

CSR Report of PRGR Co., Ltd.

Business activities: The planning, development, production and sale of golf equipment-related machinery.
The management of golf schools.

Total site area: 1,465 m² (within YRC's main office)

Number of employees: 114 (as of December 2016)

Location: 5-36-11, Shimbashi, Minato-ku, Tokyo 105-0004, JAPAN



Contact for consultation and complaints:

Customer Service Center
Tel: 0120-81-5600 (Toll free number, available only in Japan)

Message from the President



Fumio Morita

The corporate social responsibility (CSR) of business is the process by which human, physical and financial resources are deployed, and corporate value is brought about as a result.

At PRGR, the primary objectives of our CSR activities are to provide society with superior products and services, and through such means raise the Company's corporate value.

Concerning the secondary objectives of our CSR activities, one is to help as many golfers as possible, while another is to work to revitalize golf. Golf courses represent settings that

abound with nature. In the past, woodlands represented an environment with which man coexisted through nature's provision of resources for heating, etc. In modern times, however, as a result of mankind's concentration in urban centers and the aging of the population, once beautiful woodlands that benefitted from their human interactions have fallen into decline. By contrast, golf courses which once were viewed as evil-incarnate have also undergone change. Gone are the rampant environmental destruction and the indiscriminate use of agrochemicals. These days, given that development is more environmentally-considerate and that conservation activities are also undertaken, perhaps golf courses could be reasonably described as "community spaces" where people can easily have contact with nature.

Currently, there are approximately 2,300 golf courses in Japan, covering an estimated 260,000 hectares, an area larger than Kanagawa Prefecture. While enabling people to utilize the easily-accessible natural environments that these venues offer, golf is also an enjoyable pastime with universal appeal. Moreover, given that they can also be used as evacuation points in times of disaster, utilization of golf courses can be expanded to include local communities.

Through its sale of golf equipment, PRGR hopes to convey to society both the enjoyment that golf offers and the wonderful nature of golf as a pastime. By creating opportunities for golf courses to be more actively utilized, as a company that protects the environment, we want to support a society where as many people as possible can achieve a sense of harmony with nature.

(Offices)

Headquarters

Location: 5-36-11, Shimbashi, Minato-ku, Tokyo 105-0004, JAPAN
Tel: +81-3-3436-3341

Hiratsuka Plant

Location: 2-1, Oiwake, Hiratsuka City, Kanagawa 254-0047, JAPAN
Tel: +81-4-6335-9728

(Branches)

South Korean Branch

1F, 634-3, Sinsa-Dong, Kangnam-Gu, Seoul, South Korea

(Directly-Operated Stores) <http://www.prgr-golf.com/en/>

PRGR TOKYO HUB Golf School & Studio

i Terrace, Ochiai-Minami-Nagasaki,
4-5-20, Minami-Nagasaki, Toshima-ku, Tokyo 171-0052, JAPAN
Tel: +81-3-5982-8809

PRGR AKASAKA

B2 Floor, Orix Akasaka 2-Chome Building,
2-9-11, Akasaka, Minato-ku, Tokyo 107-0052, JAPAN
Tel: 0120-562-250 (Toll free number, available only in Japan)

PRGR GINZA

1st Floor, SF Ginza Building,
2-11-15, Nishi-Ginza, Chuo-ku, Tokyo 104-0061, JAPAN
Tel: +81-3-5565-8610

PRGR NAGOYA

2nd Floor, Nagoya Tokyo Marine & Nichido Building,
2-20-19, Marunouchi, Nagoya City, Aichi 460-0002, JAPAN
Tel: 0120-562-199 (Toll free number, available only in Japan)

(Management of golf schools)

At our directly-operated stores, in addition to the "Science Fit" system, an analysis program that checks golfers' swings, we offer lessons for groups and also lessons in golf-round tactics. By scientific means, we support the improvement of golfing skills through a step-by-step approach that incorporates aspects of analysis, improvement and proficiency.





Organizational Governance

In accordance with regulations, decisions regarding the Company's business policies and other important resolutions are made by meetings of the Board of Directors (which are held as required) and at management meetings (which are held once a month).

