, "create a workplace that values, improves, and energizes people".

### Business Partners and Suppliers

We are expanding our businesses by working together with a variety of suppliers and partners who procure raw materials, parts, equipment, etc. By practicing fair and free trade with business partners, we will continue to build relationships of mutual sustinment and being beneficial to each other.

### Shareholders and Investors

By taking on any challenges to develop innovative technologies to generate new value, we will realize our sustainable growth and return of reasonable profits. Also, we will be happy to provide any information in an appropriate manner to meet the expectations of all of our stakeholders and investors.

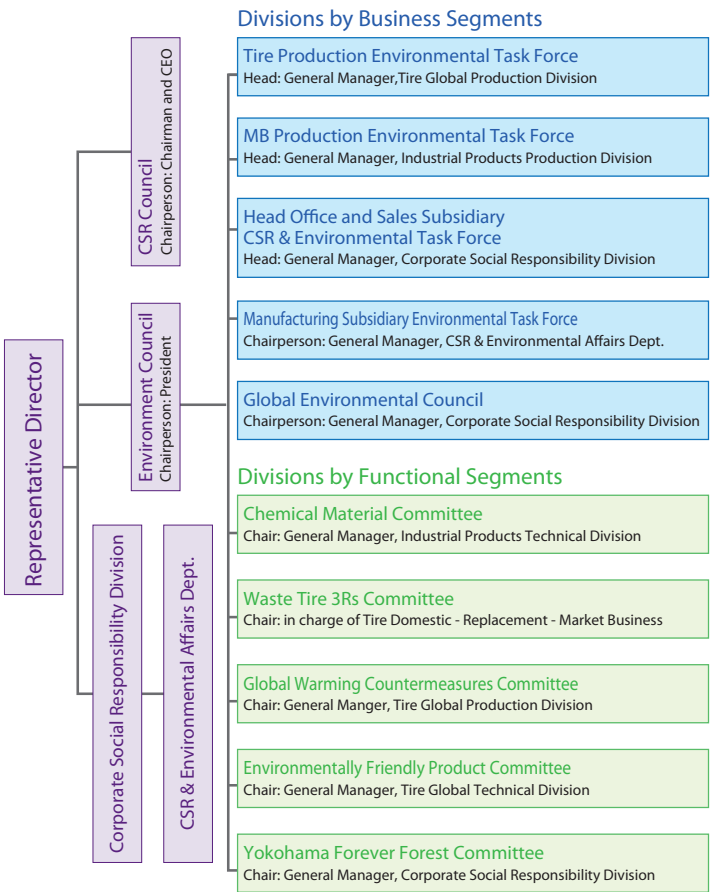
### Local Communities

As a globally active business, we relate to local communities in a number of domains – the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

## CSR and Environmental Promotion Framework

Twice a year, we hold a CSR Council where our company Chairman and CEO serves as a chairperson, and an Environmental Council where our company President serves as a chairperson. These councils are part of an organizational framework that was set up to discuss and develop plans for addressing the social responsibility issues currently Yokohama Rubber Group is facing, with the ultimate goal to build a trusted identity as a contributing member of the global community. We have three task forces, five committees, and two sub-councils who promote environmental activities as sub-bodies within the Environmental Council. Every year the CSR Council and Environmental Council evaluate the performance of CSR activities carried out by the Group in accordance with the Seven Pillars of Critical Issues and develop plans for improvement in the subsequent fiscal year.

To pursue our effort on practicing consistent and high-level environmental management in all our operations worldwide, we also annually hold a Global Environment Council, which is a gathering by managers from all of our overseas production operations. The council for FY2011 was held on December 15 to engage in discussions focusing on environmental policies and initiatives at the overseas production operations and core distribution subsidiaries. In FY2012, the Council will push forward such efforts to promote CSR activities and put into practice consistent and high-level environmental management.



■ CSR and environmental management and promotion framework (as of March 29, 2012)



# The Great East Japan Earthquake

- Our Contributions to the Recovery Effort -

YOKOHAMA RUBBER  
CSR REPORT 2012

## Up Close

# 1



### Leveraging Our Know-how from the Yokohama Forever Forest Project for a Coastal Levee Project in Otsuchi Town

As an advocate of the "Forest That Protect Lives" project being implemented by Otsuchi Town, located in the Kamihei District of Iwate Prefecture, we will support a project that will serve as a model for future activities.

### Supporting strong and beautiful urban development for the future

Yokohama Rubber is an advocate of the "Forest That Protect Lives" being implemented by Otsuchi Town as part of the vision in its earthquake recovery plan to "our beautiful town, looking out on the sea, inspiring people to take a walk". As the first step, we will support a tree planting project that will serve as a model for future activities.

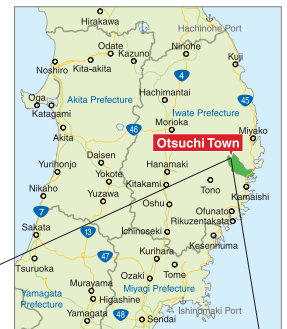
A "Forest That Protect Lives" is a concept first created by botanist Dr. Akira Miyawaki, who is currently serving as an advisor to the Yokohama Forever Forest Project. Essentially, trees are planted atop a coastal levee using the Miyawaki method, which involves planting native tree species to create a forest that is as natural as possible. This same method has been used for the Yokohama Forever Forest Project since its inception in 2007. A forest consisting of native tree species that support one another will form a solid forest floor that cannot be uprooted. This will help mitigate damage from tsunami and tidal surges. The lush green forest will also provide a beautiful landscape as well as give a sense of peace and serenity to the people living in the local community.

We hope to utilize the know-how gained from the Yokohama Forever Forest Project for the recovery and revitalization of Otsuchi Town. With this commitment in mind, we will actively implement and support tree planting activities together with members of the local community. On April 30, 2012, we held a tree planting event that included volunteers from the community and Yokohama Rubber.

A tree planting event was held on April 30, 2012 on a mound created onsite at the Otsuchi Water Treatment Center to serve as a model for the actual coastal levee.



Tree planting event attended by many in the local community



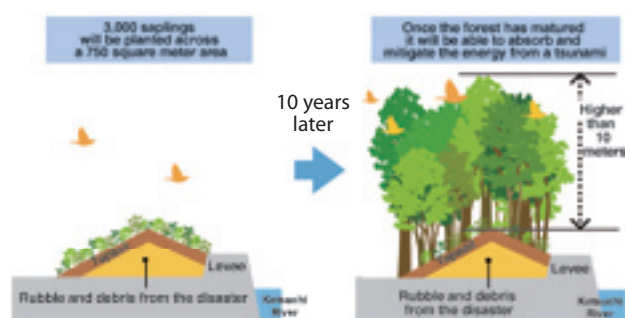
Regional and Local Map of Otsuchi Town

## Creating a safer, more secure coastal levee by effectively utilizing rubble and debris from the disaster

A unique feature of the "Forest That Protect Lives" concept is that rubble and debris still remaining from the disaster will be effectively used in the foundation. First, rubble and debris will be sorted and buried in the ground. On top of this a mound will be formed on which trees will be planted. This will create a layer of air between the rubble and soil, which will enable the roots of the newly planted trees to dig deeper into the ground. The tree roots will envelope the rubble, making the forest above stronger and more stable.

Building up the mound will ensure it serves as a safety net against future tsunami, while the act of tree planting will help heighten everyone's awareness toward disaster preparedness.

### Coastal Levee Plan



Conventionally, pine trees, which grow quickly and are tolerant of salt water environments, have been the tree of choice for tide-water control forests. However, research conducted on areas affected by the disaster showed that pine trees were weaker in terms of soil retention and more prone to falling. This demonstrated that pine trees would not function effectively in a tide-water control forest in these areas.

Native tree species planted using the Miyawaki method are ideal for creating a strong underground root system that provides stability. This will help mitigate tsunami damage and provide additional time to evacuate. At the same time, the forest will also help prevent people from being swept out to sea when a tsunami recedes.

Yokohama Rubber is committed to supporting this "Forest That Protect Lives" because it will help safeguard the lives of everyone in the local community.

## Message to Yokohama Rubber

Yokohama Rubber has helped to create valuable forest by planting some 500,000 trees of potential natural vegetation both in Japan and overseas under the aim of coexistence with leading technologies. Using this knowledge, Yokohama Rubber has taken the first-ever approach of creating a forest for mitigating disaster damage and conserving the environment from earthquake rubble and debris in Otsuchi Town, which suffered serious humanitarian and infrastructure damage due to the Great East Japan Earthquake. I am deeply appreciative of Yokohama Rubber Chairman Nagumo and President Noji as well as everyone involved in this project for taking the initiative to create a genuine furusato (hometown) forest that coexists with the local economy, helps safeguard members of the local community and protects the entire community from inevitable disasters, such as earthquakes, tsunami or fires. I look forward to the future development and activities of Yokohama Rubber.

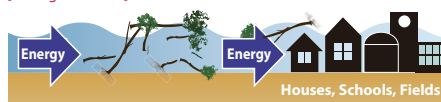


**Dr. Akira Miyawaki**  
Plant Ecologist



### Conventional tide-water control forest (Japanese red and/or black pine)

[During a tsunami]



Pine tree roots reach deep into the ground depending on conditions, but in overly damp sandy areas along the coast pine tree roots extend outward, instead of downward, which weakens their stability. Swept away trees pose a threat to people and buildings.

[When receding]



People and property are swept out to sea by receding water



### Future tide-water control forest (greenery that safeguards lives and property)

[During a tsunami]



The multilayered forest will act as a wall that will break up a tsunami and mitigate its energy. This will reduce water levels and flow speed, providing people with more time to evacuate.

[When receding]



People and property will not be swept out to sea.

Source: Website of the Tohoku Council for "Forest That Protect Lives"

## Message from the Mayor of Otsuchi



**Mr. Yutaka Ikarigawa**  
Mayor  
Otsuchi Town, Kamihei District,  
Iwate Prefecture

The rubble and debris from the tsunami symbolizes a part of the lives and in a sense something left behind by those that lost their lives in this disaster. A forest created atop this rubble and debris stands as a final resting place of souls. In this regard, this initiative will be a reminder of this disaster and that we must prevent future occurrences. Reconstructing a town that has lost everything starts from scratch, and in this sense, this forest created atop the ocean in Otsuchi Town will serve as a "Forest That Protect Lives" that helps the entire community drive the recovery effort forward. I am deeply grateful for the extensive assistance being provided by Yokohama Rubber.

