

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



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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.



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