

**EMBRACING POSSIBILITIES;**  
UPLIFTING OPPORTUNITIES.







## PRESIDENT'S MESSAGE

Dear shareholders,

The Yokohama Tire Philippines, suffered a big fire incident in May 2017. After that, we have taken all countermeasure in order to avoid another fire incident in the future. So as to prevent any additional damage caused by the fire incident, we are proceeding Fire Restoration Project promptly. The demolition of collapsed area has been already completed. We have started reconstruction of the building so that we can supply as many high quality tires as possible even before our target deadline.

All employees have done a great job growing our company as one to become one of the exceptional plants of Yokohama Rubber Company it is today.

To keep up with international standards on Quality, Occupational Health and Safety and Environment, we continuously adhere to client assessment and external audits and carry out various programs to elevate awareness of each employee.

In terms of Corporate Social Responsibility (CSR), we continue to conduct programs on our identified focus areas: environment, health and education. We have also started on a livelihood program last year in partnership with the Department of Social Welfare and Development and the local government of Bamban, Tarlac. This is a consistent effort we are doing every year as a way of giving back to our community.

Let me take this opportunity to sincerely thank the management team and all of our employees whose hard work over the past years made us a company others want to be part of. We would also like to extend our appreciation to our customers, business partners, suppliers, banks, and the communities where we operate for the strong partnership and support that they continue to share with us.

I am confident that with the remarkable amount of effort each of us has shared last year and will remain to do in the next years, YTPI will continue to grow, achieve its target and even exceed expectations. Let us always keep our vision flourishing: to be the number 1 plant of YRC.

We look forward to another productive year with you.



**Toshihiro Kobayashi**  
President and CEO  
Yokohama Tire Philippines, Inc.



Established in 1996, Yokohama Tire Philippines, Inc. (YTPI) was an inception through the joint venture between Yokohama Rubber Co. Ltd. and Kawasho Corporation (JFE) of Japan. Being the first manufacturing plant outside Japan, it stands as an important distribution point for all Asia-Pacific Regions.

YTPI counts as one of the largest facilities in the Clark Freeport Zone, employing over 2,000 employees and producing close to 7 million units. Since it started its operations last 1998, YTPI-made tires have been the very hallmark of quality, winning made tires have been the very hallmark of quality, winning various recognitions and awards both local and international.

## The Yokohama Tire Philippines, Incorporated

*Company name*

**April 30, 1996**

*Incorporation date*

**IE5 Clark Freeport Zone, Pampanga**

*Address*

**452,019m**

*Total lot area*

**265, 233.27m**

*Total building area*

**23,500 tires per day**

*Plant capacity*

**OHSAS 18001, ISO 14001, ISO/TS 16949, ISO 9001**

*Certifications*

Yokohama Tire Philippines, Inc. has set strategies in order to meet its Vision and Mission. YTPI follows its 2015-2017 Midterm Policy under the The Phase IV of the Grand Design 100 (GD100).



## 2017 Vision, Mission & Strategy

### Vision:

**TO BECOME A WORLD-CLASS TIRE PLANT**

### Mission:

**TO PROVIDE LOW COST AND UNIFORM TIRE ALL OVER THE WORLD**

### Strategies:

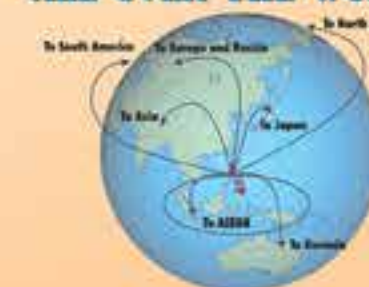
• Safety & Quality NO.1

• Low Cost NO.1

• Human NO.1

**Full Capacity Production**

**ALL OVER THE WORLD**



**YOKOHAMA**



## ABOUT THE REPORT

Welcome to the ninth annual report on sustainability of Yokohama Tire Philippines, Inc. Here, we are going to showcase the company's accomplishments for the past year, as well as its initiatives on how it addressed various socio-economic agendas, how we work on the environmental sustainability of the business, and how the company provided support to its communities.

The information disclosed corresponds to the period from January 1 to December 31 of 2017. It covers the operation of the Yokohama Tire Philippines, Inc., a subsidiary of The Yokohama Rubber Company, Ltd.