## Feedback from a Participant



**Taku Sasaki**  
General manager  
Iwate Branch Head  
Yokohama Tire Japan Labor  
Union

The Sanriku area suffered extensive damage from the tsunami and took countless lives. Among these were our daily business partners, suppliers and the family members of employees. Dealing with such loss has been painful for us all. Since then, I have continually thought of how I, as a local from Iwate, can help restore the once scenic beauty of the Sanriku area. I feel proud of the fact that I was able to take the first step toward this goal by planting trees together with the people of Otsuchi Town. Going forward, I will be closely following the progress of this coastal levee.



## Helping to mitigate damages caused by a disaster

### The potential of pneumatic fenders

Capitalizing on its long-standing automotive tire technologies, in 1958 Yokohama Rubber became the first company in the world to manufacture a floating pneumatic fender. Since then, our floating pneumatic fenders have been used around the world alongside berthing vessels and on docks. If a fender is mistakenly damaged, it could lead to environmental degradation from an oil spill or result in the injury or death of dock workers. This is why floating pneumatic fenders have helped improve the safety of boarding at sea and also enhanced efficiency.

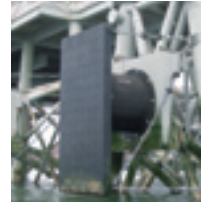
Many types of fenders are sold today, including solid (made from thick-walled rubber) and pneumatic types. Yet, our pneumatic fenders have come to be known as Yokohama

Fenders thanks to their solid reputation internationally. This reputation has helped our pneumatic fenders capture the leading share in markets around the world.

The advantage in our fenders can be found in the fact that we use the compressive elasticity of air from inside the rubber itself. This means that the recovery force gradually increases and the amount of compression is large. Fenders use this softening force to absorb the energy of vessel movements and from mooring cables when berthed. Based on this, Yokohama Rubber has been researching the potential use of fenders to help mitigate tsunami damage.



Floating pneumatic fender



Fixed pneumatic fender

### Message from a Researcher



**Shigeki Sakakibara**  
Dr. of Engineering,  
Senior Engineer,  
Industrial Products Technical Dept.  
Industrial Products Technical Division

I have been engaged exclusively in fender research since joining the company in 1989. Since 2005, I have been working alongside researchers at Kobe University to conduct repeated simulations on pneumatic fenders behave when used on a berthed ship during a tsunami strike.

Our research has shown that compared to solid fenders pneumatic fenders soften the impact on a vessel as well as effectively reduce vessel movement and mitigate the force placed on mooring cables used to secure the vessel in place. Simulations indicated that even when a 2-meter high tsunami strikes the superior spring performance of pneumatic fenders can potentially reduce vessel movements like rolling, especially when used on LNG carriers. Depending on the height of the wave, pneumatic fenders may also help enhance survival mooring capabilities, such as preventing vessels from being swept out to sea. Today, we have are examining ways of how best to respond depending on the height of the tsunami wave. I hope to share just how hard crew members work to safeguard their ship by showing the force that a vessel receives during a tsunami and its movements quantitatively and in an easy to understand manner.

In this regard, I believe my mission is to help reduce damages from disasters. I have always had a strong interest in ships and the ocean, and felt I was very lucky to be able to research both through my work. My commitment to my work has become even stronger after seeing the misery caused by the Great East Japan Earthquake. Going forward, I hope to find even greater possibilities in fenders.

### Looking back on the post-quake response for hints about future assistance measures

#### Roundtable talks led by volunteer participants

We held a roundtable talks on the type of assistance that should be provided to the affected areas and how individuals should get involved with the reconstruction effort. This talk was led by employees that participated in the earthquake recovery effort, including eight from the Yokohama Rubber head office, eight from the Hiratsuka Factory, two from the Onomichi Plant, and seven from the Mie Plant.

Roundtable talks held at each business site saw active debate and received many unique ideas because employees took part as volunteers. Employees volunteered in the recovery effort for a variety of reasons, with more than one individual sharing, "I was hesitant about taking part as an individual, but the company encouraged me to join in and also helped defray the cost," and "I wanted to participate since I had a positive experience volunteering in the wake of the Great Hanshin-Awaji Earthquake." Many of the employee volunteers felt firsthand the tragedy of the earthquake and tsunami, which was much different than watching events unfold on the news. One employee volunteer noted, "You can't really get a sense of the terror caused by this

tsunami unless you're actually there at ground zero. There're a lot of things that volunteers can provide, so I felt it was important to get out there and see what I could do to help." Participants provided many unique ideas in terms of how the company can assist. This included potentially selling locally made produce and products at the coop, providing Yokohama Rubber fenders to help restore rafts used by local oyster farmers, and planting trees in a similar fashion as the Yokohama Forever Forest Project, among others.

Roundtable talk participants also shared some of the problems that took place as well. These included the fact that solicitations for volunteers did not reach certain employees, that volunteering is not firmly rooted in the company's culture, and that no leave was provided to new hires to take part in volunteer activities. We plan to examine each of these issues and make improvements going forward.



Roundtable talks in which employees participated as volunteers

## In response to the roundtable talks

For Yokohama Rubber, 2011 was a year in which it began dispatching employee volunteers to the disaster-affected area and initiated corporate volunteer work. These initiatives helped raise awareness within the company, sprouting a culture where each organization proactively dispatches employee volunteers, and we hope to capitalize on this momentum going forward. Between March 2011 and March 2012 a total of 125 employees volunteered in the Kesennuma Oshima, Higashi Matsushima and Onagawa areas. Activities in Kesennuma Oshima organized by Global Compact Japan Network, which accounted for about one-quarter of all Yokohama Rubber employee volunteers, involved the cleanup of rubble and debris.

Through these roundtable talks, we were moved by our employees' awareness and passion to help. This included their awareness that something needed to be done, even by individual people, in the face of unprecedented damages and the fact that some employees had already been involved in volunteer activities prior to the disaster. The volunteer work of our employees was nothing short of amazing.

Yokohama Rubber became a signatory to the United Nations Global Compact in 2012.

As part of this, we launched a cross-divisional workshop that oversees not only volunteer activities, but all of our philanthropic activities as well. Through this workshop, we have also started revising and reviewing our definition of corporate volunteering as well as related programs. The workshop also consists of members that have experience volunteering. Going forward, we will continue to actively take part in aid activities, while clarifying the purpose of pursuing these activities as a corporate entity.



**Atsushi Kanazawa**  
General Manager,  
CSR & Environmental Affairs Dept.

## Innovations made and matters to review following our earthquake reconstruction assistance programs

<b>Innovations made</b>	<p>We fostered an environment that encourages employees to participate by sharing specific volunteer activity program details such as dates, how to get there and accommodations.</p> <p>We decided to fund the cost of transportation to the affected area and local accommodations for employees participating in volunteer activities that assist the Great East Japan Earthquake reconstruction effort.</p>
<b>Matters to review</b>	<ul style="list-style-type: none"> <li>• Employees with less service time at the company are not granted leave for taking part in volunteer activities, making their participation difficult.</li> <li>• Activities for which the company encourages employees to volunteer in should be made more widely known.</li> <li>• The company needs to be aware of safety issues regarding the volunteer activities that it encourages employees to take part in (from a Mie Plant employee that helped deliver relief supplies to Onagawa Town on March 19, a little over one week after the earthquake).</li> </ul>

### Held tsunami evacuation drills (at two manufacturing sites and 23 offices)

Yokohama Rubber held tsunami evacuation drills at business sites located inside an either an area where measures against a Tokai earthquake are to be intensified or an area requiring disaster preparedness measures for a Tonankai or Nankai earthquake. These sites are believed to be at risk of damage based on their position on the tsunami hazard map. Onsite disaster handling divisions communicated with Central Disaster Response Headquarters at the head office using three separate modes, including satellite phone, internal line using an IP mobile phone, and public pay phones located inside plants. This training exercise enabled us to confirm the space and time needed to complete evacuations as well as the distance of the evacuation site to each respective business site. As there were several changes we needed to make concerning the response of each business site, we plan to hold a second tsunami evacuation drill sometime after September 2012.

### Details of the tsunami evacuation drills

1. Date of drills: Thursday, November 24, 2011  
 10:00 am Major earthquakes strike in the Tokai, Tonankai and Nankai areas (scenario)  
 10:05 am The Japan Meteorological Agency issues an advisory for a large tsunami advisory (scenario)
  2. Purpose: (1) To make the evacuation site and route known to employees in the case an advisory for a large tsunami is used and to practice using this route  
 (2) To confirm the communication system for contacting the Central Disaster Handling Division from the evacuation site
- Production sites: Mie Plant and Onomichi Plant  
 Sales offices: 2 YMJ offices, 12 YJT offices, 9 directly-owned tire distributors



## Mie Plant employees help assist Kiho Town after it was damaged by Typhoon Talas

Mie Plant employees, who were among the first to collect relief supplies such as food and daily essentials for the victims of the Great East Japan Earthquake, also actively participated in volunteer activities in Kiho Town, located in the Minamimuro District of Mie Prefecture, after it suffered damage from Typhoon Talas. This is because as a contributing member of the local community the Mie Plant wanted to quickly help out those in need.

