

# 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.

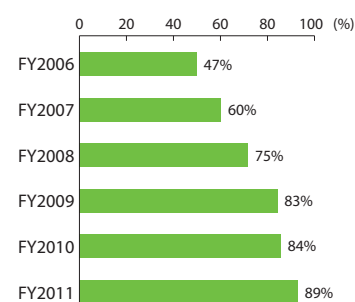
## Environmentally friendly products

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

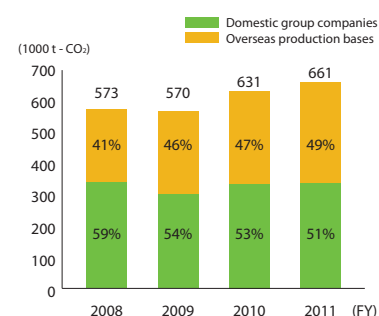
### Global warming countermeasures

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.

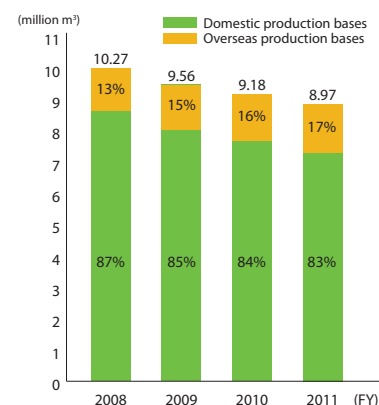
### Effective use of resources

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.



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

## 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.



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



## 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

**5/7**

### 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



**7/7**

## 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.

