

For the Global Environment

We challenge to build a sustainable society in harmony with the environment, to protect our blue planet and human beings.

Contributing to a reduction in the burden on the environment by promoting the widespread adoption of retread tires in the transportation sector

At Yokohama Rubber, we have been focusing heavily on the manufacturing and sale of retread tires, which are used tires that have had the tread (the part of the tire that comes into contact with the road surface) replaced with new tread. In October 2015, we launched two new retread tire models designed for use on small trucks and buses: the LT151R, which offers outstanding wear resistance, and the iceGUARD iG91, a studless tire that provides superior driving performance on ice and snow.

Retread tires can be manufacturing using only around 30% as much raw material (by weight) as brand-new tires, and the amount of carbon dioxide emitted during the production process is approximately 60% less. The utilization of retread tires also helps to reduce the quantity of

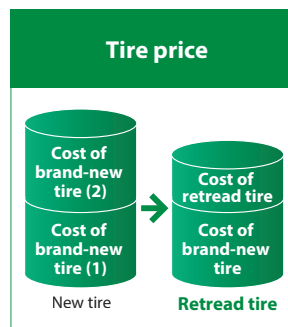
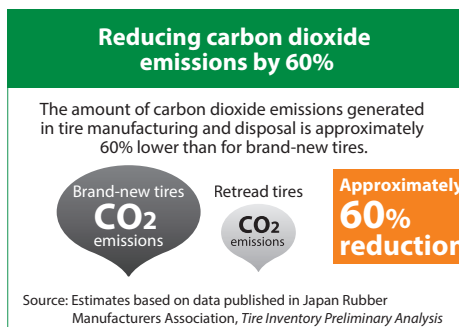
waste tires that need to be disposed of, so from the perspective of the "3Rs" (Reduce, Reuse, and Recycle), the widespread adoption of retread tires can be expected to be very effective in helping to safeguard the environment. When designing tires, Yokohama Rubber has for many years now taken into account the need to ensure that the tires will remain durable if they are retreaded and reused, thereby ensuring tire safety and quality, while also reducing the effective cost per tire.

The transportation sector in particular is experiencing rapidly growing demand for retread tires, partly in order to upgrade the sector's environmental management (with a particular focus on working to combat global warming), and partly to reduce costs. Currently, however, only around 20% of the tires used on trucks and buses in Japan are retread tires, a figure which is very low by comparison with the situation in Europe and North America, where awareness of the benefits of using retread tires is higher.

In the future, Yokohama Rubber will be working to promote wider adoption of retread tires in the transportation sector, by offering combinations of brand-new tires and retread tires that provide cost savings, and by stepping up PR efforts to spread awareness of the benefits of retread tires. We are also making a concerted effort to further enhance the quality and cost-effectiveness of retread tires using a variety of different approaches, including the development of new tire products that can be retreaded more than once, further enhancing the durability of brand-new tires, and working to increase the share of used tires that are recycled, etc.



Resource recycling in the form of retread tires can help to reduce the amount of carbon dioxide emitted at the tire production stage, while also contributing to a reduction in the quantity of waste tires generated. It is also an economical approach, providing significant cost savings.



Developing an automotive air-conditioning hose for the next-generation, environmentally friendly refrigerants

Yokohama Rubber has developed and marketed a high-pressure automotive air-conditioning hose, the AC6B-11, designed for the HFO-1234yf, which has a significantly reduced environmental footprint.

HFO-1234yf has a very low Global Warming Potential (GWP) of just 4, compared to 1,300 for conventional air-conditioning refrigerants. This ability to contribute to the prevention of global warming has provided impetus for a shift over to using HFO-1234yf. However, at high temperatures HFO-1234yf tends to react with moisture inside air-conditioning hoses, leading to the release of an acid that can result in significant degradation of the inner resin of conventional hoses, with the appearance of cracks, etc.

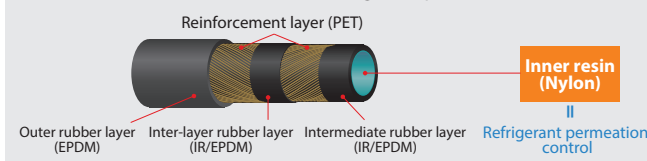
The new type of hose that Yokohama Rubber has developed incorporates an acid acceptor that captures and breaks down the acid runoff from the resin material, thereby successfully preventing degradation of the resin. Yokohama Rubber has been awarded patents for this technology not only in Japan, but also in North America, Europe, and China. The AC6B11 hose has already been adopted for use in cars designed for the European market, including the Subaru Impreza, the first production car in the world to use the new HFO-1234yf air-conditioning refrigerant.