This report is brought out in accordance to the standards of Global Reporting Initiative (GRI) G4 version which merely discusses economic performance, products, workforce, occupational health and safety, environment and community development programs.

Aside from the GRI, the content also focuses on the actions that the company had taken in terms of corporate social responsibility projects that are most material to our business and our stakeholders.

## WORKING COMMITTEE

### EDITORIAL TEAM

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**Feedbacks are  
welcome!  
Contact....**

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## MAIN PRODUCT LINE-UP

**BluEarth-Es ES32**

Provides a well-balanced package of the four core performance traits of any tire: wet grip, wear resistance, durability, and fuel efficiency.

**BluEarth-A RE-S0**

Part of the Blu-Earth series. These tires assures wet grip, fuel efficiency, sure handling and luxury comfort.

**ADVAN FLEVA V701**

Providing sporty handling, supremely quiet and superior wet grip. This environmental-friendly tire sets a new standard for sport tires.

**iceGUARD IG55 Stud**

The tire that sets a new standard for winter control and safety. iceGUARD tires allow more confident handling on both ice and snow.

**BluEarth-WINTER V905**

The tire that provides outstanding performance on a wide variety of road surfaces in winter.

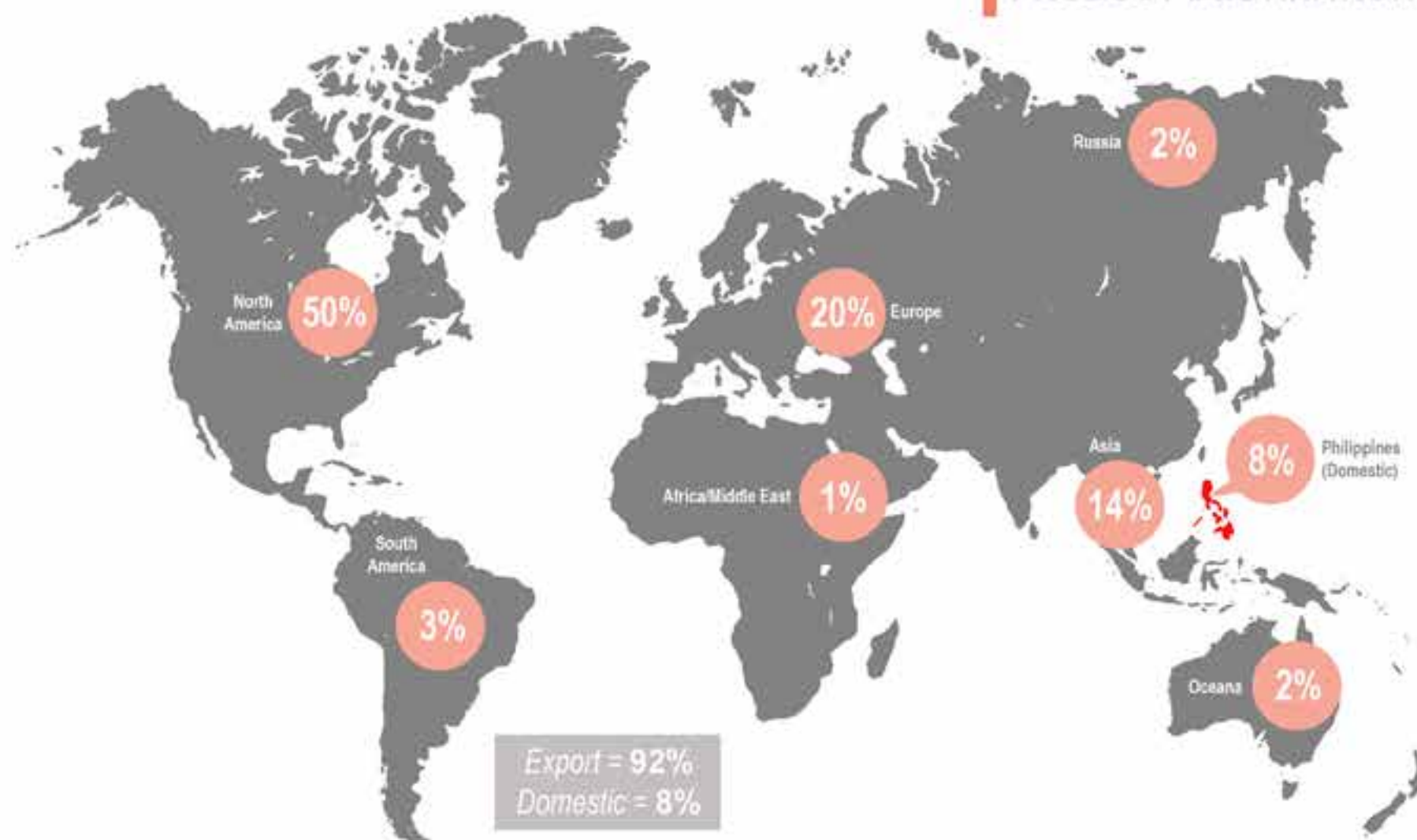
**GEOLANDAR H/T G056**

Comfortable enough for the drive home, yet tough enough for off-road treks, these tires provide good traction and handling even in snow.

## MANAGEMENT CERTIFICATIONS

**ISO 14001:2015****TS 16949:2009****OHSAS 18001:2007****TS 16949:2009**

## PRODUCT DESTINATION





# Financial Highlights

## Balance Sheet

in Million Dollars (USD)	2015	2016	2017
<b>ASSETS</b>	<b>\$374.9</b>	<b>\$348.1</b>	<b>\$293.2</b>
<b>LIABILITIES</b>	<b>\$162.9</b>	<b>\$121.4</b>	<b>\$100.3</b>
<b>EQUITY</b>	<b>\$212.0</b>	<b>\$226.7</b>	<b>\$192.9</b>

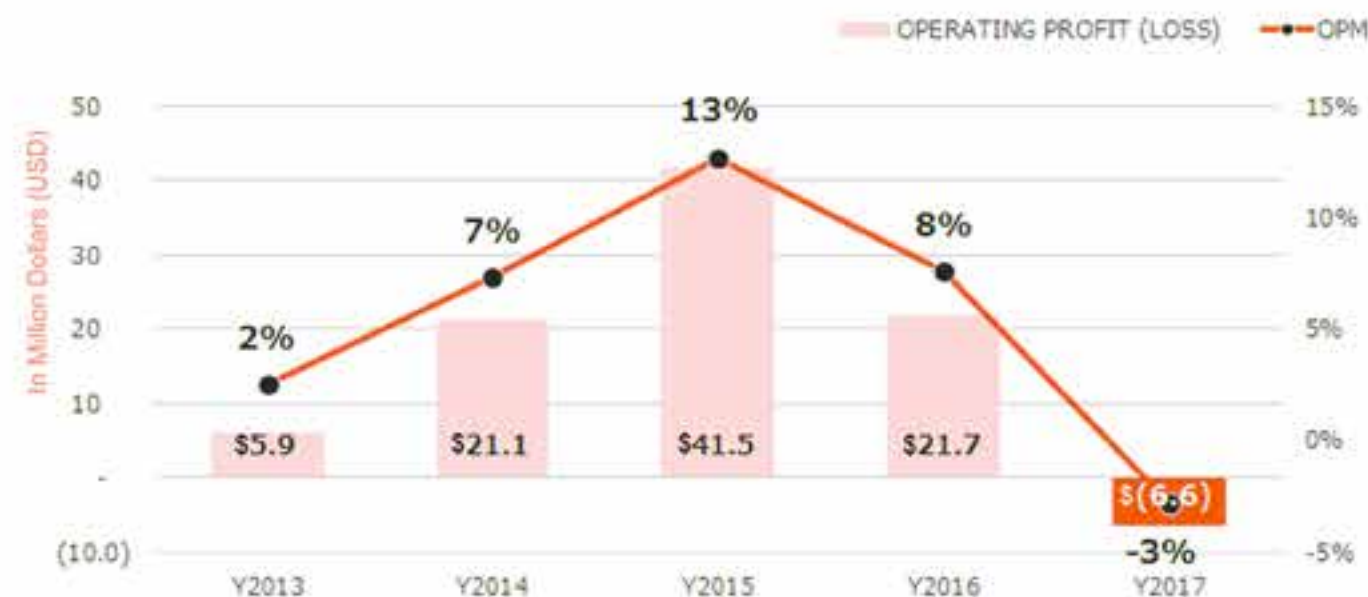


The company's equity decreased by \$33.8M from previous year. This is due to the decrease on Retained Earning Account which is the result of Net Comprehensive Loss by \$33.8M. Decreased on Asset was due to the decrease on Inventories by \$6M and written off Property, Plant & Equipment amounting to \$27M that were affected by fire.