As to the system of audit, the Company undergoes regular audits by corporate auditors. Improvements are then implemented accordingly in response to any identified issues. We also work to ensure there are no legal defects or loopholes. Furthermore, with respect to the overseas

branch office in South Korea, its audits are carried out by accounting auditors who act in an external capacity.

Compliance measures

Compliance training is conducted monthly and status reports sent to the Corporate Compliance Department of Yokohama Rubber. In addition to heightening the overall compliance consciousness of employees, steps are also taken to disseminate information.



Human Rights

The Company complies with the Yokohama Rubber Group CSR Action Guidelines



Labour Practices

Occupational safety and health

PRGR employees participate in the ordinary life-saving skill seminars conducted by Yokohama Rubber. Concerning our employees who drive company vehicles for work as well, they participate in driver safety seminars conducted by Yokohama Rubber. Meanwhile, at the Hiratsuka Plant, workplace environment measurements are conducted regularly. Additionally, Class 1 Health Officers are assigned by the Company in accordance with the provisions of the Labor Safety and Health Law, and these employees manage the technical matters that pertain to issues of safety. Concerning the issue of employee overwork, in accordance with the "36 Agreement" regarding overtime and holiday work (drawn up in accordance with the provisions of the Labor Standards Act), in addition to reports being made to monthly management meetings, etc., measures have been put in place whereby overwork cases undergo interviews with industrial physicians.

The Company also implements stress checks in accordance with the requirements of Article 66 of the Industrial Safety and Health Act, which has made 10 types of stress check compulsory. Reports concerning the status of absenteeism due to illness, etc., are also made to management meetings, and appropriate response measures are then undertaken.

In fiscal 2016, nine traffic accidents occurred (eight of which involved damage to property, and one of which involved physical injury); fortunately, none of these accidents were serious.

As a compliance activity unique to PRGR, the situation regarding "activities to promote zero traffic accidents" is confirmed at monthly sales meetings.

Human resources development

New hires are assigned to work sites after undergoing group training (immediately after joining the Company) and a period of individual training at each of the various headquarters (planning, production and sales). Among our sales positions, in working to improve our sales techniques, we have established a system of qualifications for internal fitters*. Furthermore, employees also participate in golf club sales technician training seminars conducted by the Japan Golf Goods Association. At Hiratsuka Plant, all participants receive special training with regard to organic solvents.

* Internal Fitters: These are club-selection specialists who can select the best clubs for customers based on the use of 1. Ballistic measurement instruments, 2. Grip-speed measurement equipment and 3. Video-based swing analysis.

Diversity of human resources

We have employed four disabled persons.

We have also re-employed one disabled person.

Of the total of 114 employees, 11 are female, three of whom have utilized the maternity and child-rearing leave system and returned to work (of whom two are currently benefiting from the system of reduced hours for employees with young children).



The Environment

Environmental management

Our environmental activities are conducted in accordance with the environmental policies of the Yokohama Rubber Head Office.

Environmental data

Item	FY 2013	FY 2014	FY 2015	FY 2016
Electrical power usage KWh	129,184	162,686	187,630	182,421
Electrical power usage (values calculated in barrels of oil equivalent) KL	33.2	41.8	48.3	46.9
Greenhouse gas emissions (t-CO ₂)	67.8	85.6	95.7	91.2

* FY: January–December

* Greenhouse gas emissions were calculated based on the Calculation and Reporting Manual for Greenhouse Gas Emissions jointly published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, Japan.

■ Reductions in electrical power usage

Measures to reduce (year-on-year) electrical power usage have been extended from three to four of our directly-operated stores.

- Lighting in unused spaces is turned off outside business hours.
- Depending on the space, air conditioners are turned off and temperature settings established.
- Temperature settings are raised when the golf school is not open.

Through such detailed measures, in 2016, we achieved a level of electrical power usage that was 97% that of the previous year.

■ Reductions in CO₂ gas emissions

With respect to products bound for the South Korean market, we have

shifted over to a system of direct shipments of clubs from outsourced assembly plants; starting from 2016, the scope of implementation of this direct shipment method was expanded to include other Asian markets. The number of shipments increased from 25 in 2015 to 31 in 2016; the adoption of this new shipment model has led to a reduction in shipping-related CO₂ emissions of around 20% compared to the previous method.