The European and North American automotive industries have been gradually introducing a GWP 150 restriction on refrigerants, with all new vehicles in North America to comply by 2020 (2023 in Japan). There is also a movement to push forward these dates. Yokohama Rubber will continue to

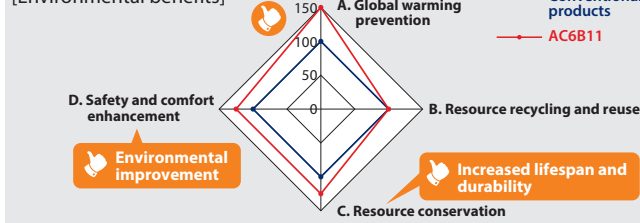
further advance its development of products that meet various needs, such as the strict heat-resistance demands of overseas automotive makers and the various refrigerant and refrigerant oil* combination requirements of different system makers, while contributing to the use of refrigerants with a low environmental burden.

* Refrigerant oil: A lubricant for refrigerant compressors in refrigerating air-conditioning equipment

[The structure of our new air-conditioning hose product]



[Environmental benefits]



Message from an automotive air-conditioner manufacturer

With the aim of contributing to the development of a new type of hose that would be able to cope with the new types of refrigerant now being introduced, we have been working together with Yokohama Rubber, undertaking repeated studies to determine the causes of cracks, and sharing ideas with one another. As a result of these research efforts, Yokohama Rubber has developed its new AC6B11 hose product.

During the development process, Yokohama Rubber shared their chemical know-how with us in a very easy-to-understand way, which proved very useful to us when providing product explanations to our car manufacturer customers. In addition, the test standards* derived from the data obtained in this project have provided the basis for the new Valeo standard, which is being used to evaluate the chemical reliability of other products too.

While there are still some problems to be addressed in regard to hoses (including the need to add noise-reduction functionality, heat-resistance, etc.), we look forward to continuing to respond to our customers' suggestions in the future.

* Test standard: Standards for testing methods regarding performance and functionality.

Mr. Takeo Shimizu (left)
Manager
Thermal Asia Regional Operation R&D
Valeo Japan Co., Ltd.

Mr. Hiroataka Kajizuka (right)
Hose Design Group Leader
Thermal Asia Regional Operation R&D
Valeo Japan Co., Ltd.





Together with Local Communities

We build a trusted identity as a contributing member of the global community by making contributions to the development and prosperity of local communities.

Yokohama Rubber has been providing support for the “Heyuan Community Sustainable Development and Ecosystem Protection Project,” which aims to help safeguard the biodiversity of, and the livelihoods of the people living in, the Three Parallel Rivers of Yunnan Protected Areas (a UNESCO World Heritage Site)

The Three Parallel Rivers region is an area in the north of Yunnan Province, China where three major rivers run parallel to one another. The area's rich animal and plant life has led UNESCO to designate it a World Heritage Site. Heyuan Village is one of the major tourism centers within the Three Parallel Rivers region; it is a minority nationality village located within the Laojunshan Nature Reserve, Lijiang, Yunnan. The village has just over 2,000 people living within an area of approximately 108 square kilometers. In the past, there were no significant cash crops to serve as a source of income, and the inhabitants relied on logging and hunting wild animals, which provided a limited amount of income for them. As a result of unrestricted logging that had continued over an extended period, the area's topography and its precious natural resources were damaged, and its biodiversity was under threat.



In 2011, Yokohama Rubber (China), Co., Ltd, which oversees Yokohama Rubber's business operations in China, began providing support for the “Heyuan Community Sustainable Development and Ecosystem Protection Project” initiated by Chinese environmental NGO Beijing Sansheng Environment and Development Research Institute.

The aim of this project is to facilitate the sustainable development of Heyuan Village by transforming the village economy so as to safeguard both local economic development and the local ecosystem. 2011 saw the establishment of a “Village Bank” to provide funding to support a shift away from logging towards arable and pastoral farming, and the provision of training in agricultural techniques began. In 2012, an “Ecological Scholarships (Education Support)” plan was launched to help families in the village who were experiencing a temporary fall in income because of the transformation of the local economy to pay their children's school fees. In 2013, the village was provided with equipment and funding support for the processing of honey, the herb *Gastrodia elata*, and other agricultural products, and in 2014 the “Laojunshan Ecological Agricultural and Forestry Product Sales Platform” was launched. The villagers have also been working in collaboration with business enterprises, receiving support to help them increase the value-added of their products through improve packaging, processing, etc., and have received assistance in developing distribution channels, as well as training in production techniques, etc.

As of March 2015, “Village Bank” branches had been established in nine locations in Heyuan Village, and 203 households (representing 42% of all

households in the village) were participating in the “Heyuan Community Sustainable Development and Ecosystem Protection Project.” As a result, average household income rose from 650 Yuan in 2010 to 3,000 Yuan in 2013. The interest paid on loans from the Village Bank was donated to the village cooperative for use in ecosystem conservation and sustainable development initiatives, enabling the ecosystem protection area to be increased to around 3,055 hectares.