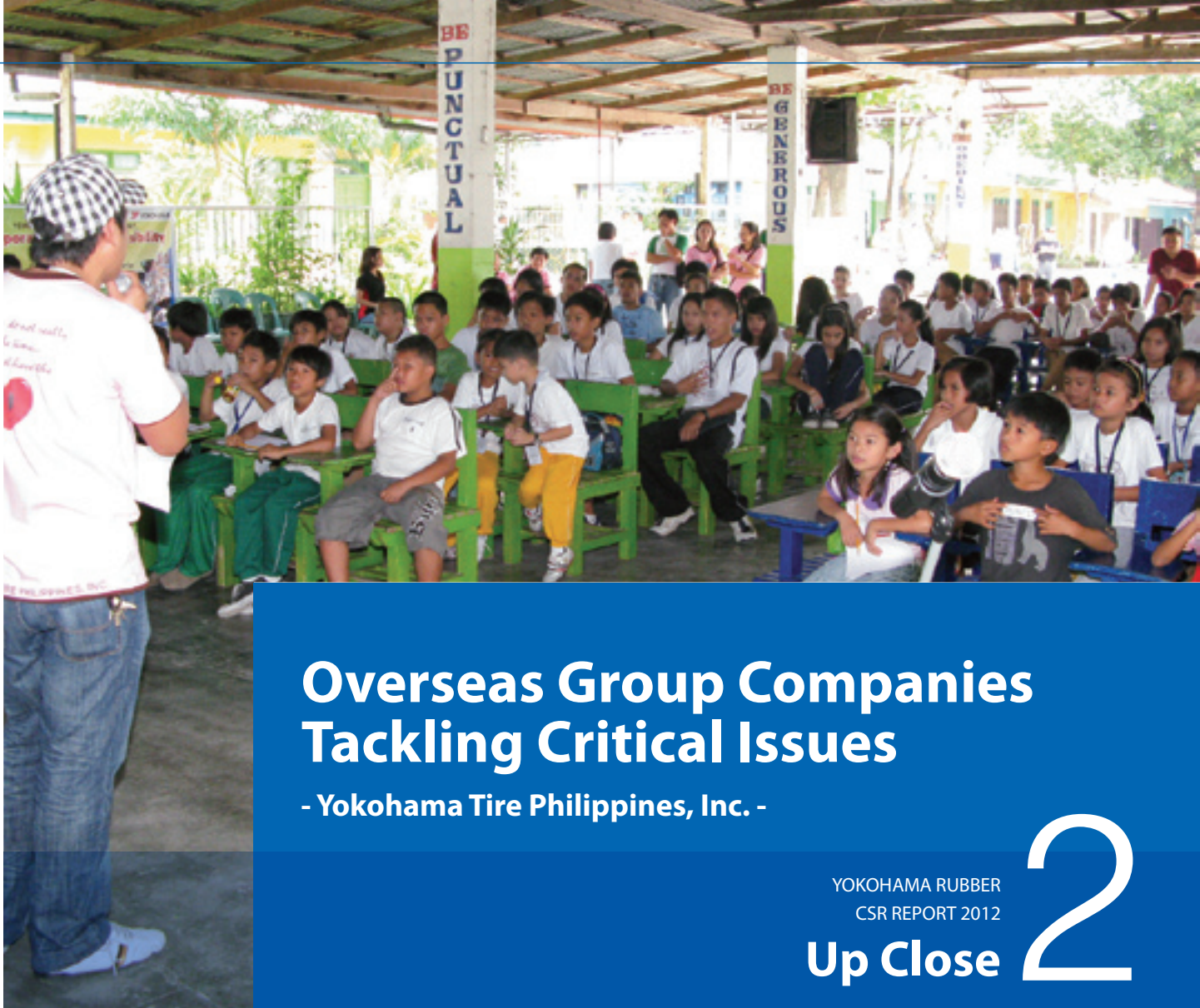
Typhoon Talas brought record-breaking rainfall to the Kii Peninsula, which caused damage in Mie, Wakayama and Nara prefectures, in particular. Kiho Town, which is located along the lower reach of the Kumano River, suffered serious damages

from flooding and landslides as a result.

The 23 employees that volunteered their time helped to cleanup homes that had been inundated with flood waters, carryout furniture from these homes as well as help remove rubble and debris. The Mie Plant employed a workforce of 1,120 as of December 2011. The plant is known for its high level of team work in the local community where it often takes part in cleanup activities along the Futami Coast, around the plant, and on local rivers. Based on this experience, the plant voluntary takes part in relief aid whenever a disaster strikes. The plant's call for one-coin donations to benefit the Tohoku region continues today.







# Overseas Group Companies Tackling Critical Issues

- Yokohama Tire Philippines, Inc. -

YOKOHAMA RUBBER  
CSR REPORT 2012

## Up Close 2

The Yokohama Rubber Group is involved, as part of its global expansion, in a variety of activities in each region regarding critical issues, such as environmental protection and improvement of employee workplace environment. Here we will give examples of these using the Yokohama Tire Philippines, Inc. (YTPI), located in Pampanga Province, in the central region of Luzon Island in the Philippines.

### Creating safe and healthy workplace environments

Maintaining a secure and healthy workplace environment where our employees can work safely raises our employees' sense of belongingness to the company and ultimately leads to improvement of the quality of the products and services we provide to society. In recognition of this, YTPI provides support in a variety of ways to ensure the healthy life of its employees and their families both physically and mentally.

Noticing that the rate of occurrence of influenza is higher in Asia than other regions, YTPI began giving influenza vaccinations to its employees in FY 2010. In FY2011, these vaccinations were given to 1,830 employees and their dependents. This prevented influenza from spreading amongst our employees and reduced the number of lost workdays due to illness.

We also began program to provide female employees with vaccinations for the prevention of cervical cancer from FY2011. Cervical cancer puts a high risk amongst young females, but the vaccinations can be used to lessen the risks.

In FY2011, a total of 101 female employees received the vaccinations. In addition, we are also putting our efforts in raising awareness and understanding among employees on the causes and ways to lessen the risk cervical cancer.

These vaccination programs we intend to continue in the future to avoid various diseases impacting the health of our employees and their families.



A YTPI employee receiving an influenza vaccination

### Aid to typhoon-struck regions

A large typhoon called Sendong hit Mindanao in the Southern Philippines in December 2011. It caused great damage, with serious flood and landslides, leaving over 1,500 people dead or still missing. In response to this, employees took the lead at YTPI to give donations for the disaster-struck region.

Previously, YTP have been involved in efforts such as running a regional contribution program with employee participation using the funds collected from employees under the title of "Show you care, give a share," raising employee involvement in CSR activities. This time, shocked by the scale of the typhoon damage in Mindanao, our employees themselves suggested gathering donations for aid to the affected areas. Cash, medicine, clothing and more were donated by 573 out of 1,948 of our employees. A booth for raising donations was also set up at the YTPI-sponsored Christmas party.

Ultimately, 17,000 pieces of medicine were given through the local governments to the citizens of Iligan which had suffered some of the worst damage. In addition, 27 bags of employees used clothing were distributed throughout Mindanao in cooperation with the local Clark Development Corporation. Cash donations reached 106,040 pesos (about 200,000 yen), given to the local NGO Gawad Kalinga, whose programs include building homes and sustainable communities for poverty stricken Filipinos. Going forward, the fund will be used to help building peoples' homes which were lost due to the typhoon.



Helping assist those in need following the major typhoon

## EMS team works to reduce impact on the environment

We are also pursuing various efforts primarily through our EMS (Environmental Management Section) team to reduce environmental impact, a major issue which we must involve ourselves in as a part of our business activities.

We are making serious efforts to recycle and reuse waste, currently doing so for 88% of what would otherwise be thrown out as garbage is recycled or reused. For example, we have donated scrap tires to local citizen's group (since November 2011). These are being used to make slippers, pots, fences, etc. Aside from that, we also donate label mounting paper to a local women's group for it to be folded up to make bags or photo frames. In addition, we supplied spent lead batteries to ABS-CBN Foundation, Inc. (AFI), a fund set up by the Philippines largest media organization. AFI sells these batteries into cash through a recycling company. The subsequent profit is used to run a program aimed to raise awareness on environmental protection.

We have also extended efforts for environmental education at local schools to contribute to greater awareness amongst the people for sustainable development and environmental protection. We do this by offering an environmental-themed orientation to give children the necessary knowledge and skills for environmental protection so that they can help sustainable development in their communities and society overall.

In FY2011 we gave an orientation for a total of 200 students from the local Malabanas Elementary School and Sapang Bato High School. Garbage containers that are manufactured in YTPI from recycled packaging materials were given so that the knowledge on garbage sorting could be immediately put to practical use. Believing that the participating students will share the newly gained skills and knowledge on returning to their schools, having a positive impact on the entire community, we intend to continue such activities in the future.



Handbag created from label mounting paper



Malabanas Elementary School



Sapang Bato High School

We have also made strong efforts in environmental protection through tree planting, and are aiming to spread these activities outside, not limiting them to the communities of our offices. In May 2011 teachers and pupils of Siñura Elementary School together with YTPI volunteers planted 100 saplings. In July we planted 600 saplings at Arayat National Park in cooperation with the Philippine Armed Forces, while in October we planted 100 saplings in with the help of pupils of Sto. Rosario Elementary School.

These saplings were grown through the Yokohama Rubber Group's Forever Forest Project, active both in and out of Japan. We hope to increase our tree planting activities to a wider sphere in the future, further contributing to environmental conservation.



Tree planting activity





# Protecting water environments near our production sites

YOKOHAMA RUBBER  
CSR REPORT 2012

Up Close

3



## Safeguarding at least the same amount of water used by our factories

Yokohama Rubber products are made using natural resources such as natural rubber and mineral ores, while its manufacturing factories are able to operate thanks to their access to large amounts of water. As a result, we have recognized that we need to find a way to give back to nature. Based on this belief, we began full-scale efforts to conserve biological diversity starting in 2010. We are committed to engaging in long-term efforts on a worldwide scale in order for Yokohama Rubber to coexist with local communities and so that we can mitigate the unavoidable impacts on the environment caused by our business activities.

Our activities in Japan were initially launched at the Mie Plant, and our focus from the start has been on protecting the environment by continually monitoring the natural surroundings and the organisms that live there. The goal of our activities has been to conserve and generate an equal amount of water resources as the amount consumed by our plants.

### Overviews of the study

#### June 2010

Preliminary study  
at 15 sites in Japan  
and 15 sites overseas

- Preliminary study conducted on the natural environment in areas around business sites. Sites ranked in order of priority for implementation of future activities.
- Based on the results of the preliminary study, it was determined that the study and activities would be implemented starting first with the Mie Plant.

#### November and December 2010

Field study onsite  
at the Mie Plant

- Examined what type of study would be required in the future for areas surrounding the plant that are rich in biodiversity and have a capacity to retain large amounts of water, such as wetlands and grasslands.
- Based on the results of the field study, it was determined that a study plan would be formulated.

#### April to November 2011

Study  
implementation

- In consideration of environmental changes with each season, the study was conducted on four occasions, once in May, August, October and November, respectively.

#### December 2011

Employee workshop  
Briefing for local  
communities

#### Employee workshop

- The results of the study were shared and activities examined

#### Briefing for local communities

- The action plan was shared and feedback received

#### 2012

Expand scope of sites  
conducting the study

- Scope to be expanded to the Mishima, Shinshiro, Nagano and Y. T. Rubber Co., Ltd (Thailand)



## The Yokohama Rubber Way Together with employees and with local communities

With this study, Yokohama Rubber emphasized its employees should think for themselves and take the initiative in implementing activities. That is, employees are to conduct the study, formulate plans and implement activities, while receiving advice from experts. Our goal is to foster manufacturing plants that always take the initiative in protecting the surrounding environment and that are beloved by the local community.

First, the Mie Plant conducted a study on how much their business activities were impacting the surrounding environment. This study provided results from the natural organism health diagnosis program to safeguard the natural environment, which found that many organisms were living in the two rivers close to the plant and that effluent from the Mie Plant was helping to maintain the water quality of the Hinokijiri River.

The Miya River watershed is home to dragonflies and mayflies as well as many bird species such as grey-headed lapwings, bull-headed shrikes, and great weed warblers. Although parts of it have been polluted by sewage, the Hinokijiri River still is a habitat for killifish, carp, mullet and damselflies as well as larger birds such as the gray heron and great cormorant that fly in to eat the small fish.