### SALES



## Operating Profit



The company recognized an operating loss of \$6.6M for the Y2017 due to the effect of the fire incident. The loss is mainly due to the recognition of inventory loss on finished goods and loss on disposal of assets affected by fire.

# 6,619,488

tires produced in 2017

Actual production for Y2017 was lower by 16% as compared to previous year. The decrease on the production by around 1.2 million tires was the effect of the fire incident that the company have faced last May 2017. The incident have reduce the company's capacity to 23,500tires/day from 29,000tires/day last year.

Despite of the unfortunate incident, YUPI aims to immediately recover to meet the increasing market demand by fully utilizing the West Plant II expansion that will increase its plant capacity by 12,000 tires/day. Furthermore, the company is currently on its way to rebuild the affected part of the plant and is expected to resume its operation by September 2018.



# WORK FORCE

## TPM CHAMPION

Awarded by  
Yokohama Rubber  
Company, Ltd.



## MUDA DORI CHAMPION

Awarded by  
Yokohama Rubber  
Company, Ltd.



## TOP REVENUE CONTRIBUTOR FOR 2017

Awarded by Bureau of Customs



## TOP EXPORT PERFORMANCE

Awarded by Clark Development Corporation

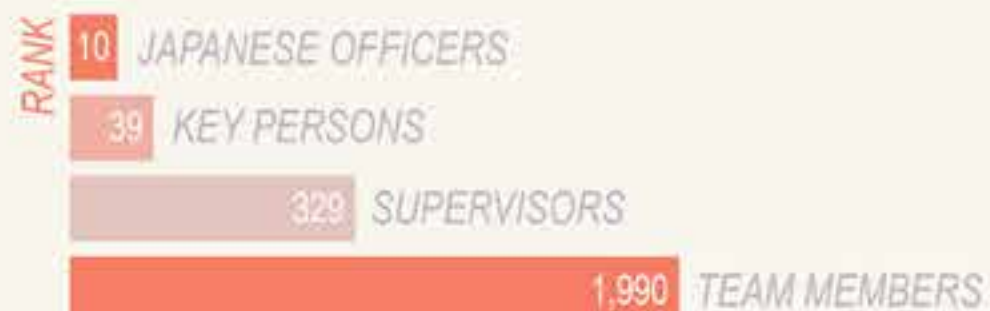




# Workforce

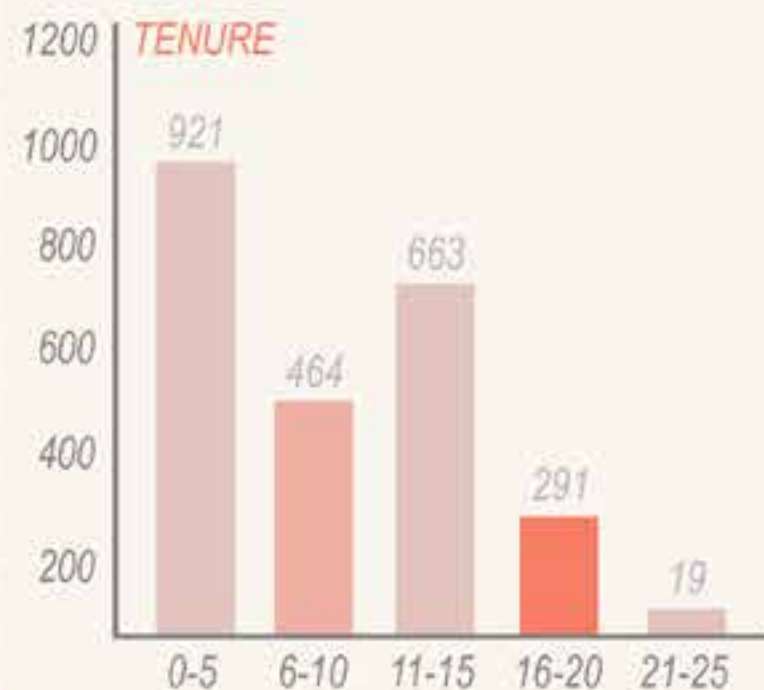


## Manpower



### BY LOCATION

- A. La Union
- B. Benguet
- C. Pangasinan
- D. Tarlac
- E. Nueva Ecija
- F. Zambales
- G. Pampanga
- H. Bulacan
- I. Bataan
- J. NCR
- K. Rizal
- L. Cavite
- M. Batangas
- N. Oriental Mindoro





## Trainings

Employee Position	Training Attendance: Annual number of employees		
	Internal	External	Total
Team member	2976	878	3854
Sr. Supervisor/Supervisor	534	273	807
Section/Dept. Manager	64	141	205

Employee Position	Average Training Hours of employees		
	Functional	Behavioral	Organizational
Team member	11	10	6
Sr. Supervisor/Supervisor	15	11	9
Section/Dept. Manager	20	0	25

Employee Position	Average Training Hours - Internal and External Training	
	Internal	External
Team member	12	15
Sr. Supervisor/Supervisor	13	22
Section/Dept. Manager	19	26