The Heyuan Village project is the first initiative of its kind in China that combines environmental protection efforts with economic development (with participation by business enterprises), and the project has attracted a great deal of positive comment within China. In March 2013 the “Heyuan Community Sustainable Development and Ecosystem Protection Project” was selected by the Development Research Center of China’s State Council as a “Project Observation Point,” and in September 2013 the Project was honored as an outstanding public-interest project in the first “Beautiful China, Green Magnificence” awards. In January 2015, the Project received the China Social Innovation Award, and Yokohama Rubber (China), Co., Ltd.

received the Outstanding Corporate Image Award.

With the aim of building on the three years’ experience at Heyuan Village and expanding the project scope, in the spring of 2015 the provision of support began to Liguang Village, which is located within the same Nature Reserve. In the future, Yokohama Rubber will continue its involvement in sustainable community development initiatives.



Laojunshan



Message from a local resident

When the project was first launched, at a time when we were having trouble making ends meet, nobody really understood the idea of establishing a “Village Bank” so that everyone in the village could benefit from the aid money. However, after a series of meetings were held, we gradually developed a more in-depth understanding of the arrangement. Villagers who in the past were viewed as being destroyers of the natural environment are now playing a leading role in safeguarding the environment, and I believe that being able to obtain benefits from protecting the environment has changed people’s attitudes. By working together, the villagers have been able to make steady improvements in the state of the local ecosystem. In the future, we will continue working to overcome the apparent contradictions between environmental protection and economic development.

Mr. Li Yukun

Vice Chairman, Heyuan Eco-Industry Cooperative

Yokohama Rubber’s activities to help safeguard biodiversity in Thailand by monitoring and mitigating the impact of business activities on the environment



An open day at the Biodiversity Learning Center

Since its establishment in 2004, Yokohama Tire Manufacturing (Thailand) Co., Ltd. (YTMT), which is Yokohama Rubber’s tire manufacturing and sales subsidiary in Thailand, has been working steadily to minimize the impact of its production activities on the environment through the implementation of better environmental measures. Starting from 2008, as part of the “Yokohama Forever Forest Project” initiative, YTMT has planted over 60,000 trees in Thailand, helping to create a diverse habitat that can support a wide range of living creatures.

In September 2013, YTMT launched a new activity to help safeguard biodiversity. This involved catching and photographing birds, butterflies and dragonflies to calculate indicators that can give some idea of the current state of the local environment, as well as investigating the species distribution, availability of food, habitats and lifecycle, etc.; this information is being preserved in the form of a database. Using these data, YTMT has been able to verify that the natural environment in the vicinity of its factory is in a healthy state; the data are made public for the reference of other

interested parties.

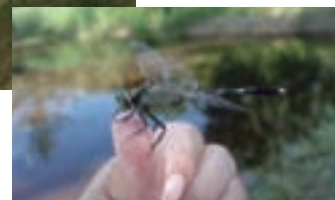
In October 2015, YTMT established a new “Biodiversity Learning Center.” Local residents have been invited to attend presentations at the Center to learn about YTMT’s biodiversity preservation activities and Yokohama Rubber’s other environmental initiatives. The local inhabitants commented that they hoped YTMT can continue making this kind of information available to the public, and that it would be much appreciated if the Center could be used as a venue for environmental education activities for local children. Responding to these suggestions, in February 2016 YTMT completed construction of a biotope eco-park and an expanded Biodiversity Learning Center, which are open to the general public.

In the future, YTMT will continue to implement measures to safeguard and enhance biodiversity, and will take steps to share the fruits of its endeavors as places for joint learning with local schools, local government bodies and ordinary members of the public.



Creating the biotope

Some of the living creatures found in the vicinity of the factory





Together with Our Customers

We supply safe and secure products through manufacturing focused on the heart and technology.

Enhancing drivers' safety and peace of mind when driving on snow-covered or icy roads Yokohama Rubber introduces the iceGUARD5 PLUS

In August 2015, Yokohama Rubber announced the launch of the iceGUARD5 PLUS, a new studless tire that provides superior performance on icy roads. The design for the new tire reflected end-users' suggestions regarding their expectations for studless tire performance, analysis of usage conditions, etc.; intensive market research helped to solidify the product design concept. Surveys of drivers who use studless tires on a regular basis showed that the aspect of tire performance that they were most concerned about was performance on ice. The road surface conditions in those parts of Japan that receive heavy snowfall are actually some of the most challenging in the world. Despite the heavy snowfall, the temperature is usually not especially low; as a result, the snow melts during the daytime and then refreezes as ice during the night, making for very slippery, dangerous roads.

Yokohama Rubber's goal was to ensure that our studless tires would help to keep end-users safe, even in the face of these hazardous road conditions. We want consumers to be able to drive with complete peace of mind. This vision led us to develop a Super Absorptive Compound that is combined with Absorptive Giant White Gel that is up to 30 times larger than conventional gel.

