

2020 Sustainability Report
**Strengthening
Sustainability and
Resiliency**



2020 CSR Report: Strengthening Sustainability and Resiliency

About the Report

This is the 12th Sustainability Report of the Yokohama Tire Philippines, Incorporated, a subsidiary of the Yokohama Rubber Company Limited. The contents of this report cover the company's accomplishments for the past year, as well as its efforts to contribute to the sustainable development of the different aspects of the society.

It summarizes the company's performances, activities, and updates from January to December 2020.



It is in accordance with the Standard of Global Reporting Initiatives (GRI) about the company's economic and social performance, products, human resource, health and safety, and environmental performance indicators.

Aside from the GRI, this report also focuses on the actions that the company had taken in terms of corporate social responsibility projects that are in utmost importance to the business and the stakeholders.

The company aspires to continuously conduct meaningful initiatives to help contribute to the betterment of the community. As YTPI grows the business year by year, it aims to produce only the best product that creates value to all.


Angelina C. Gasasola
Department Manager-CSR and Business Operations
Vice-President-Administration Division

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About the Cover

The most important intangible asset of the company – its EMPLOYEES. When the country was put under the Enhanced Community Quarantine to stop the spread of COVID-19, some of the Yokohama Tire Philippines, Inc. employees committed themselves to help the company continue its operation. In turn, YTPI keeps its mandate of ensuring that the health and safety of its employees are its utmost priority at all times by implementing heightened COVID-19 protocols and measure.

These men and women are the main reason why YTPI continues to produce tires that people can trust despite the challenges and limitations brought by the health crisis.

In Photo: Japan-trained employee of YTPI performs visual inspection of one of the company's signature tires. The company ensures that all its products undergo a thorough inspection regarding the condition, design, and overall quality of each tire.

MESSAGE FROM THE PRESIDENT



Credit goes to every diligent employee who brave their way to physically report for work. We would like to thank all of you for your hard work and cooperation.



2020 has been a challenging year. The world is in the middle of a health crisis. It was a year of adjustment and change. As a company, Yokohama Tire Philippines, Incorporated was not spared by the impact of the COVID-19 pandemic. Despite this, we continue our mandate to build tires that people can trust and to ensure the safety of our people and the environment.

We were among the first companies in Clark that resumed business operations when the government eased lockdown in late May. From an initial of 50 percent capacity, it was later increased to a capacity based on the production order.

During this time of increased production, we have implemented heightened safety precautions such as routine cleaning and hygiene protocols throughout our facilities. The company has adopted the 'new normal' practices in manufacturing, which includes social distancing, daily health screening, and temperature checks, among others.

I believe that the more the government eases quarantine restrictions, the more efforts we should put in to intensify compliance to health and safety protocols as we aspire for business continuity amidst the COVID-19 pandemic.

Our top priority remains to keep our employees safe and protected.

In an effort to prevent or reduce impact of coronavirus disease to employees and the business, the management is constantly developing decisive and proactive responses to all aspects of manufacturing. Muda-dori is a Japanese principle on waste elimination. Cutting unnecessary expenses can help businesses survive the financial challenges brought about by the pandemic.

Credit goes to every diligent employee who braves their way to physically report for work. We would like to thank all of you for your hard work and cooperation. Despite shutting down manufacturing for three months due to pandemic lockdowns, we were able to catch up and produce millions of tires in 2020.

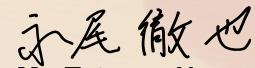
We continuously contribute to economic development and do our share to protect the environment. We pay our taxes, create employment and profit through fair and honest business activities. These are all part of our core values and commitment as a company of over two decades.

Filipinos are known for their craftsmanship and resiliency while Japanese are known for their culture of discipline and state of the art technology. These characteristics will enable us to rise above the challenges.

To our customers, our commitment to produce high quality tires remains.

Please take care of your health. Take care of your family's health as well.

Together, we can beat this better!