## Work-Life Balance



YTPi treasures its employees as much it treasures quality. The company initiates company-sponsored activities for its employees: YTPi Family Day, Monthly Birthday Celebrations, Seasonal Recreational Activities, etc. The company ensures that its employees have a good Work-Life Balance; this is also a good ground for everyone to show their skills and talents, also to be acquainted with one another.

# Safety and Health



# Safety and Health



## Commitment to Safety

Yokohama Tire Philippines, Incorporated's culture is defined by to always put Safety first above all targets. In line with this, 10 Safety Culture Values were created to promote awareness among employees, and to gear up a stronger safety culture.

## 2017 SAFETY CULTURE

**100%**  
SAFE MONTH

**ON TIME**  
RA FINDINGS

**100%**  
SAFE  
TRANSPORTATION

**100%**  
COMPLIANCE  
Wearing of hardhat  
with fastened  
chin strap

**100%**  
COMPLIANCE  
Tucked-in shirt  
and cap on head

**100%**  
WORKING  
MACHINE MOTION  
SENSORS

**100%**  
FIRE-PROOF  
ulities and  
machines

**100%**  
PINCH-FREE  
machines to  
eliminate hand  
injuries

**100%**  
PROPERLY MAINTAINED  
material carriers to  
prevent near misses

**100%**  
AWARENESS TO  
SAFETY DEVICE  
usage, and compliance  
to inspections and  
proper maintenance

## Safety Activities

- President's monthly audit
- Weekly production of Standard Operating Procedures (SOP) and Troubleshooting SOP Audit
- Mini Machine Training
- Emergency Preparedness Drill
- Annual Work Environment Measurement
- Monthly Individual Safety Findings for safety rice incentive
- 24/7 Safety Patrol
- Annual fire brigade competition

## 2017 Incident Report

Type of accident

1 Major (Fatal)

2 Light

2 Minor

Serious Nearmiss 4

1 Fire Incident (Major)

5

incidents that caused injury were reported, lower than last year's record. 4 were caused by human error and 1 by management.

4 of the victims are more than 3 years in service to the company; 1 is less than 3 years.

## Body Part Injured



## Type of work

Regular work	3
Changeover	1
Others	1

## Type of hazard

Pinch	4
Cut	1



Emergency Preparedness Drill



## Health

Good health and well-being are among YTP's primary goals; to achieve a healthy workplace, and to create activities which will cater every employees healthcare needs. In answer to these, the company Clinic makes sure that YTP employees are aware of their health by conducting health awareness seminars, and provides medical assistance whenever needed.