The reason why tires tend to slip on icy roads is because the ice covering the road surface melts due to frictional heat, creating a film of water on the road surface. This film prevents the tires from getting a grip on the ice below.

Yokohama Rubber's iceGUARD5 PLUS, with its Super Absorptive Compound, enhances tire surface absorption capability by 20% compared to conventional tire products. The film of water on the road surface is absorbed almost instantaneously, ensuring good contact between the tire and the ice covering the road. The Super Absorptive Compound remains soft even at low temperatures, enabling it to fill the tiny depressions in the ice surface, thereby providing better adhesion, and enabling the tire to maintain its usual grip.

Another impressive feature of the iceGUARD5 PLUS is that this superior performance on icy road surfaces does not deteriorate over time. Extended use simulations showed that the deterioration in the ice friction coefficient is only around one-third of that seen with conventional tire products, ensuring that the iceGUARD5 PLUS is able to continue providing users with safety and peace of mind over a long period.

One of the areas that tire users were most interested in seeing improvement in was fuel economy. To this end, Yokohama Rubber combined some of the advanced fuel-efficient tire technologies that we have developed over the years. Thanks to adjustments to materials and tire structure, rolling resistance has been reduced by 7%.

During development, test drives were performed repeatedly under all possible conditions and with a range of different icy road surface scenarios, including slippery road conditions caused by compacted snow, black ice (where a thin layer of ice forms on the road surface), etc. In the

future, Yokohama Rubber aims to provide even higher-performance tire products, with a comprehensive range of functionality including

enhanced ability to perform controlled braking on icy roads, smoother acceleration and braking on snow-covered or icy roads.

The use of the improved Super Absorptive Compound provides a braking distance on ice that is 7% shorter than with conventional tires*

*More detailed test data is available to the Tire Fair Trade Council.

[Test data for braking distance on ice (indicator)]



Striving for even better performance — Holding test drive days both in Japan and overseas

To ensure that customers' reactions to existing products and customer needs can be properly reflected in the development of future products, Yokohama Rubber holds test drive days, both in Japan and overseas, for the companies that purchase our products and for the media.

In fiscal 2015, a special test drive day was held for the new iceGUARD5 PLUS studless tire at Yokohama Rubber's own T*MARY test track in Kamikawa district, Hokkaido (operations at which have since been relocated to TTCH). Over a hundred representatives of customer firms and of the media took part, having the opportunity to experience driving cars fitted with the iceGUARD5 PLUS tire in braking on ice tests, snow slalom, snow hillclimb, and snow handling tests, etc.

After the test drives, participants were asked to give their views, and also to fill out a questionnaire survey. Besides the many positive comments, such as "It is a very well-balanced tire; I would be able to sell this tire with confidence," and "You can feel quite relaxed going into a corner, and then put your foot down coming out of the corner and still maintain good handling," we also received some useful suggestions for future product development.

A test drive day has also been held at the Yokohama Test Centre of Sweden, located in Northern Sweden. There were around 250 participants from Yokohama Rubber customer firms in Germany, Italy, France, Norway and other parts of Europe. Participants had the opportunity to try out cars fitted with Yokohama Rubber's new iceGUARD5 PLUS studless tire, winter tires designed for use in Continental Europe, and studded tires designed for use in Scandinavia and Russia; they were able to compare these tires



A scene from the test drive day



with existing products, and experience how they handle on snow, braking performance on ice, etc. Although the weather on the day of the test was un-seasonally warm, resulting in less-than-ideal driving conditions, participants were still able to appreciate the high performance of Yokohama Rubber's new products and the disparity between these new tires and conventional tire products.

The views and impressions expressed by participants at test drive days like these will be reflected when Yokohama Rubber is planning new products in the future, helping us to decide on the positioning and goals of new products and enabling us to develop products that meet society's needs.

Comments by test drive day participants

Taking part in this test drive day enabled our dealers to experience Yokohama Rubber's new winter tires for ourselves, and showed us that these products are high-performance tires that really do meet the requirements of driving in Scandinavia. I feel that these are definitely products that we will want to stock.

Mr. Egli Stenshagen
Auto Grip

I am very happy to have had the opportunity to take part in such a marvelous test drive day. All of the participants, myself included, had looked forward to the event very much. I had never had the opportunity to take part in a winter test drive day before, which made this event even more special. Most of the other participants I talked to felt that, of all the test drive days they had participated in, this was the one which enabled them to evaluate the tire products with the most precision and clarity.

Mr. Michal Kamieniarz
ITR CEE

This was a very well-organized, truly outstanding test drive day. All of the members of our team had an incredibly good experience. I hope that Yokohama Rubber will continue to hold similar events in the future.