In December 2011, the Mie Plant's 41 employees were split into seven groups to discuss some of the actions they could take based on the results of studies conducted to date.

One of these teams named themselves Team Bakkon and worked to thin invasive foreign plant species such as cutleaf evening primrose, while also protecting native species, as well as to protect the rare bird species the streaked fantail warbler, which is an environmental indicator species for the ecosystem. Another team aspired to make the Hinokijiri River an ideal habitat for fireflies. Each team presented their ideas on how individuals could help protect nature in the surrounding community, which included monitoring, picking up garbage, exterminating invasive foreign species, cutting grass and protecting killifish. Plant Manager Toru Nakamura, who participated in the workshop, noted, "I was very proud to see the active dialog held between the teams. This area is home to Ise Shrine, mountains, the ocean, and vibrant rivers, so I felt a real sense that everyone wants to do their part to help protect this land in unique ways developed in the local community."



Plant life study conducted in the coastal grasslands of Futami Town



Employee workshop at the Mie Plant

Based on the results of employee discussions, the next step was to reach a consensus with the local government, media and NPO officials about a plan for conservation activities for both the intake and discharge of water in order to conserve the ecosystem of the Miya River watershed.

A number of meetings were held with the local community to build up a consensus on a plan of action. At these meetings, the head of a local government happily noted, "Until now I held the misconception that Yokohama Rubber was discharging large amounts of polluted water. At the last briefing I found that I this was a misunderstanding. Therefore, I went back home and explained this to local residents. Going forward, our residents and I will be avid supporters of Yokohama Rubber."

This relationship of trust created and nurtured through dialog represents exactly what we are striving to achieve.



Aquatic organism study on the Hinokijiri River



Briefing for local residents

## Expanding this initiative to other sites in Japan and overseas

Using the initiative launched at the Mie Plant as a model, similar activities were started at the Mishima and Shinshiro plants in 2012. Regardless of which site, all of our employees are eager to learn and study firsthand about the impact that our production activities have on the natural environment as well as what they can do to help protect it. We will continue to formulate the most ideal activity plan for each site, based on previous activities conducted at each site as well as requests received through dialog with the local community.

We have also initiated studies in Thailand, which represents an important country in terms of the Yokohama Rubber Group's raw materials procurement, development production and sales processes. Here, we also plan to launch activities that include a focus on sustainable raw materials procurement.



Water quality survey at the discharge point (Noda River) for the Shinshiro Plant



The terraced rice paddies of Yotsuya Senmaida located along the upper reaches of the Toyo River from where the Shinshiro Plant sources its water

The Yokohama Rubber Group's activities have only just begun. Although these activities will not yield concrete results immediately, we recognize the importance of carefully monitoring the progress of each. In this regard, going forward, our focus will continue to be on working together with our employees and with our local communities.



Conducting an interview at a rubber plantation on how rubber trees are cultivated



Receiving a briefing at Khao Sok National Park, which is the source of the water used by the Thailand Plant

### Summary of conservation activities at select locations

<b>Shinshiro Plant</b>	Took part in conservation activities at the rice paddies of Yotsuya Senmaida at the foot of Mt. Kuragake. Installed biotope for aquatic organisms living onsite.
<b>Mishima Plant</b>	Participated in clean-up activities on the Sakura River and local spring waters.



Visit our corporate website to learn more about the results of the Mie Plant study as well as view an overview of the activity plan and feedback for stakeholders.

### Feedback from a Member of the Local Community

I am pleased to see that Yokohama Rubber is actively engaged in these initiatives, while also having fun at the same time. Mie Prefectural Government would like to assist in this effort by introducing Yokohama Rubber's initiatives on its website.

Science is fast evolving, so I ask that the company continually keep abreast of new information and always reflect back on whether it is taking the right action. By doing so, I am convinced that Yokohama Rubber's initiatives can become models for the world.

I expect nothing else. I believe there is no right answer when it comes to how to conserve biological diversity. In this regard, I would like the company to share its findings with society and incorporate feedback in future activities.



**Mr. Kunio Yanagita**  
Department of Environment and Forestry  
Mie Prefectural Government



# Next Generation Products Offered by the Yokohama Rubber Group

Yokohama Rubber offers an extensive lineup of products that span from its core tire products to multi-business products that play an important role in society and the lives of people.

The following section introduces a selection of our next generation products that will help us to build a trusted identity as a contributing member of the global community.

## Highest AAA rating for reduced rolling resistance

## BluEarth-1 AAA spec

### A new flagship tire with the highest fuel efficient grade rating

*BlueEarth-1* is a fuel efficient tire that has been given the highest AAA rating for rolling resistance, which serves as an indicator for the environmental performance of a tire. This tire features Yokohama Rubber's proprietary nano-blend rubber featuring a golden ratio of differing performances, AIRTEX, which prevents air leaks, a dimpled wall design that reduces air resistance, and a silent ring that reduces road noise when driving. These features ensure the tire is both people and society friendly, a goal Yokohama Rubber aspires to achieve.



#### MEMO

### Winner of environmental award in France



In February 2012, Yokohama Rubber was announced as the winner of the environmental category for the Pneu Expo Innovations Trophy at the PNEU EXPO, an exclusive trade show for tire companies held in France.

Yokohama Rubber was presented with this honor because *BlueEarth-1* was recognized for its excellent fuel economy performance and its ability to reduce impacts on people and society, while the company was recognized for its long-standing development of fuel efficient tires.

### A cushion helping to make wheelchair users more comfortable

## Medi-Air Sky

The *Medi-Air series* is a wheelchair cushion lineup that was the first in the world to use a built-in bottoming out detective sensor. Conventional model, *Medi-Air 1*, was designed

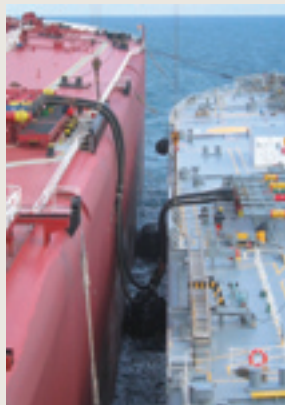
to automatically adjust air volume to distribute the air pressure and partially release pressure on the posterior after detecting the bottoming out. In contrast, *Medi-Air Sky* offers users the

chance to manually adjust air volume by using a manual pump. *Medi-Air Sky* was mainly developed to help manual wheelchair users to more easily and freely enjoy outings.



## World's First!

## Pneumatic fender monitoring system and cargo handling support system



Pneumatic fenders deployed between two vessels

Fenders are used between vessels for cargo transportation (Ship to Ship operation) and as a cushioning material when a vessel berths at a pier (Ship to Terminal operation). Yokohama Rubber has utilized its pneumatic fender design technologies and vessel movement analysis technologies to develop two different monitoring systems.

These two systems, both world firsts, are able to prevent damage to vessels, piers and cargo handling equipment, which in turn helps to prevent serious maritime accidents such as oil spills.

Please see page 10 to learn more about pneumatic fenders.

### Integrated pneumatic fender monitoring system

The first of these two systems is the fender monitoring system, which comprehensively monitors the status of pneumatic fenders. This system collects data on the internal air pressure of pneumatic fenders wirelessly, making it possible to monitor internal air pressure from a remote location.

### Support system for cargo handling at sea

The second of these systems is the dual vessel operation and mooring monitoring system, which uses pneumatic fender design technologies and vessel movement analysis technologies. This system simultaneously monitors the status of pneumatic fenders used as a cushioning material between two vessels and the status of vessel operations when two oil tankers are moored together to transfer crude oil or LNG offshore.



# 7

## Pillars of Critical Issues

### for Yokohama Rubber to Address

Yokohama Rubber Group has decided to facilitate all of our activities based on our seven critical issues in order to go about our CSR activities in a desirable manner.

The seven pillars of critical issues have been set out through internal discussion based on the concept of ISO26000 issued in November 2010, in the light of considering what are the crucial items for Yokohama Rubber Group and what we should focus on regarding the effect on the society.

From now on, in order to strengthen every action of those pillars, we will continue to facilitate the supervision by our entire group and the strategizing of relevant action plans.

#### Guidelines

1



**Advancement of Environmentally Friendly Management**

Following the principle of dealing fairly with society and valuing harmony with the environment, we shall assert our world-class strengths in technologies for protecting the environment.

- Continued improvement of environmental management.
- Action to combat global warming.
- Contributing to the creation of a sustainable recycling society.

2



**Safe and Healthy Workplace Environment**

Safety and sanitation are the basis of all our activities. We aim to prevent any occupational injuries, create a pleasant workplace and overall health for our workers under the strong leadership of our managers and supervisors, along with our entire group's employees' cooperation of this matter.

3



**Safety and Quality of our Products and Services**

We will contribute to society by planning, designing, producing, and selling attractive products for the satisfaction of our customers while maintaining a quality assurance system in all of our processes, including service. To this end, we will conduct systematic activities to ensure that all the basic steps in our quality assurance activities function properly.

4



**Human Rights and Labor Practices**

We will create an environment in accordance with our management policy of creating a workplace to value, improve, and energize people, where each of our ever-diversifying personnel can equip themselves with the necessary skills and perform by utilizing their capabilities to the fullest. Also, we aim to create a workplace where our employees can realize a work-life balance. We will continue to raise the awareness of our personnel so that they can perform on the global stage and are capable to deliver the business strategy of GD100 and various technical strategies.

5



**Credibility with our Business Partners**

In order to realize GD100, we will conduct our procurement activities in accordance with the below-mentioned guidelines:

- Procure optimum raw materials, equipment, and construction.
- Trading with fairness and impartiality
- Reasonable selection of our partners
- Partnership
- Compliance
- Harmony with the environment

6



**Stakeholder Communication**

We will continue to enhance mutual understandings and credibility by reflecting our stakeholders' feedback onto our corporate activities by conducting two-way communication with both of our internal and external stakeholders while providing information in a timely manner.

7



**Corporate Governance and Compliance**

Yokohama Rubber Group is making every effort to fortify and improve the support system for corporate governance to be established in order to realize management with transparency and fairness under our Corporate Philosophy. Thereby, this is becoming the management body to maintain our ever evolving corporate value in order for our management to continue to win un-shakeable credibility.