Mr. Tetsuya Nagao

13th President and Chief Executive Officer



Japanese High Technology Filipino Craftsmanship

In its pursuit to be globally competitive, The Yokohama Rubber Company, Ltd. (YRC) partnered with JFE Shoji Trade Corporation to establish its first tire manufacturing facility in Asia outside Japan. This venture conceived a subsidiary company called Yokohama Tire Philippines, Incorporated (YTPI) in April 30, 1996. Its goal was to produce Yokohama brand passenger car radial (PCR) and recreational vehicle (RV) tires for the global market. Through the years, YTPI continues to play in the distribution of tires that people can trust in the Asia-Pacific region.

To date, YTPI is one of the largest facilities in the Clark Freeport Zone, employing thousands of employees and producing millions of tires every year. Since it started its operations in 1998, YTPI has been an industry leader in tire technology and innovation across the globe.

AT A GLANCE

Company Name
Yokohama Tire Philippines, Incorporated

Mother Company
The Yokohama Rubber Company, Limited

Business Address
Industrial Estate 5 Clark Freeport Zone,
Pampanga, Philippines 2023

Current Facility
Land Area: 452,019m²
Factory Area: 265,233.27m²

Business (Manufacturing)
• Passenger Car Radial Tires (PCR)
• Recreational Vehicles Tires (RV)

Work Force
2,836 Employees

Tire Size Line-up
13 – 20 inch

Mission
To delight customers by delivering the best
tires while caring for the environment and
the community.

Vision
To be a trusted tire manufacturing plant
with world-class quality.

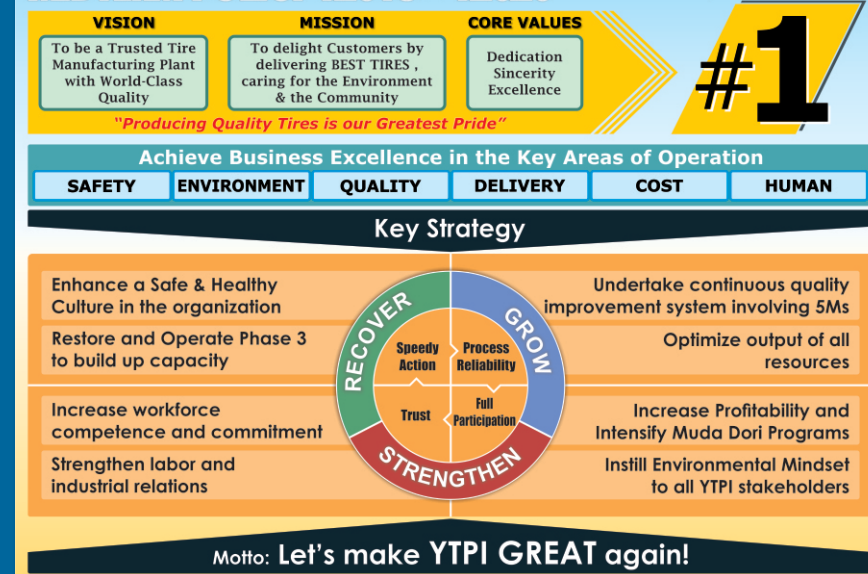
Core Values
Dedication, Sincerity and Excellence

Our Corporate Philosophy

Producing quality tires is our greatest pride. We are proud of our work and find satisfaction in seeing that the tires we produce meet our customers' exacting needs and high standards. We aim to accomplish all these at the same time that we work to preserve and protect the environment and the earth's resources, develop the skill and potential of our personnel, and employ our machines with maximum efficiency and productivity.

This is our Corporate Philosophy. It is a philosophy that we are confident will succeed and will contribute to the well-being of all our stockholders and employees and the economic development of the Philippines.