Mr. Richard Peto
ALCAR Hungaria KFT

To Our Stakeholders and Investors

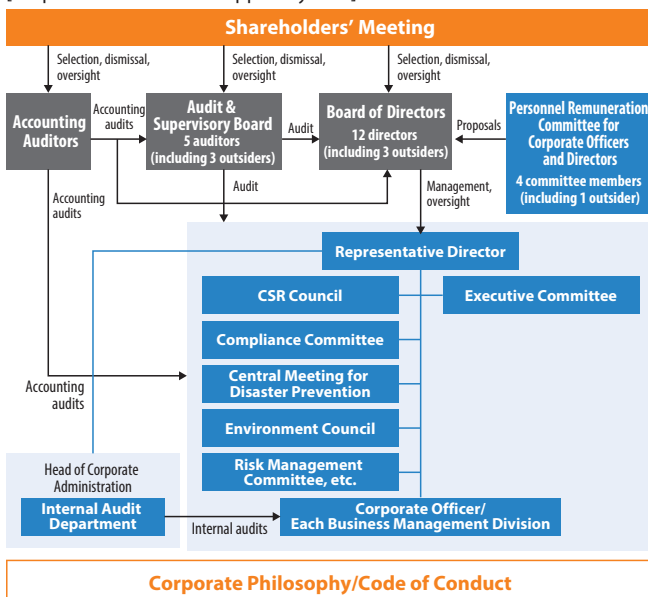
We improve our company value by growing business opportunities.

Ensuring transparency in all our business areas, and being properly prepared for a wide range of risks

Strengthening corporate governance

The Yokohama Rubber Group has put in place a corporate governance system designed to realize sound, transparent, fair business management in accordance with the Corporate philosophy, and is working to achieve a further strengthening of this system. In this way, we will be able to maintain solid management fundamentals supporting continued value creation, while maintaining the unshaken confidence of all stakeholders.

[Corporate Governance Support System]



Regarding the structure of the board of directors, Yokohama Rubber has obtained the agreement of the shareholders' meeting to add an additional outside director to the board; of the 12 members of the board of directors, 3 are now outside directors. Decisions regarding personnel and remuneration matters for company officers are approved by the board of directors following review by the Personnel Remuneration Committee for Corporate Officers and Directors; an outside director has now been added to the membership of this Committee, thereby ensuring enhanced transparency and fairness in its deliberations.

Please note that disclosure pursuant to the requirements of the Code of Conduct is outlined in Yokohama Rubber's Corporate Governance Report. (<http://www.y-yokohama.com/profile/governance/>) (available only in Japanese)

Promoting engagement with shareholders

With the aim of enhancing understanding of the company's corporate vision, business strategy and business plans, since 2013 Yokohama Rubber has implemented visits to and talks with individual key shareholders on an annual basis.

Besides holding quarterly business results briefings (attended by senior Yokohama Rubber managers) for investors and analysts, Yokohama Rubber also makes a proactive effort to communicate and to disseminate information, for example by making available its annual report, business results, and interim and end-of-period reports on the company's website.

With regard to stakeholders other than shareholders and investors, Yokohama Rubber engages in dialog with outside experts, and endeavors to ensure that the views obtained are reflected in the company's business operations. We also create opportunities for regular dialog between the local inhabitants living near Yokohama Rubber's overseas production locations and the managers of these production sites, so that we can listen to local residents' requests regarding factory operation; in this way, we strive to ensure smooth coexistence between our overseas production sites and the districts in which they are located.

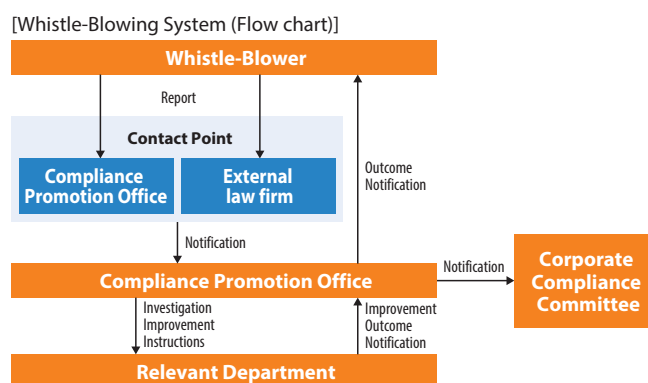
Risk management

In order to put in place a framework to ensure that risks affecting the Yokohama Rubber Group as a whole are properly handled, meetings of the Risk Management Committee (chaired by the Director responsible for CSR) are held on a periodic basis, and the company is working constantly to realize improvements in this area. In 2015, Risk Management Committee meetings discussed the following issues:

- Review of the risk management system
- Revision of the guidelines for dealing with emergency situations
- Review of the key points to note for persons working or on assignment overseas in regard to overseas terrorist incidents
- Review of the system for the safeguarding of personal information and sharing of information

Effective utilization of the compliance Whistle-Blowing System

Yokohama Rubber has established a Compliance Hotline contact window via the company's Compliance Promotion Office and an external law firm; this Compliance Hotline is available for the submission of reports by Yokohama Rubber Group (Japan) directors, regular employees and part-time employees, as well as by agency and contract staff working in the company's facilities. A total of 15,000 Compliance Cards (listing the Compliance Hotline telephone numbers and e-mail address) have been distributed to all applicable personnel, and the company guarantees that the submission of reports will not lead to unfair treatment of the reporting party. In 2015, the Compliance Hotline handled a total of 95 reports (anonymous or otherwise) and consultations.