Our Activities	Our Goals (by FY2017)	FY 2011 target	Evaluation
<ol style="list-style-type: none"> <li>1. We will contribute to the realization of a low-carbon society through the development and marketing of our products to contribute towards the environment.</li> <li>2. We will realize a society with resource recycling by utilizing natural resources to the fullest and minimizing industrial waste.</li> <li>3. We will continue to enhance our activities related to biodiversity both at our domestic and overseas business locations.</li> </ol>	<p>We will turn all our products into environmentally friendly ones</p> <p>We will try to achieve a 25% reduction of greenhouse gases</p> <p>We will achieve and maintain total zero-emissions in both in our domestic and overseas offices and intend to keep this up.</p> <p>We will enhance the environmental preservation activities in the surrounding areas of both of our domestic and overseas business locations.</p>	<p>All our newly developed products are given 100% environmental consideration and will be maintained as such.</p> <p>We will increase the number of total zero-emissions plants among both our domestic and overseas group's production plants.</p> <p>We will commence observation of the surrounding natural environment of both our domestic and overseas offices.</p>	<p>Passed</p> <p>In Progress (maintain and continue)</p> <p>Passed</p> <p>p.20</p>
<ol style="list-style-type: none"> <li>1. We will establish a platform of safety sanitation based on the Occupational Health Safety Management System (OSHMS).</li> <li>2. We will nurture people with overall safety..</li> <li>3. We will ensure the safety of all of our facilities.</li> <li>4. We will create a pleasant workplace.</li> <li>5. We will prioritize both the physical and mental health of our human resources.</li> <li>6. We will prevent any traffic accidents.</li> </ol>	<p>We will establish a safety culture aiming for zero risks.</p>	<p>We will obtain OSHMS certification at all domestic production plants by 2011.</p>	<p>In Progress</p> <p>p.22</p>
<ol style="list-style-type: none"> <li>1. We will establish a system to reflect in our next product development by gathering and analyzing customer feedback and market evaluation.</li> <li>2. We will improve the level of quality at all our plants by conducting education and training by focusing on quality at every hierarchy of our plant workers.</li> <li>3. We will make every effort to improve our product quality at every step; from product planning, design, and production.</li> </ol>	<p>We will improve our support system for various global services.</p> <p>We will establish our global training facilities (for tire sectors).</p> <p>We will improve our customer credibility by continuing to provide quality products all the time (for MB sectors).</p>	<p>We will strengthen the training of service engineers both in Japan and overseas (for tire sectors).</p> <p>We will conduct quality training at domestic production plants (for tire sectors)</p> <p>We will commence product improvement meetings based on market information (MB).</p>	<p>Passed</p> <p>Passed</p> <p>Passed</p> <p>p.24</p>
<ol style="list-style-type: none"> <li>1. Steady number of employees.</li> <li>2. Framework to facilitate the growth of our human resources.</li> <li>3. Realization of work-life balance.</li> <li>4. Creation of a workplace so that all our diversified personnel will be utilized.</li> <li>5. Respect for the human rights with zero tolerance for harassment.</li> </ol>	<p>Our workplace is structured so that all our diversified personnel can perform to the fullest regardless of age, gender, nationality, etc.</p>	<p>We will establish a special subsidiary that promotes the employment of people with disabilities.</p> <p>We will newly establish vacation periods for male employees so that they can offer support when their spouses give birth.</p>	<p>Passed</p> <p>Passed</p> <p>p.26</p>
<ol style="list-style-type: none"> <li>1. Co-development of CSR activities with business partners using CSR guidelines.</li> <li>2. Promotion of green procurement in cooperation with our partners.</li> <li>3. Thorough compliance of various procurement activities.</li> </ol>	<p>Our company is able to enhance various CSR activities on the global stage by working hand-in-hand with our partners.</p>	<p>We will establish a purchasing code of conduct to be complied with by purchasing managers.</p> <p>We will hold meetings with business partners for studying and exchanging information related to CSR.</p>	<p>Passed</p> <p>In Progress</p> <p>p.27</p>
<ol style="list-style-type: none"> <li>1. Conducting dialogs with our stakeholders.</li> <li>2. Reduction of any environmental risks such as complaints over the environment from local communities.</li> <li>3. Facilitation of the YOKOHAMA Forever Forest Project.</li> </ol>	<p>A system is in place to apply what stake holders have to say.</p> <p>Five hundred thousand trees have already been planted at both domestic and overseas offices.</p>	<p>We will conduct dialogs with volunteer participants.</p> <p>We will reduce environmental accidents to zero.</p> <p>We will foster seedlings and provide them external parties.</p>	<p>Passed</p> <p>Passed</p> <p>Passed</p> <p>p.28</p>
<ol style="list-style-type: none"> <li>1. Internal enhancement of CSR guidelines.</li> <li>2. Development of this compliance system at our overseas offices.</li> <li>3. Establishment of BCP system and reorganization.</li> </ol>	<p>Good ethics values based on ISO26000 compliance are well-known throughout our offices.</p> <p>The entire company can visualize the applicable legislations.</p> <p>BCP support system is being developed as a group unit.</p>	<p>We will expand compliance systems at overseas group companies.</p> <p>We will conduct tsunami evacuation drills.</p>	<p>Passed</p> <p>Passed</p> <p>p.30</p>





Promoting energy savings through steady improvements on-site

# 7 Pillars of Critical Issues for Yokohama Rubber to Address



# 1/7

## Advancement of Environmentally Friendly Management

### Stance and policy

Following the principle of dealing fairly with society and valuing harmony with the environment, we shall assert our world-class strengths in technologies for protecting the environment.

- Continued improvement of environmental management.
- Action to combat global warming.
- Contributing to the creation of a sustainable recycling society.

### KPI

**Ratio of environmentally friendly products to all products handled**



## 89%

By FY2017, we aim to ensure that all of tire and maker brand products are environmentally friendly products.

**Ratio of greenhouse gas emissions compared to base year (domestic group companies)**



## 86.8%

At our domestic group companies, we are working towards reducing the ratio of greenhouse gas emissions by 25% compared to base year by FY2020.

\* Although in principle the base year is 1990, the base year for PFC, HFC, and SF6 is 1995 in accordance with the Kyoto Protocol.

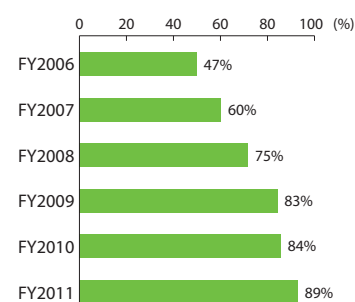
## Environmentally friendly products

In terms of the level of environmental impact (CO<sub>2</sub> emissions) for each stage of the product life cycle from production to disposal, in the case of tires, CO<sub>2</sub> emissions at the use stage account for 80 to 90% of the entire life cycle. For this reason, at the Yokohama Rubber Group we focus on creating environmentally friendly products that allow for low fuel consumption.

The Yokohama Rubber Group defines environmentally friendly products as products for which the average score of the four items of global warming prevention, resource recycling, resource conservation, and safety and comfort exceeds 5%; and for which the score for any of these items has not deteriorated. By FY2017, we aim to ensure that all tire and maker brand products are environmentally friendly products.

For FY2011, a ratio of 100% was maintained for the ratio of environmentally friendly products to all new products. In terms of the ratio of environmentally friendly products to all products handled, the ratio was 89%, a 5% improvement over the previous fiscal year.

### Ratio of environmentally friendly products to all products handled







## Reducing the environmental impact of business activities

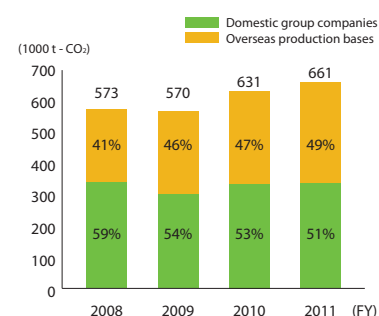
### Global warming countermeasures

The Group considers global warming countermeasures to be an extremely important issue, and in response conducts activities aimed at achieving a low-carbon society. The Group's approach to carbon management include the establishment of a dedicated committee for the adoption of cogeneration systems (CGS), a shift to clean fuels, and the implementation of thorough energy-saving activities.

#### Environmental action targets

- **Short-term reduction target**  
Reduce greenhouse gas emissions by an average of 12% compared to the base year at domestic group companies for the five year period from FY2008 to FY2012
  - **Medium-term target for FY2020**  
At our domestic group companies, we are working towards reducing the ratio of greenhouse gas emissions by 25% compared to base year by FY2020.  
During FY2011, greenhouse gas emissions at domestic group companies and overseas production bases were 661,000 tons CO<sub>2</sub>, with domestic group companies accounting for 51% of emissions, and overseas production bases accounting for 49% of emissions.
- \* Although in principle the base year is 1990, the base year for PFC, HFC, and SF6 is 1995 in accordance with the Kyoto Protocol.

#### Greenhouse gas emissions



The number of overseas production bases increased by one with the addition of a natural rubber processing plant from FY2010.

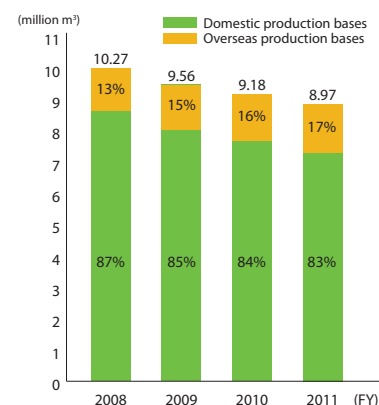
### Effective use of resources

The Yokohama Rubber Group promotes the effective use of the resources that are used in its business activities.

To reduce water intake in production activities, the Group recycles and reuses equipment cooling water, collects vulcanization condensate, implements measures to prevent the overflow of water storage tanks, implements measures to prevent the leakage of underground piping, and thoroughly conducts daily checks and patrols. As a result, the total water intake from water sources at domestic and overseas production bases for FY2011 was 8.97 million cubic meters. Domestic production bases accounted for 7.44 million cubic meters, and overseas production bases accounted for 1.53 million cubic meters.

In order to reduce the quantity of waste matter, all domestic and overseas production bases are working to achieve zero emissions. Currently, we have achieved zero emissions at five production bases in the Asian region. Although there were no plants that achieved zero emissions for the first time during FY2011, we will promote initiatives to achieve this goal by studying the issues that remain, particularly at US production bases. We will continue with efforts to increase the number of zero emission plants during FY2012.

#### Water intake



### FY2012 issues and targets

#### Environmentally friendly products

During FY2012, we will implement measures including increasing the adoption of fuel efficient tires and products using recycled raw materials, and ensuring that our maker brand products are energy-saving. We will also maintain a ratio of 100% for the ratio of environmentally friendly products to all new products.

#### Global warming countermeasures

We will respond to issues through the deployment of energy-saving activities and the adoption of energy-saving equipment based on the actual place, actual thing principle (*genchi genbutsu*) as we aim to reduce greenhouse gas emissions by an average of 12% compared to the base year (1990) at domestic group companies for the five year period from FY2008 to FY2012.