MIDTERM POLICY Y2018 – Y2020



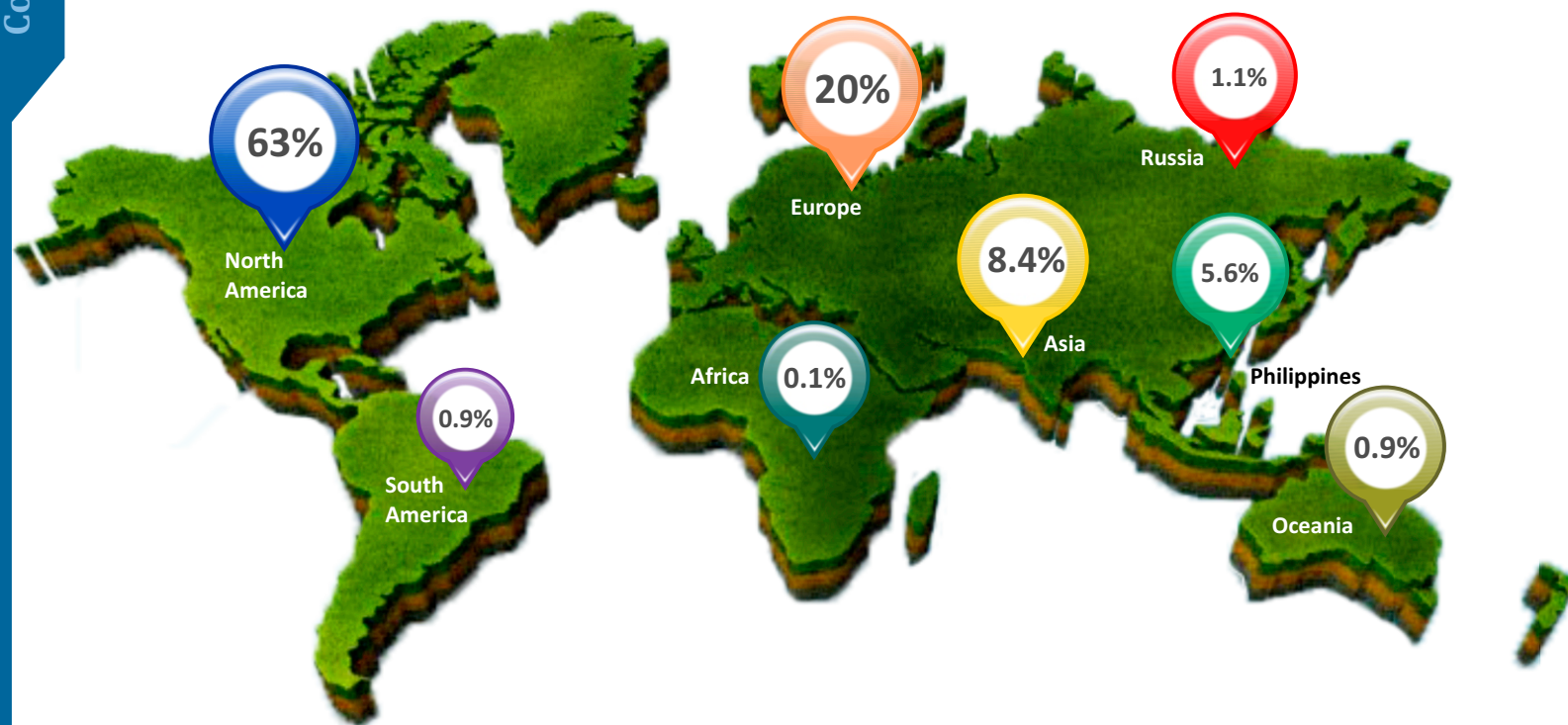
Affiliations

- Environmental Practitioners Association (EPA)
- Clark Investors and Locators Association (CILA)
- Clark Human Resource Council (CHRC)
- Philippine Management Association of the Philippines (PMAP)
- Safety Organization of the Philippines (SOPI)
- Philippine Society of Training and Development (PSTD)
- Employers Confederation of the Philippines (ECOP)

Certifications



Global Product Distribution



TIRES YOU CAN TRUST



BluEarth-Es ES22

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



BluEarth-4S AWZ1

Provides outstanding performance on icy and snowy winter roads as well as excellent dry and wet performance under more normal driving conditions.



ADVAN FLEVA V701

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



GEOLANDAR CV G050

The grand touring tire for crossover SUVs, with excellent wet performance and driving confidence even in the snow, delivering responsive handling and greater comfort on the long highway drives.



iceGUARD iG65

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

“We, the Yokohama Rubber Co. Ltd. and our subsidiaries, shall respect human rights and conduct ourselves in a socially responsible manner while promoting the development of sustainable society, observing applicable laws, regulations and rules applying to our activities both in Japan and abroad.”

