

Third-Party Opinion

The description herein refers to the opinions based on this report and a related website (<http://www.y-yokohama.com/global/csr/>); interviews held with persons in charge from the planning, quality assurance, and raw/indirect materials procurement departments of Yokohama Rubber's Tire and MB divisions, as well as from the corporate planning, quality audit, human resources and safety and health, general affairs, compliance, and CSR departments; and along with on-site observation of the various bases for tire production and testing, MB business production, rubber processing bases (YTMT, TTCA, YRTC, and YTRC) in Thailand, and rubber plantations that provide natural rubber raw materials to YTRC. While Yokohama Rubber's various approaches to CSR are continuing to advance on the field level, it can be said a further clear and concrete commitment from management could be called for.



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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 large corporations. <http://blog.canpan.info/iihoe/> (available only in Japanese)



Truly Commendable Areas

● **Regarding conservation of biological diversity:** (<http://www.y-yokohama.com/global/csr/report/environment/environment03/>), over the period of ten years since the start of the YOKOHAMA Forever Forest Project (<http://www.y-yokohama.com/global/csr/mori/>), the Company has planted over 450,000 trees overseas and in Japan in consideration of maintaining and improving biodiversity. These seedlings have been cultivated in-house, as 24,000 seedlings (62%) were provided in-houses in fiscal 2016 and a cumulated total of 300,000 seedlings (<http://www.y-yokohama.com/global/csr/mori/widening/>) were also provided to municipalities and other companies. Systematic activities ranging from seedling cultivation to planting have also been conducted at business locations overseas, including Thailand and China. I highly commend the high global standards that have been achieved by the YOKOHAMA Forever Forest Project as a social contribution program for the maintenance and improvement of forest ecosystems and greenery, and I also continue to have high hopes for the project site's evolution into a comprehensive portal site that also introduces similar efforts by other companies in multiple languages.

While Approving of Progress, Areas that May Require Further Improvement

● **Regarding its quality assurance promotion system** (http://www.y-yokohama.com/global/csr/report/consumer/consumer_01/), while I commend the active implementation of market measures, I continue to look forward to seeing the Company further advance quantitative and effective measures in response to quality issues that affect customers, such as assessments of the likelihood, scale, and severity of issues and the incorporation of the minimization of impacts on customers as part of its management indicators.

● **Regarding the reduction of environmental impacts** (<http://www.y-yokohama.com/global/csr/report/environment/environment08/>), I would like to commend the Company for its achievement of interim targets in regard to total waste generated (on a per unit of production output basis) and greenhouse gas emissions (total emissions) and the undergoing development of targets for 2030. Going forward, I strongly encourage the Company to try to meet the target that the Japanese government has recently set of reducing greenhouse gas emissions by 26% by 2030 (compared to 2013) as soon as possible, and to thoroughly shed light on its challenges and methods, such as transitioning to the non-fixation of energy usage adjustable to the fluctuation of production volume (Just-In-Time for Energy), as well as to expand energy saving effects at the stage of customer use.

● **As for CSR at suppliers** (<http://www.y-yokohama.com/global/csr/report/partner/>), I commend the Company for revising the CSR Procurement Guidelines and checklist, for continuing to hold CSR workshops for suppliers in key countries, for establishing a commendation system based on feedback from suppliers in regard to the results of supplier self-checks and field surveys, for conducting surveys on natural rubber plantations, and for supporting the adoption and implementation of agro-forestry techniques by natural rubber suppliers in Thailand (<http://www.y-yokohama.com/global/csr/report/partner/partner01/>). In order to more effectively improve initiatives being undertaken by suppliers, I strongly encourage the Company to implement more detailed evaluation of individual items in guidelines and checklists and measures taken, and to establish a support system with suppliers for sharing actual cases and further understanding initiatives in greater detail.

● Regarding improvement of workplaces' ability to retain employees

(<http://www.y-yokohama.com/global/csr/report/employee/employee03/>), I commend the establishment of the Women's Participation and Advancement Taskforce, which aims to be a company that welcomes diverse workstyles, with an employee-friendly working environment that will encourage employees to stay with the company over the long term, the fact that 4.16% of Yokohama Rubber employees took advantage of the systems for paid vacation, leave of absence, or shorter work hours in order to care for a child or family member in need, and that Yokohama Rubber has started holding of nursing care leave seminars in collaboration with the labor union. I continue to strongly urge the Company to establish an environment where employees can continue to work, while also taking leave. In terms of mental health care, I hope that the Company will promote more effective measures of this kind in the future.

● **As regards the enhancement of the human resource portfolio required as a global corporation,** I commend the fact that managerial level employees have been registered in the global human resources database. 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 based on a long-term goal and strategy that reflects how the Company sees itself being positioned in global markets in the 2020s, and the business models that it expects to have adopted.

● **As regards employment of persons with disabilities,** I commend that an employment rate of 2.15% has been achieved for the Group in Japan and that opportunities have been expanded in terms of employment conditions and available positions. I ask that the Company continues to work proactively toward implementing measures to ensure that employees with disabilities are retained over the long term.

Areas that May Require Further Improvement

● Regarding corporate governance and CSR promotion system

(<http://www.y-yokohama.com/global/csr/report/governance/governance/>), while I commend the promotion of initiatives using key performance indicators (KPI) based on the core issues addressed by ISO 26000, it concerns me that the effects on the sustainability of the society and the Company through efforts to achieve these KPI are unclear, and that there are some departments that view CSR efforts as something separate from their core operations. Going forward, I sincerely hope the top management will communicate in their own words in a clear and concrete manner why and in what manner employees should approach CSR and call for progress management in day-to-day management. Also, I strongly expect that the Company will develop a strategy and a system that, led by the managers responsible for planning in each division, focus on the Company's position in world markets and the evolution of its business model in the 2020s. In terms of its reporting and communication, I would like to commend the Company for providing more detailed introductions of the initiatives (<http://www.y-yokohama.com/global/csr/data/>) being carried out by major Yokohama Group business sites in Japan and abroad; I hope that the Company will continue to promote stakeholder engagement further as required by ISO 26000, setting up opportunities for continuous dialogue with NPOs in important operating regions.

● **As regards employee safety** (<http://www.y-yokohama.com/global/csr/report/employee/employee01/>), I have concerns that major accidents at business sites overseas have continued since fiscal 2017. Moving forward, I continue to urge the Company to make efforts on the field level in addition to improvements to facilities and structural systems to ensure the greater effectiveness of safety measures and to issue a detailed report about the progress of improvements

Response to Third-Party Opinion

We have received positive feedback as well as suggestions and recommendations regarding our CSR initiatives. We will make even further efforts in areas where we have received positive feedback, and we will make sincere improvements in response to suggestions and recommendations.

In response to serious accidents that occurred during fiscal 2017 that improvements are underway for, we will renew our efforts to rebuild safety equipment and a safety culture. On the other hands, in terms of human resources, we will make improvements to the workplace environment to all diverse employees to achieve their full potential and work with the Company over the long term, and we will also work together with human resources utilization taskforces both inside and

outside of the Company. In terms of environmental contributions we will launch the Post-Forever Forest Project, and continue ongoing activities.

As we celebrate our centennial, we will redefine CSR priority issues and implement resolution measures that will lead us from the present into the future as we aim for sustainable growth for the next 100 years, and we will further expand contributions to society through the provision of products and services sought by customers and regional activities at business sites around the world.

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