#### Effective use of resources

##### • Water intake

During FY2012, we will continue with efforts to reduce the total water intake from water sources. The target for FY2012 is to achieve a total water intake from water sources of 9.55 million cubic meters at domestic and overseas production bases (7.66 million cubic meters at domestic production bases, 1.89 million cubic meters at overseas production bases). Although product volume will increase for FY2012 over FY2011, we expect to achieve a per-unit reduction of 1% as a result of various initiatives.

##### • Waste matter

We will continue with efforts to increase the number of zero emission plants during FY2012.





# 7 Pillars of Critical Issues for Yokohama Rubber to Address



## 2/7

## Safe and Healthy Workplace Environment

### Stance and policy

Safety and sanitation are the basis of all our activities. We aim to prevent any occupational injuries, create a pleasant workplace and overall health for our workers under the strong leadership of our managers and supervisors, along with our entire group's employees' cooperation of this matter.

### KPI

#### Domestic disabling injury frequency rate



0.36

It has been determined that new initiatives are required because the rate has remained nearly the same as the rate of 0.30 from 2009 and 0.36 for 2010

\* Disabling injury frequency rate = (number of work-related injuries / total working hours) x 1,000,000 hours

#### Number of OSHMS-certified business locations (domestic)



7

(cumulative total)

During FY2011, two plants acquired OSHMS certification, meaning that seven of our eight domestic business locations are certified. Although the field survey for Onomichi Plant was completed in December 2011, OSHMS certification was acquired in January 2012.

### Working to acquire Occupational Safety and Health Management System (OSHMS) certification

The Group promotes the acquisition of Occupational Safety and Health Management System (OSHMS) certification as we strive for the strong commitment of management, the establishment of organizational frameworks and management systems to ensure this commitment is fully instilled at the work site, and the elimination of risks. During FY2011, OSHMS certification was acquired for the Shinshiro production site (for the 2plants).

In addition, in order to assess the strengths and weaknesses of each business location and promote improvements, we have established common inspection items, and implemented internal safety audits both in Japan and overseas.



OSHMS certification ceremony for the Shinshiro Plant and Shinshiro-Minami Plant

### Equipment safety

Using risk assessment methods to serve as a form of preemptive control in response to disasters, we identify and evaluate potential risks associated with existing equipment in order to prioritize the required countermeasures. In addition, in an aim to develop safe and secure equipment, we also use ideas from workers for the production of tools and automation of equipment that will allow problems to be handled without requiring physical interference.



On-site inspections



Holding a review

## Nurturing people with overall safety

We aim to develop sensitive human resources that recognize risky situations as being dangerous. For this reason all employees conduct KYT (kiken yochi training, or hazard prediction activities) on a daily basis, improvement activities on a voluntary basis in response to potentially dangerous incidents that have been pointed out, and hands-on safety drills. In addition, plant supervisors implement communication-focused safety training on a one-on-one basis with workers to enable workers to understand the meaning of individual work process so that they can perform safer operations independently. Through these initiatives, we aim to share and stimulate disaster prevention activities for all workers at our business locations.

## Creating a pleasant workplace

We improved equipment and promoted the improvement, maintenance, and management of working methods aimed at using working environment measurements in order to maintain a pleasant workplace. In addition, based on the 5S (seiri, seiton, seiso, seiketsu, and shitsuke, or sorting, straightening, systematic cleaning, standardizing, and sustaining) methodology, we promote manufacturing so that the things you need are available when you need them.

## Prioritizing both physical and mental health

To prevent health problems from arising due to overwork and excessive stress, we strive to remain aware of employee working hours and provide guidance and work improvement suggestions in response to workers that work for long hours. Moreover, we provide care in response to mental health issues through preventive management at work sites and the provision of contact points for consultations. We have also started conducting specific medical examinations and providing health guidance for employees in need of specific health guidance.

## Preventing traffic accidents

We will expand the systems, function, and activities of traffic accident prevention organizations at each business location. In particular, we will employ traffic guards holding placards during commuting hours as we continue to conduct accident prevention activities. In addition, we will conduct educational activities in cooperation with local police stations and other traffic safety-related organizations.



Improvement of local ventilation systems  
The entire work unit is covered so that the smoke emitted is ventilated



Motorcycle operations workshop



### FY2012 issues and targets

An issue that remains is raising the awareness of our employees towards safety and lowering the risk levels accordingly with equipment.

Accordingly, we aim to increase the sensitivity of employees towards risk through activities aimed at preventing physical interference with operating equipment and KYT (kiken yochi training, or hazard prediction activities). At the same time, we will strengthen our follow-up system in response to equipment risk assessments in order to reduce risk levels. We will conduct open work observation for the purpose of

preparing manuals so that everybody can safely conduct the same work. Moreover, at plants overseas, we will establish and deploy management systems based on OSHMS.

Because the number of accidents are comparatively high for new employees with less than three years of experience and we believe that allowing for the safe conduct of work regardless of experience to be an appropriate means of measuring the completeness of work manuals, we will work towards the goal of not allowing new employees with less than three years of experience to be injured.

### Activities at Yokohama Rubber Group companies

### SAS Rubber Company's initiatives



SAS Rubber Company employees and their families

SAS Rubber Company, which manufactures train and bus window seal materials, various rubber cover materials, and automotive hoses, is actively involved in safety activities, including internal safety audits, hands-on safety drills, countermeasures in response to major disasters at other plants, and the adoption of risk assessment programs. SAS Rubber Company also actively conducts 2S activities (seiri and seiton, or sorting and straightening) in the same manner as in Japan to promote the efficient and safe use of space within plants. On site, these activities are implemented under the name of 3S (safety-first, seiri, seiton) + 3P (promise, profit, persistent).





# 7 Pillars of Critical Issues for Yokohama Rubber to Address



# 3/7

## Safety and Quality of our Products and Services

### Stance and policy

We contribute to society by planning, designing, producing, and selling attractive products for the satisfaction of our customers while maintaining a quality assurance system in all of our processes, including service. To this end, we will conduct systematic activities to ensure that all the basic steps in our quality assurance activities function properly.

### KPI

**Number of graduates from quality training programs at domestic production plants (Tire sectors)**

New for FY2011

# 73

We aim to improve the skills of our employees by holding hierarchal quality training programs for executives at production plants. The framework requires employees assigned to new posts to receive training.(Domestic production plants)

**Number of certified service engineers (Tire sectors)**

New for FY2011

# 111

We aim to improve the skills of service engineers through a three-rank certification program. The ranks are "beginner" for engineers without hands-on experience, "intermediate" for engineers with the ability to assess complaints made, and "advanced" for engineers with the ability to independently conduct all the work required.

## Ensuring that only high-quality products are provided to customers

### Employee training to ingrain quality management for the establishment of a quality assurance systeme

The Yokohama Rubber Group places much importance on quality training. In particular, we aim to improve the skills of engineers through hierarchical quality training at production bases focused on management positions that involve quality control. This training aims to create awareness towards quality and provide the required skills based on the applicable work role.

During FY2011, there were 73 new graduates from quality training programs at four domestic production bases.

In the future these training programs will be incorporated at our business locations overseas while taking into consideration various local cultures and corporate climates as we strive to instill a standardized approach to quality management throughout our global operations so that we can provide higher-quality products to customers around the world.



Confirming issues at the workplace through training

## Ensuring that the customer's perspective is always considered in the provision of high-quality service

### Implementing and improving Yokohama service engineer training throughout the world

By constantly providing service in consideration of the customer's perspective, the Yokohama Rubber Group aims to become a company with extremely high customer satisfaction levels and market presence. To this end, we are implementing and improving service engineer training throughout the world. During FY2011, there were 111 new graduates from quality training programs.

As part of this program, at the Tire Service Training Center that was established in Thailand in October 2011, a test course program using actual vehicles was added to the previous training program to provide a hands-on experience of tire and vehicle characteristics so that more practical service in line with the customer's perspective can be provided. In the future, we will increase the number of training programs as we take steps towards developing Yokohama service engineers throughout the world.



Hands-on training with actual vehicles at the Tire Service Training Center

### A training program participant



**Andres Antonio Castro**

Product Manager  
Yokohama Iberia, S.A.  
(Spain, Portugal)

I am sure that it is important to ensure appropriate resolution of all tire related technical inquiry with respect to customer satisfaction and the commercial goals of the company. In fact, I attended Advanced Technical Training Course in Thailand.

Through the technical training, I realized that the program gave us a chance not only for learning all aspects of tire technology and manufacturing process, but also for obtaining practical tire service knowledge with damage tire inspection and test driving. The experience of technical training programs helps to provide good quality service for our customers as well as to support sales activities for internal staffs.

Besides the technical aspects, it was a rich experience sharing experiences with our colleagues in other markets. These experiences will help us to understand many other aspects, reaching the most important goal for us: "the satisfaction of our customers and high quality service".

### Conducting workshops for dealers and construction companies that handle multi-business products

Because the Group's multi-business products are industrial products, many of them require special skills and knowledge for proper handling. For this reason, regular training is provided on the characteristics and handling methods of these products for the employees of dealers and construction companies that handle them. In this manner, we aim to facilitate the selection of the products that meet the customer's requirements and the provision of prompt and adequate support in the event of defects.

In the future, we will speed up the establishment of our technical service system overseas to support the globalization of our business as we implement product improvements based on an accurate understanding of market conditions and feedback to the relevant departments. Through these initiatives we aim to become a company capable of continuously providing products that satisfy our customers.



High-pressure hose fitting assembly instruction workshop



### FY2012 issues and targets

From FY2012, we have revised our CSR and environmental promotion framework, and accordingly the CSR Council is to conduct overall reviews of quality assurance throughout the Group. We will implement uniform activities throughout the Group through the establishment of a quality assurance system for all processes. To achieve this, we will use a

common benchmark to evaluate activities in the process of planning, design, production, and marketing of attractive products that will satisfy our customers. In addition, we will constantly strive to improve our quality assurance system in all processes, including service provision.





# Human Rights and Labor Practices

## Stance and policy

We will create an environment in accordance with our management policy of creating a workplace to value, improve, and energize people, where each of our ever-diversifying personnel can equip themselves with the necessary skills and perform by utilizing their capabilities to the fullest. Also, we aim to create a workplace where our employees can realize a work-life balance. We will continue to raise the awareness of our personnel so that they can perform on the global stage and are capable to deliver the business strategy of GD100 and various technical strategies.