### PROGRAMS

SGPT SCREENING  
EYE EXAMINATION  
DENGUE LECTURE  
DIABETES LECTURE  
INFLUENZA LECTURE  
HYPERTENSION  
ANNUAL MEDICAL  
EXAMINATION (AME)  
DRUG TEST  
FLU VACCINATION  
CERVICAL  
VACCINATION



### Drug Test Compliance

	MANCOUNT
MANAGERS	36
SUPERVISORS	324
TEAM MEMBERS	2023



\*Vaccination

# ENVI RON MENT





## Energy Consumption

	2015	2016	2017
Electricity (Purchased)(kWh)	72,892,060	72,690,557	56,967,102
Electricity (Generated)(kWh)	23,883,628	27,055,950	26,934,951
Fuel (Boiler)(L)	11,060,144	12,621,710	10,169,358
Water (Cubic meters)	544,105	581,941	559,201



## Manufacturing

## PROCESS FLOW:

MIXING

EXCAL

CUBE

BUILDING

CURING

FINISHING

## Manufacturing

## PRODUCTION OUTPUT:

Output	2015	2016	2017
Cured tires (pcs)	7,542,340	8,053,085	6,757,410
Cured tires (tons)	82,517,444	91,595,742	76,449,135



## Emission to air

Air Emission			2015	2016	2017	
Carbon Dioxide(CO <sub>2</sub> ) Emission(tons)			75,171	81,901	64,877	
Parameters			DENR Standards	2015	2016	2017
Boiler Emission	Sulfur oxides (SOx) (mg/Ncm)	1,500.00	84.80	16.05	8.30	
	Carbon Monoxide (CO)(mg/Ncm)	500.00	68.88	8.30	2.08	
	Particulate Matter (mg/Ncm)	150.00	6.63	9.15	7.95	
Generator Emission	Carbon Monoxide (CO)(mg/Ncm)	500.00	35.78	7.05	25.94	
	Nitrogen oxides (NOx) (mg/Ncm)	2,000.00	216.08	105.15	562.76	

## Forever Forest



To promote sustainable development in Clean Water, Climate Action, and Life on land - United Nation's Sustainable Development Goals - Yokohama Tire Philippines, Inc. planted 500 trees at Sitio Target, Brgy. Sapang Bato, Angeles City on November 3, 2017. To date, YTPH had already planted 42,802 trees after 8 Forever Forests within the perimeter of the company.

YTPH's Forever Forest is an adaptation of the environmental project of Yokohama Rubber Co. Ltd. (YRC) where it aims to create an indigenous forest through the concept of natural vegetation. The project subjects its Yokohama subsidiaries around the world to plant 500,000 trees.



## Waste Water Discharge

296,377 m<sup>3</sup> for 2017.

Parameters	CDC Standards	2015	2016	2017
pH	6.5-9	7.30	7.59	7.39
Color (TCU)	150	24.36	20.31	18.90
BOD (ppm)	200	10.82	11.49	30.27
COD (ppm)	400	41.17	42.27	95.77
TSS (ppm)	200	24.70	20.71	45.82
Oil & Grease (ppm)	5	1.45	1.72	2.50
Nitrates (ppm)	14	—	1.00	0.38
Phosphates (ppm)	5	—	1.29	1.58
Ammonia (ppm)	35	—	1.29	1.58

## REDUCTION TARGET

Parameters	Target	Actual	Remarks
Electricity	3% reduction on KWH/tire	3.43% increase	Target is unachieved due to decrease in production by 16.01% even though NPC consumption by offices remains the same.
Water	3% reduction on m3/tire	16.86% increase	Target is unachieved due to presence of water leaks at road near Calendering Exhaust Stack and East Plant Gate, and also due to fire incident.
Fuel	3% reduction on L/tire	3.1% reduction	
Carbon Monoxide Emission	3% reduction on CO/tire	3.0% reduction	

## ENERCON TARGET REDUCTION FOR 2018



## SOCIAL RESPONSIBILITY



# Social Responsibility



## Corporate Social Responsibility

Yokohama Tire Philippines develops programs that let us relate to those communities near our operations, where we can bring benefits that cater to the needs of the indigents. We work closely with the local government and schools in every project we initiate. The firm also sends out employee volunteers to aid as main facilitators of the project.

In 2017, YTPI carried out 10 CSR projects that abides with the United Nations' Sustainable Development Goals on:



## Education

### YTPI-SCHOLARSHIP PROGRAM



As education remains to be the main focus of YTPI in terms of CSR programs, the company grants scholarships to qualified students in college level. YTPI also provides an opportunity to these scholars to work with the company after graduation.