What is expected of an outside director at Yokohama Rubber

OPINION An Outside Director's perspective



Hideichi Okada
Outside Director

To help Yokohama Rubber realize its goal of becoming a truly global enterprise, I aim to leverage my international experience by actively getting the company's message across to people outside the industry.

I believe that there are three things that are expected of me as an outside director. Firstly, I can observe how the company is viewed by outsiders, from the perspective of a non-related party. Secondly, I can view the company from the perspective of a layman (as opposed to an expert). Thirdly, I can make use of the perspective given me by my international experience, which has involved participating in negotiations with government agencies and businesspeople in countries throughout the world. With all of this in mind, I am endeavoring to proactively offer my views regarding the company's management, and ask questions where needed. I feel that my views are respected by the company in regard to the way it is run.

I get the strong impression that, under the effective leadership of the Chairman and CEO, the management team at Yokohama Rubber is displaying a high level of cohesion and is advancing steadily in a concerted way. I feel that the company is boldly moving forward in the development of its global business strategy, and that the company's management is making steady progress in the right direction. In order to realize the goal of making Yokohama Rubber a truly global enterprise, steps need to be taken to ensure that even more importance is placed on corporate governance and compliance. To ensure that Yokohama Rubber, with its world-renowned technology, is able to achieve wider popularity in global markets, I believe that it is important to ensure that the company's management decisions are readily understandable, even when viewed from overseas. I will be doing my utmost to provide advice that can help, in some small way at least, towards the achievement of this goal.

OPINION An Outside Audit & Supervisory Board Member's perspective



Akio Yamada
An Outside Audit & Supervisory Board Member

I believe that Yokohama Rubber can achieve steady growth through the strengthening of compliance, while taking appropriate measures to handle the new risks that accompany the expansion of its' global operations.

With Yokohama Rubber aiming to further expand its operations on a global scale, the company will be required to give due consideration to global standards that take into account the needs of a wide variety of different stakeholders. The most fundamental requirement in this regard is the need to abide by the laws and regulations of the countries and regions in which the company operates (i.e. compliance).

Yokohama Rubber's recent acquisition of ATG (Alliance Tire Group B.V.) will necessitate dealing with types of stakeholders that the company has not had to deal with in the past. It also means that Yokohama Rubber is faced with new types of risk. Yokohama Rubber will need to respond by further strengthening its internal controls and compliance.

The Audit & Supervisory Board has a very important role to play in this regard. Yokohama Rubber already has in place a system whereby, prior to the holding of meetings of the board of directors etc., the Board of Auditors is provided in advance with detailed information and detailed explanations from the company's executive officers. In addition, close communication has been maintained with the internal audit & supervisory board members and the company's external auditors. There are also opportunities to exchange views with the Chairman and the President. As Yokohama Rubber's Outside Audit & Supervisory Board Member, I intend to fulfill my role properly by expressing frank opinions when appropriate.



Together with Our Business Partners

We promote CSR activities throughout the value chain.

Implementation of the “CSR Accredited Farms” cultivation project in Thailand — Helping to ensure sustainable production of natural rubber

Y.T. Rubber Co., Ltd. (YTRC), which is Yokohama Rubber's natural rubber processing subsidiary in Thailand, has adopted the “Agro-Forestry” technique advocated by Professor Sara Bumrungsri (of Songkla University), and has launched a program to cultivate “CSR Accredited Farms” which can help to ensure sustainable rubber production while also creating a healthy working environment.



Natural rubber is a vital raw material for the production of the tires and hoses that are Yokohama Rubber's main products. With the aim of ensuring sustainable procurement of natural rubber, starting from 2014 Yokohama Rubber has been implementing surveys of biodiversity etc. in natural rubber farms in Southeast Asia that constitute the company's main rubber procurement sources. These surveys led to the adoption of the “Agro-Forestry” approach. Rather than planting only rubber trees in the form of monoculture, “Agro-Forestry” involves inter-planting rubber trees with a dozen or so other tree species, including bamboo and fruit trees.

Surveys conducted in Professor Bumrungsri's experimental farm showed that the use of the “Agro-Forestry” technique helps farms to maintain a state closer to that of natural forest than is possible with rubber tree monoculture, while also helping to conserve the biodiversity of the soil; an additional benefit is that the fruit and timber from the other tree species provide an additional source of revenue, boosting the rubber farmers' income.