**4/7**

### KPI

#### Employment rate of people with disabilities

▶ **1.77%**

From April 2011 to March 2012, the total employment rate of people with disabilities was 1.77%. Afterwards, six new employees with disabilities were hired on April 1, 2012, resulting in an employment rate of people with disabilities of 1.94% for April 2012. With the recognition of Yokohama Peer Support Co., Ltd. as a special subsidiary for promoting the employment of people with disabilities, a rate of at least 2% is expected to be achieved for FY2012.

#### Days of maternity leave taken

▶ **Total of 615 days**

The Group allows the taking of up to 10 days of maternity leave when an employee or the spouse gives birth, up until the child reaches the age of one. Between April 1, 2011 when this system was established and March 2012, 120 employees took maternity leave, for a total of 615 days.

## Promoting the employment of people with disabilities

Up until now new employees with disabilities have been hired on a regular basis for mainly work within our existing operations that could be conducted regardless of their handicaps. In addition, we have now begun to develop new forms of work to increase the employment of people with disabilities. From 2011, we started accepting interns from special support high schools on the assumption of future employment. Two out of seven of these interns that were accepted between April 2011 and March 2012 were employed in April 2012.

## Supporting the development of the next generation

In the past, male employees were able to take two days of paid maternity leave and up to one year of unpaid maternity leave upon the birth of a child. On April 1, 2011, rules regarding maternity leave were changed to allow 10 days of maternity leave to be taken until the child reaches the age of one. This change resulted in an increase in the number of days of maternity leave taken as well as the number of employees that took maternity leave (for FY2010 104 employees took a total of 193 days of maternity leave).



### FY2012 issues and targets

#### Securing stable employment for people with disabilities

Although we did not reach the legally required rate of 1.8% during FY2011, we plan to secure an employment rate of people with disabilities of at least 1.8% for Yokohama Rubber (non-consolidated) for FY2012. By constantly working in activities such as the operations of Yokohama Peer Support Co., Ltd., we will strive to create a workplace so that all our diversified personnel can perform to the fullest.

#### Supporting the development of the next generation

The increase in the number of days of paid maternity leave is an improvement that was conducted faithfully in response to the needs of employees. We believe that it is important to develop systems based on a proper understanding of employee needs in this manner.

## Establishment of Yokohama Peer Support Co., Ltd. at the Hiratsuka Factory

The special subsidiary Yokohama Peer Support Co., Ltd. was established on December 9, 2011. Operations commenced from March 2012 and on May 30, it was recognized as a special subsidiary for promoting the employment of people with disabilities. Fifteen disabled employees, mainly with mental disabilities, conduct beautification work, such as cleaning and planting, and mailing and shipping work at the factory. In addition, as a catering service for employees, the sale of coffee and bread made at the Hiratsuka Disabled Persons Community Center is planned. The subsidiary also provides cleaning services at our headquarters.

In the future, there are plans for the subsidiary to increase the number of employees to 30 and expand its operations to include cleaning and beautification work at Yokohama Rubber plants throughout the country, the delivery of tire sales promotion tools, and the preparation of business cards for all Group companies.





# Credibility with our Business Partners

# 7

Pillars of  
Critical Issues

for Yokohama Rubber  
to Address



# 5/7

Credibility with our Business Partners

## Stance and policy

In order to realize GD100, we will conduct our procurement activities in accordance with the below- mentioned guidelines:

- Procure optimum raw materials, equipment, and construction.
- Trading with fairness and impartiality
- Reasonable selection of our partners
- Partnership
- Compliance
- Harmony with the environment

### Local raw materials use rate in overseas plants

# 70%

(According to our proprietary benchmark  
that takes into consideration the  
number of items and weight)

In addition to the benefits of cost-effectiveness and risk avoidance, we promote local production for local consumption by procuring raw materials from the regions where our plants are located as we aim to coexist and prosper with local industries. Because the ASEAN region forms one economic zone, we view the region as one country.

## KPI

### Number of CSR Procurement Committee

# 6

per year

(Held once every two months)

By holding regular committees attended by the CSR Division and Procurement Division, we aim to study and promote future activities.

- Gathering information and assessing trends related to leading CSR companies
- Assessing and responding to supply chain conditions during earthquakes
- Ensuring the purchasing code of conduct is complied with by departments involved with domestic and overseas procurement
- Improving compliance among business partners by holding CSR study meetings

## Localizing on a global scale: promoting local production for local consumption

With the globalization of the Yokohama Rubber Group's business, we promote local procurement of raw materials while taking into consideration quality and costs in our aim to establish good relationships with local business partners.

At Suzhou Yokohama Tire Co., Ltd. and Hangzhou Yokohama Tire Co., Ltd. in China, the local purchasing division, technical division, and procurement division have worked together to improve the local procurement rate through increased business partner adoption. As a result, even after the Great East Japan Earthquake, the supply chain was not interrupted and we were able to provide our products to customers.

In the future, at our new business locations in Russia and India, we will promote surveys to develop local business partners in an aim to increase the local procurement rate.

## Establishing and deploying throughout the Group a purchasing code of conduct aimed at promoting equitable and fair trades

The Yokohama Rubber Group is working to build relationships of trust based on equitable and fair trade with the business partners in its aim for co-existence, prosperity, and mutual development. For this reason, in addition to our previously-observed basic purchasing policy, from FY2011 we also established a system of purchasing ethics with the understanding of our purchasing managers. This system of purchasing ethics will be combined with our basic purchasing policy to form a purchasing code of conduct. We will ensure that the entire Group, including overseas subsidiaries, is aware of this purchasing code of conduct.

We aim for this purchasing code of conduct to be an extremely practical code based on incidents that happened in the past at the Group and other related events that occurred at other companies.



### FY2012 issues and targets

#### Localizing on a global scale: promoting local production for local consumption

Ever since we are taking the promotion of our local business partner development and local adoption activities.

During FY2012, in addition to activities that have been conducted in the past, we will use the China Technology Center within Suzhou Yokohama Tire Co., Ltd. in China, as well as an evaluation base in Japan as we promote the speedier adoption of local raw materials to increase the local raw materials use rate. In addition, we will promote the development and adoption of local business partners to increase the local raw materials use rate at existing business locations in Russia, where production was launched in during FY2012 and India, where we plan to launch business in the future.

#### Promoting equitable and fair trade

Up until now, we have conducted workshops for business partner liaison managers, business partners of domestic business locations and CSR training for purchasing managers at overseas subsidiaries for the purpose of increasing awareness of CSR both internally and externally. During FY2011, a purchasing code of conduct was established as it was recognized that such a code was needed for purchasing managers. During FY2012, we will hold workshops for the business partners of domestic business locations and ensure that all purchasing staffs are fully aware of the purchasing code of conduct. So that the same business partner workshops can also be held at overseas business locations, we will work to improve training activities and establish systems and frameworks to promote CSR activities at all of our business locations.





# 7 Pillars of Critical Issues for Yokohama Rubber to Address



# 6/7

## Stakeholder Communication

### Stance and policy

We will continue to enhance mutual understandings and credibility by reflecting our stakeholders' feedback onto our corporate activities by conducting two-way communication with both of our internal and external stakeholders while providing information in a timely manner.

### KPI

**Yokohama Forever Forest project**  
**Number of seedlings planted during the year**

▶ **48,980**  
trees

The project aims to plant 500,000 seedlings mainly in both our domestic and overseas production sites by FY2017. During FY2011, we planted 136,776 trees at domestic business locations along with 96,167 trees at overseas business locations. Although we planned to plant 45,000 trees during FY2011, we managed to plant more trees than planned.

**Number of social gatherings held with local citizens at production bases (per year)**

▶ **2**  
per year

The number of social gatherings held with local citizens at production bases has been established as a KPI for measuring the level of communication with citizens living in the areas near our production bases. We believe that everyday communication with citizens living nearby is extremely important, particularly for production bases located in urban areas.

## Yokohama Forever Forest project

Through this project, we hope to raise the awareness of the participants towards the environment, create fire prevention programs and forests to preserve the environment, contribute to global warming prevention, maintain biodiversity, and improve communication with the local community. One of the main characteristics of this project is that we are conducting it under the guidance of Dr. Akira Miyawaki, Plant Ecologist and Emeritus Professor of Yokohama National University. In addition to planting, most of the forest-building work is done by our own employees, their family members, and local residents, including the nurturing of soil, collection of acorns, and creation of seedlings in pots.

This project was initiated in Japan in 2007 when our Hiratsuka Factory started planting trees, and the factory has now planted trees for approximately three to four years. Overseas, we plan to deploy this project on a global level, including Asian production bases in countries such as China, Thailand, the Philippines, and Vietnam; our production bases and headquarters in the US; and other business locations overseas and in Japan.

We also provide seedlings to external organizations as a means of fulfilling our corporate social responsibility and have provided a cumulative total of 76,000 seedlings as of FY2011. To measure the effects of planting, we observe wild birds, conduct tests on the fixed quantity of CO2 absorption, and conduct temperature measurements at the Hiratsuka Factory.



## Social gatherings with local residents and factory tours

During FY2011, we worked to communicate regularly with local communities at each of our business locations through measures such as social gatherings with local residents and local clean-up activities.

We plan to promptly respond to the requests and opinions provided by local residents at these social gatherings regarding dust, noise, odors and the idling of large-sized vehicles passing through.

The details of these activities are made available through reports from each of our business locations:

URL <http://www.yrc.co.jp/csr/en/data/index.html>



Social gatherings with local residents

## Working together with regions at business locations overseas and in Japan

At business locations overseas and in Japan, we conduct activities aimed at resolving local issues, including biodiversity surveys near business location and working together with NGOs and NPOs, as well as relief activities in response to disasters.

What do our stakeholders expect of us? Are we satisfying their expectations? By maintaining constant communication with all of our stakeholders, Yokohama Rubber Group is striving to live up to the expectations from our society. Through these initiatives, we hope to increase the vitality of local communities, our employees, and our company.



### FY2012 issues and targets

#### Yokohama Forever Forest project

We are working to prepare seedlings for the Tohoku Committee for Promoting Forest That Protect Lives. In this project, the Committee has provided us with seedlings from Tohoku, which we will act as a foster parent for two to three years and then provide to Committee-supervised forests free of charge.

In Otsuchicho, Iwate Prefecture, we are involved with the gathering of acorns which we raise at our plant and use in the creation of Forest That Protect Lives.

#### Communication with local residents

We aim to hold two social gatherings in a year with local residents near our plants in order to establish regular

communication with communities. In addition, we aim to conduct social contribution activities in 16 fields at all of our production bases.