■ Green procurement measures

In the golf industry, there are no clear standards or regulations with respect to the usage of hazardous substances. At PRGR, as a member of the Yokohama Rubber Group, through reducing the usage of substances that place a burden on the environment, we are working on measures that will lead the industry.

For example, with respect to swing-balance weights and the paints used with golf clubs, etc., some up until now have contained lead. Recognizing the burden placed on the environment by the disposal of such clubs, through a revision of materials and ingredients, etc. used in production, we have been able to greatly reduce our use of lead. Furthermore, with respect to the wax molding dies used when producing golf club heads, we have been proactively working to eliminate their lead content. In the future as well, with respect to components, production processes and the products themselves, etc., in all areas from the manufacturing of products through to disposal, we shall continue to be proactive in confronting issues so as to reduce the burden placed on the environment.



Fair Operating Practices

Credibility with our business partners

In undertaking their business activities in a manner that is fair, the Company's departments comply with the relevant laws. The duties of the purchasing department are undertaken in accordance with the provisions of the "Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors," while the sales department acts in accordance with the "Act on Prohibition of Private Monopolization and Maintenance of Fair Trade". Meanwhile, the

planning and development department observes the provisions of the "Act Against Unjustifiable Premiums and Misleading Representations". In 2016, we made a serious effort to enhance employee education in these areas, taking advantage of the holding of seminars on the "Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors" and study sessions on the "Act against Unjustifiable Premiums and Misleading Representations" at the Secretariat of the Tire Fair Trade Council (TFTC).



Consumer Issues

Quality policy

1. In accordance with the Yokohama Rubber Basic Policy which states; "Deliver the best products at competitive prices and on time," by continuing our efforts to satisfy customers throughout the world with high-quality products whose usage offers both safety and peace-of-mind, the Company shall contribute to both humanity and society.
2. Concerning all products provided to customers, while we will continue to satisfy quality management system requirements such as those stated through "customer requirements," "applicable laws and regulations" and "product quality manuals," we shall constantly strive to improve as we aim to achieve even better systems.
3. Quality targets shall be established within each Company department so as to realize this policy, and, in addition to thoroughly implementing the targets within each department, a review process shall improve the quality of the operations conducted with respect to product planning, design, production and sales. Through such measures we shall secure suitable returns by which we shall work to further develop the Company.
4. The quality policy shall be thoroughly made known to all related officers and employees of the Company.

Report on RS-F Drivers

The Pro Gear RS-F Driver Head was launched on August 26, 2016 as a rule-conforming product; however on December 26, 2016, the RS-F was removed from the list of conforming driver heads on the grounds that it failed to conform to the rules governing golf club coefficient of restitution (C.O.F.) stipulated by the R&A (the U.K. based organization that exercises overall control over the rules of golf). After learning that the RS-F had been removed from the list of conforming driver heads, PRGR immediately established a Task Force chaired by the company's President; a meeting of the Yokohama Rubber Group Risk Management Committee was also held, to facilitate sharing of status reports and information on the prompt response measures that PRGR planned to take.

On discovering that the RS-F driver head had been deemed to be non-conforming, PRGR immediately withdrew this product from sale, issuing a recall order to all retail outlets. With regard to those customers who had already purchased the RS-F, we made the utmost effort to ensure that they would not be negatively impacted; we issued press releases notifying customers that this product should no longer be used in competitions, and we took steps to put in place a system for replacing already purchased RS-F drivers with other, conforming drivers as soon as possible.

Safety and quality of our products and services

As part of a strategy set out by the Japan Golf Goods Association, by labeling our products with a common seal used as an anti-counterfeit measure for all golf clubs, the Company is working to prevent fraud. Furthermore, by using a serial number that allows for a warranty of two years after a customer purchase, we are tracking our products from their manufacture through to shipment.

We have established a toll-free telephone number within Japan to handle customer inquiries.

Customer Service Center

Tel: 0120-81-5600 (Toll free number, available only in Japan)



Community Involvement and Development

Relationship with local societies

As a service for the spectators who gather in Kochi Prefecture each year to witness the YOKOHAMA TIRE GOLF TOURNAMENT PRGR LADIES CUP, as a form of community involvement, we provide a range of attractions including a free driving range experience, etc.

Website

http://www.prgr-golf.com/prgr_ladies_cup/gallery-service/