It has also been confirmed that reducing the amount of chemical fertilizer used helps to stimulate rubber tree growth, boost the amount of rubber collected, and increase the lifespan of the rubber trees.

YTRC has been introducing “Agro-Forestry” techniques to YTRC employees' families and to local farmers, and has built up considerable evidence of the effectiveness of this technique. Using the sapling cultivation know-how developed through the “Yokohama Forever Forest

Project", YTRC has been providing the saplings of other tree species for use in inter-planting with rubber trees, to help farmers who are thinking about adopting this new method.

The implementation of this project has helped to strengthen YTRC's relationship with rubber farmers and other local residents, and YTRC is now providing additional consultation and support in regard to issues that relate to the working environment on rubber farms. It is hoped that this will contribute to an improvement in working conditions, including the prevention of child labor and forced labor, etc.

In the future, YTRC will be working in concert with local government authorities to try to expand the adoption of the "Agro-Forestry" method to include contract farmers, and will be taking steps to cultivate model "CSR Accredited Farms" whose operations pay due attention to the needs of the environment, human rights, etc.



Message from the project's leading advocate

Adoption of the "Agro-Forestry" technique can help farmers to obtain income not just from rubber, but also from vegetables, fruit trees, and medicinal plants, while often also boosting the rubber harvest.

Farmers tend to be reluctant to change their established agricultural techniques, but if they have the opportunity to visit farms where this method has been put into practice, exchange ideas with the researchers, and develop a better understanding of the techniques used, then this can help to expand the scale of adoption. I believe that the best way to help farmers acquire an understanding of the "Agro-Forestry" method is for them to be able to visit other farms where the method is already being used, and also for them to receive support in terms of provision of saplings and knowhow.

Professor Sara Bumrungsri
Songkla University

Implementation of a questionnaire survey regarding CSR-aware procurement

In August – September 2015, Yokohama Rubber implemented a CSR-aware procurement questionnaire survey and interviews targeting the suppliers who handle the natural rubber which is a key raw material for Yokohama Rubber's main products. The aim was to identify major issues relating to socially-responsible procurement, and to develop strategies for solving these problems.

The questionnaire survey was administered to suppliers, particularly in Thailand and Indonesia (which account for around 93% of all natural rubber procured by Yokohama Rubber). Suppliers were asked to answer 24 questions relating to conditions on suppliers' own plantations and also other rubber farms with which they do business (including pesticide and chemical fertilizer usage status, measures taken to conserve forests and ecosystems, etc.), as well as the working environment for their company employees, human rights protection, etc.

The results obtained showed that almost all suppliers were meeting requirements in terms of the employee working environment, environmental protection measures, etc. However, some of the answers suggested that not all suppliers were clear about the usage of fertilizers on natural rubber farms other than their own in-house plantations, or about the legal and regulatory requirements in the districts in which they were operating.

We were also able to verify from the survey results that suppliers were providing support, in a variety of forms, to help boost productivity and

technical capabilities at the rubber farms with which they do business. Yokohama Rubber is considering providing similar support activities itself in the future.

In regard to CSR-aware procurement, in April 2016 Yokohama Rubber held the first-ever Suppliers' Day for the company's natural rubber suppliers. The event was attended by 41 representatives of 24 companies in five different countries. There was a presentation on Yokohama Rubber's CSR-aware procurement policy, and a lively exchange of views regarding various CSR-related issues.

Yokohama Rubber also holds annual study meetings for the company's suppliers. The fiscal 2015 study meeting features discussion of issues that included compliance and CDP Water Disclosure. From the point of view of maintaining a stable, continued supply of raw materials, the strengthening of relations with suppliers (including natural rubber plantation operators) is very important.

In the future, we will continue to implement surveys and visits to farms, both independently and in collaboration with suppliers and relevant government agencies, while also organizing study meetings and discussion meetings in different regions. Our aim is to realize CSR-aware procurement, including natural rubber related activities, that helps to build a strong relationship with local suppliers while at the same time contributing to local development and the safeguarding of the natural environment.



Together with Our Employees

**We value and
develop our people,
and create opportunities
for people.**

The “In-house Skills Olympics” — Aiming to raise skill levels and facilitate the transmission of skills to new generations of workers at production facilities throughout the world

The Yokohama Rubber “In-house Skills Olympics” has been held every year since 2012 as one of the company’s measures to enhance skill levels for important skills throughout the company and ensure that skills are handed down to new generations of workers, thereby helping to ensure that “frontline” manufacturing and equipment proceeds smoothly. Following the preliminary rounds, the teams (comprising Yokohama Rubber workers from different production locations around the world who are aged 27 or under, or have been with the company for less than 5 years) travel to Japan for the finals, where they have an opportunity to

demonstrate their superior skills and know-how in competition with the other teams. The participants in the 4th “In-house Skills Olympics” in 2015 included young employees from 15 tire production facilities in Japan and 26 facilities overseas. Besides receiving coaching from their colleagues and supervisors at their respective facilities, the participants also continued to practice the skills on which they would be tested right up until the day of the finals.