#### <16 fields of social contribution activities>

1. Regional cleaning and beautification, 2. Blood donation, 3. Social gatherings with local residents, 4. Allowing facility visits, 5. Factory tours, 6. Hands-on internships, 7. Regional disaster prevention, 8. Charity events for social welfare donations, 9. General solicitation of donations, 10. Sponsoring regional events, 11. Working to receive commendations from regions, 12. Lifesaving classes, 13. Holding local exchange events, 14. Planning environmental events with external organizations, 15. Regional volunteer work, 16. Cultural exchanges

## Activities at overseas group companies

### Y.T. Rubber Co., Ltd. (YTRC) initiatives



The employees are on their way to conduct restoration activities in a boat. We are impressed at the ability of Thai people to smile even at times like these.

Operation at YTRC in Thailand was commenced in May 2010. YTRC currently employs a total of 50 local residents. We strive to provide a reassuring workplace in aspects above and beyond the level of wages provided.

There are many farms and fish and shrimp nurseries nearby YTRC, and for this reason there is a high level of interest related to the aquatic environment due to the strong impact it has on the livelihoods of local residents. As we aim for YTRC to be accepted by the region as a good corporate citizen, we thoroughly recycle wastewater from our plants and promote open exchanges with local residents by having resident representative observe our plants.

Some employees lost their homes following the heavy rains and floods in the late summer of 2011. Thanks to the goodwill of a local elementary school, these workers were provided a place to live for approximately a month and a half. We would like to express our thanks for the goodwill of the local residents and construct a positive relationship with the region by providing it with the support that it needs in the future.





# Corporate Governance and Compliance

**7** Pillars of Critical Issues  
for Yokohama Rubber to Address



**7/17**

## Stance and policy

Yokohama Rubber Group is making every effort to fortify and improve the support system for corporate governance to be established in order to realize management with transparency and fairness under our Corporate Philosophy. Thereby, this is becoming the management body to maintain our ever evolving corporate value in order for our management to continue to win un-shakeable credibility.

### KPI

#### Number of Risk Management Committees



**2**  
per year

The Risk Management Committee is held regularly twice a year to conduct inspections on the risks held by the Group's various committees to identify new risks.

#### Holding of the Compliance Manager Global Meeting



**1**  
per year

This new initiative was commenced in 2011. This meeting is held for compliance and legal staff members at overseas subsidiaries so that local staff can conduct compliance based on their own local laws and regulations. Although only four overseas production subsidiaries participated on this occasion, we plan to expand the scope in the future to include sales companies.

## Holding of the Risk Management Committee

At Yokohama Rubber Group, we work to remain aware of new risks and create preemptive control systems and countermeasures aimed at avoiding and preventing these types of risks. The Risk Management Committee, chaired by the Corporate Social Responsibility Division General Manager, was held twice during 2011 in May and November. We identified the risks that arose over the past half-year and verified countermeasures for the prevention of these risks in the future. Specifically, we assumed the tsunami damage that would be caused by major earthquakes strike in the Tokai, Tonankai and Nankai areas, and conducted tsunami evacuation drills at two production bases and 23 sales locations on November 24. A report was made on the risks that were confirmed and reminders relating to pertinent issues were issued throughout the Group.

## Initiatives aimed at strengthening our compliance system

A Compliance Committee chaired by the President is held four times a year for listening to reports and holding discussions relating to compliance issues that occurred over the past three months. The contents of reports and consultations include various matters, such as suggestions relating to business operation and problems and dissatisfaction relating to human relationships, and we aim to respond sincerely to all matters in order to build up a structure worthy of the confidence of employees making inquiries.

### Initiatives aimed at strengthening our compliance system overseas

In response to strong demands for global compliance in the conduct of everyday business operations, we have launched initiatives aimed at making homogeneous improvements to legal systems and compliance awareness at overseas subsidiaries. From 2011, the Global Compliance Meeting has been held with compliance and legal staff members at overseas subsidiaries for the purpose of sharing the Group's overall basis compliance policies and know-how on compliance activities. In the future, we plan to expand the scope of participating companies to include sales companies.



### FY2012 issues and targets

#### Risk management

We will study and prepare countermeasures based on the earthquake seismic distribution and tsunami height assumptions that were released in March 2012. In addition, we will take the lessons learned from the tsunami evacuation drills that were conducted in fall 2011 and conduct evacuation drills aimed at avoiding the newly discovered risks.

#### Improving the global compliance system

We believe that it would be ideal to make homogeneous improvements on a global level to the awareness of employees towards compliance, the contents of training, the assessment of problems that occurred, and the ability to respond. Meetings attended by compliance and legal staff members from each overseas subsidiary will be held continuously for the purpose of making improvements in these aspects.



# Third-Party Opinion

Continuing from the 2009 CSR Report, YRC received a third-party opinion from Mr. Hideto DeDe Kawakita, CEO of the International Institute for Human, Organization and the Earth (IIHOE).

The description herein refers to the opinions based on this report, a related website (<http://www.yrc.co.jp/csr/en/>), and also interviews held with each personnel from YRC's Raw Material Procurement, Human Resources, General Affairs, and CSR division. Suffice to say, YRC's various approaches toward CSR are steadily progressing with the PDCA Management cycle, especially with regard to the reduction of environmental burdens.

## Truly Commendable Areas

► Regarding the Yokohama Forever Forest Project (<http://www.yrc.co.jp/csr/mori/index.html> (Japanese language only)), in only five years since the project was launched, YRC has planted more than 230,000 trees with sufficient consideration towards the preserving and improvement of biodiversity both in their domestic and overseas offices. They nurtured the seedlings on their own, and not only were 78% supplied within the YRC Group in the fiscal year of 2011, but also in Japan, they have been providing more than 70,000 trees so far to municipal governments and other companies.

In particular, I commend the company for playing a leading role in the life-saving green coastal levee project planned for areas affected by the Great East Japan Earthquake. I also truly commend this program for contributing to society to preserve and improve forest ecosystems and greeneries, without a doubt they deserve the highest standard of the world. Going forward, I hope that the Yokohama Forever Forest Project website will also evolve into a portal that also introduces many examples of similar initiatives being implemented by other companies.

► Regarding Conservation of Biological Diversity (<http://www.yrc.co.jp/csr/en/report2012/environment/biodiversity.html>), I commend YRC for performing a study at its Mie Plant as well as hosting employee-led workshops and briefings for the local community, based on the preliminary studies implemented at 30 of the company's business sites both in Japan and overseas in the fiscal year of 2010. Through this initiative the company is helping to foster a correct understanding of ecosystems as well as the positives and negatives of the company's impact. Going forward, I hope that the company will steadily expand the scope of this initiative to its other business sites.

► Regarding CSR Promotion System (<http://www.yrc.co.jp/csr/en/outline/group.html>), while I commend the company for establishing interim targets up to 2017 and promoting initiatives using key performance indicators (KPI) based on core subjects from ISO26000, going forward I encourage the company to use targets and measures created using a bottom-up approach at its domestic and overseas sites. I also hope that the company will introduce in greater detail initiatives being implemented by group companies both in Japan and overseas as part of future reports. Much like the biological diversity conservation program started at the Mie Plant, I encourage greater stakeholder involvement required of ISO26000 by establishing opportunities for continuing dialog with NPOs and other organizations located in communities where the company has important operations.

## While Approving of Progression, Areas may need Improvement

► Regarding Reduction of Environmental Burden (<http://www.yrc.co.jp/csr/en/report2012/environment/>), while commending the company for making progress in reducing the impact its products have on the environment, which includes increasing the use of recycled powdered rubber by some 40% compared to last year, at the same time, it is worrisome that the generation of waste material and the emission of greenhouse gasses have greatly increased due to recovery in their production quantity compared to last year. From now on as well, I



**Hideto DeDe Kawakita**

CEO

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IIHOE:

The International Institute for Human, Organization and the Earth is a non-profit organization established in 1994 for the democratic and balanced development of all the lives on the earth. Although it mainly provides management support for citizens' groups and welfare workers, the group is also heavily involved in providing CSR support to major companies.  
<http://blog.canpan.info/iihoe/> (Japanese language only)



strongly expect them to facilitate with that. Non-fixation of energy usage adjustable to the fluctuation of production quantity (Just-In-Time for Energy) by going thoroughly about with the visualization of challenges and methods, and also sharing the same support system among their divisions and overseas sites.

### ► As for CSR at Suppliers

(<http://www.yrc.co.jp/csr/en/report2012/partner/>), I commend the company for launching CSR workshops and developing a system by formulating purchasing rules. In order to more specifically and effectively improve initiatives being undertaken by suppliers, from now on as well, I strongly expect them to establish a supporting system to mingle with them for sharing, appraisal, and problem solving of actual cases.

► Regarding Improvement of Workplaces to Retain Employees (<http://www.yrc.co.jp/csr/en/report2012/employee/employee4.html>), I commend the fact that 2.60% of YRC employees took the system for paid vacation, leave of absence or shorter work hours in order to care for a child or family member in need thanks to the establishment of a new paternity leave program. Going forward, I strongly urge the company to establish an environment where employees can continue to work while also taking leave, such as by introducing examples of people that have taken nursing care leave. In terms of mental health care, while commending the company for conducting stress screening for all of its employees, going forward I hope the company will promote even more effective measures aimed at preventative care, such as establishing a hotline where employees can discuss personal problems.

► As for the enhancement of a human resource portfolio required as a global corporation in mid-term, I think it is good that the company started taking actions on the consistent evaluation process as a group corporation for those who belong to managerial layer, meanwhile, going forward, I strongly encourage the company to accelerate its development of the next generation of executives at both its head office and overseas sites.

► Employment of Persons with Disabilities (<http://www.yrc.co.jp/csr/en/report2012/employee/employee5.html>), I commend the company for establishing Yokohama Peer Support Co., Ltd. and for establishing a system through receiving approval for special subsidiary company status. I ask that the company work more proactively to achieve the statutory employment rate of persons with disabilities and implement measures to ensure that employees with disabilities are retained over the long term.

## Upon Acknowledgement of Third-Party Opinion

We have received guidance from Mr. Hideto Kawakita, CEO of IIHOE pertaining to a wide range of issues, from reducing our impact on the environment to the social contribution activities we should implement as a company and our assistance in the wake of the Great East Japan Earthquake.

With regards to reducing our impact on the environment, we are continuing to reduce the environmental impact of our products by among other things further increasing the amount of recycled powder rubber used in our tires and products.

In addition, we are pushing forward with a shared system at our overseas sites to better visualize issues and methods, such as Just-In-Time for Energy that promotes the fluid use of energy to adapt to fluctuations in production volume.

As for improving workplaces to retain employees, we will establish an environment where employees can continue to work while taking leave, a hotline to provide more effective mental health care services, and measures that ensure employees with disabilities are retained over the long term.



**Kinya Kawakami**

Director and Managing Corporate  
Officer, General Manager,  
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