Chemical Engineering, Mechanical Engineering, Electrical Engineering, Information Technology and Accounting are some of these courses.



**5**  
SCHOOLS



**17**  
SCHOLARS



**3**  
GRADUATES



## Social Outreach

### MUNTING TAHANAN NG NAZARETH BALE ANGHEL



Munting Tahanan ng Nazareth is a foster home for mentally challenged and disabled individuals; Bale Anghel is a foster home for street and abused children. YTPI provided household materials and food support to Munting Tahanan, and schools supplies to the beneficiaries of Bale Anghel.





## Health and Well-being

### MEDICAL MISSION

To address the necessity of access to healthcare, the Yokohama Tire Philippines, Inc., in partnership with East West Healthcare, sent a medical team to Sitio Target, Brgy. Sapangbato, Angeles City to give free medical services to indigents. Patients were given medicines and supplements after receiving prescription from the doctors.

### FEEDING PROGRAM

With the aim to alleviate hunger among school children, YTPI conducted a 60-day feeding program in Sitio Target Integrated School in Brgy. Sapangbato, Angeles City, supporting 65 under-nourished students from Kinder to Grade 7. In addition to sustain the program, YTPI distributed complete dining kit enclosed in a drawstring canvas bag to the students that includes bowl, cup, spoon and fork and multivitamins.



## Sustainable Communities

### WATERWHEEL

YTPI are looking for innovative ways to sustain its communities, and one of this is the Waterwheel project in partnership with Kapanpangan Manalakaran Inc. (KAMAI). A total of 60 improvised Waterwheels created from cube plastic containers and scrap tires, were produced and distributed to the families of Brgy. Diaz, an IP community situated in the mountain ranges of Porac, Pampanga.

11 SUSTAINABLE CITIES AND COMMUNITIES



## Environment

### TRASHBIN AND SEEDLING DONATION

Environmental protection is one of YTPI's focus. Reducing its impact to the environment is one of its major focus point. In its good environmental nature, YTPI also contributes and shares its way in protecting the environment to its communities. This year, YTPI conducted environmental protection seminars to schools where they also donated trashbins; not only this, to promote a green environment, the company annually donates seedlings to various schools.



15

TRASHBINS



150

SEEDLINGS

# BOARD OF DIRECTORS



## Board of Directors



**Hitoshi Kobayashi**  
President and CEO

## 2018 Main Targets

**S**afety

Major & Minor Incident : Zero  
Light Incident : Zero  
Fire: Zero

**E**nvironment

Environmental Claim : Zero  
Scrap Cost Ratio:  $\leq 2.8\%$  (Ave. EP & WP Combined)  
Energy Consumption Reduction per tire (Rate):  $\geq 3\%$  vs 2017

**Q**uality

Market Claims & Outflow: Zero  
NC Reduction:  $\geq 50\%$  vs 2017  
Recurrence of NC: Zero

**D**elivery

Productivity : 7.5 tires/man/day (Ave. EP & WP Combined)  
Machine Trouble Reduction:  $\geq 10\%$  vs 2017

Achieve Full Capacity Production: Combined: 28k tires/day  
\*EP: A-E line = 9k tires/day; G-H line = 4k tires/day  
\*WP: 15k tires/day

**C**ost

Factory Cost Reduction (\$/Tire):  $\geq 5\%$  vs 2017  
Material Cost Down:  $\geq \$2M$   
Operating Income :  $\geq 5\%$

**H**uman

100% Completion of Talent Management System (TMS) & Kick off of implementation by 1st Quarter  
Develop structured technical trainings for Engrs. by 2nd Half  
Turnover Rate:  $\leq 5\%$   
Attendance Rate:  $\geq 96\%$

Zero Production disruption due to labor dispute



**Satoshi Miura**  
Executive Vice President  
Administration Division



**Matsutaro Maeda**  
Executive Vice President  
Plant Operations Division



**Yoshiyuki Komoro**  
Vice President  
West Plant Project Leader



**Angelina Casasola**  
Vice President  
Administration Division



**Juanito Arona**  
Vice President  
Plant Operations Division



**Atty. Rachelle Aileen Santos**  
Assistant Corporate Secretary