Besides a written exam, the tests included in the first “In-house Skills Olympics” in 2012 included arc welding and operation of high-speed cutters and screw-cutting lathes, all of which are vital skills in tire production; these practical tests took approximately three hours to complete. For the third and fourth “In-house Skills Olympics” in 2014 and 2015, the written exam was accompanied by practical tests that covered every aspect of electrical control technology, including electrical circuit diagram preparation, control panel construction, and software compilation. The participants began their preparations three days before the finals; on the day, each team had 15 minutes to complete the practical tasks.

To ensure that teams from other countries are not unfairly disadvantaged, every year the test materials and questions are translated into each team’s language.

Comments from participating team members have included: “Taking part helped me to realize the importance of being to get tasks finished within a specific period of time,” and “Having learned how to resolve



A scene from the practical tasks in the 2nd “In-house Skills Olympics”

problems rapidly, I am looking forward to using these new skills in my regular work." By bringing together contestants from different countries, the "In-house Skills Olympics" also provide a marvelous opportunity for promoting exchange and communication between shop-floor operatives from Yokohama Rubber facilities in different countries.

Not only do the "In-house Skills Olympics" help to enhance the speed at which technology levels are raised (through healthy rivalry), reports from individual production facilities suggest that participating has also helped to change employees' mindsets.

In the future, the Yokohama Rubber Group will continue to hold the "In-house Skills Olympics," and will be putting in place a system so that overseas plants can provide support for other plants, so that Yokohama Rubber's monozukuri-based technology can be taken to an even higher level, and passed down to new generations of employees.



The practical tasks competition in the 4th "In-house Skills Olympics"



Comments from participants in the "In-house Skills Olympics"

One of the challenges in the 4th "In-house Skills Olympics" involved collaborating with contestants from another factory, which meant working with people who spoke a different language; starting from three days before the finals, we were working with them on circuit diagram preparation, control panel construction, and software compilation. Being able to complete the task successfully by sharing ideas and encouraging one another gave us a really special feeling of satisfaction, and it was great to share the joy of success with our colleagues from the other plant. We are looking forward to making use of the electrical know-how that we have acquired back at our plant, and also to being able to provide support for other employees from our plant who may be competing in the "In-house Skills Olympics" in the future.

André Meyers and Matt Perry

Yokohama Tire Manufacturing Virginia, LLC (YTMV)

Enhancing safety awareness by giving employees the opportunity to experience danger in the "Safety Dojo"

In line with the Yokohama Rubber Group philosophy that "health and safety is the foundation of everything we do," one of the health and safety targets that we have set ourselves is to "Build a safety culture aimed at reducing workplace risk to zero by fiscal 2017." To realize this goal, we are working to eliminate risk from three angles: "People," "Things (i.e. facilities)," and "Systems." One of the measures that have generated particularly good results in terms of raising safety awareness has been the "Safety Dojo" initiative, which has been implemented at all Yokohama Rubber production locations, both in Japan and overseas.

On the shop-floor of a factory, people often don't realize the danger of getting too close to machines that are in operation, and sometimes they thoughtlessly do things that would appear clearly dangerous in other circumstances. The goal of the "Safety Dojo" program is to use techniques such as virtual reality and visual examination, focusing on equipment when actually in operation in the factory, to heighten employees' awareness of potential risks.

At Yokohama India Pvt. Ltd. (YIN), Yokohama Rubber's tire production plant in India, all employees are required to undergo annual safety



"Safety Dojo" at YIN

training covering 10 types of equipment; new hires have to undergo this "Safety Dojo" training before they are allowed to actually begin work on the shop-floor. Between the commencement of classes in July 2015 and the end of December 2015, all 338 employees at the plant completed this safety training. Participants were made more aware of the risk associated with particular items of equipment and of the types of injury that could be suffered, and made comments such as "Being able to actually see the risks and dangers for ourselves using virtual reality has brought home to us the importance of following procedures strictly." This training has helped to reduce the incidence of accidents at YIN to a very low level.

In line with Yokohama Rubber Group's goal of reducing to zero the possibility of serious accidents involving the equipment in use at our domestic and overseas production locations, in fiscal 2015 YIN identified 3,284 potential risks; effective measures to ameliorate these risk have been taken in 3,218 (approx. 98%) of cases.

Through these measures, YIN is working to comprehensively eliminate the dangers associated with production processes, and to firmly implant the importance of safety in employees' minds.

[Number of "Safety Dojo" participants at YIN]