(Excerpt from our Corporate Charter of Behaviour)

Corporate Governance

To establish a strong organizational culture and to preserve the company's ethical compliance, YTPI adopts policies and engages in activities that strengthen its competitive standing in the industry. It gives an emphasis on the interests of its stakeholders while continuously creating a system of controls to achieve the company's goals and targets effectively and efficiently.

Moving Towards a Strengthened Culture

Under YRC's directive, YTPI formulated a new policy on Anti-Bribery and Corruption, and framed Specific Guidelines on Offering and Receiving of Facilities. Through this policy, all members of the company are given guidance on dealing with third parties. Its aim is to maintain the company's independence against the public.

Continuous Implementation of the Whistle Blower Policy and FEAR Factor Program

On its quest to create an environment that fosters honesty, growth, and compliance, YTPI actively promotes the Whistle Blower Policy in conjunction with the Fraud Elimination and Accountability Role (FEAR) Factor Program to its employees. The program aims to eliminate fraud and fraudulent activities and improve the ethical environment within the company.

YTPI conducts regular training for its members so as to continuously align their perspective towards the company's goal of having a strong ethical foundation. The company incessantly commits to its guiding values, principles and constant pursuit of excellence and quality by strengthening the internal audit and enhancing the implementation of systems of controls to achieve its goals and targets.

Whistle Blower System

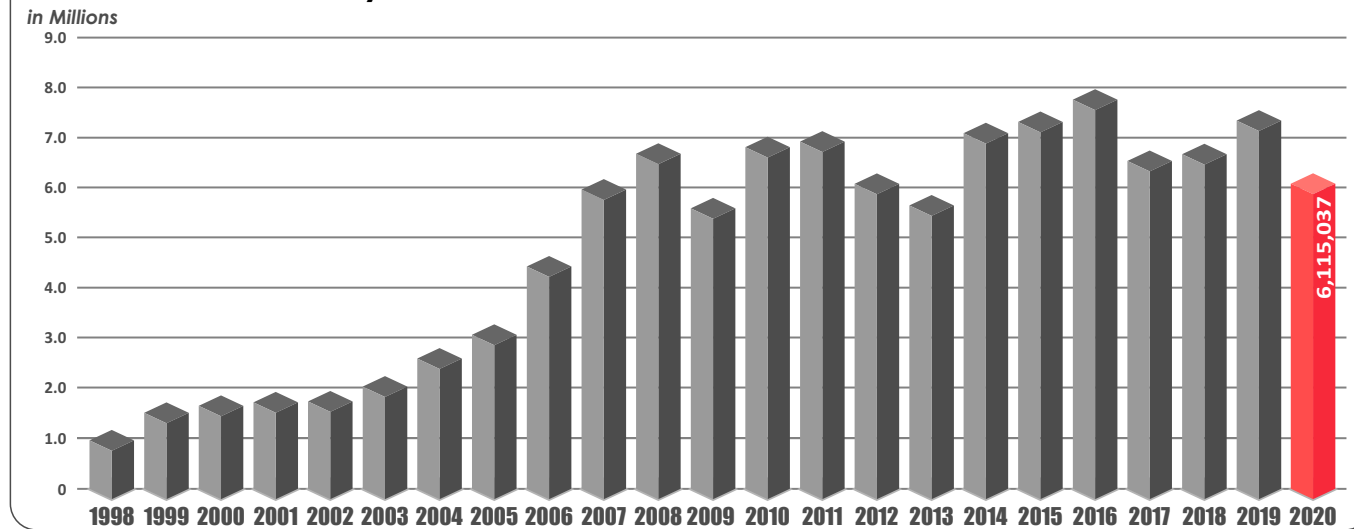
YTPI has a responsibility to conduct its business ethically and in compliance with the company code of conduct. If you suspect that a particular YTPI employee or officer is engaged in **improper activities** you should know that YTPI has a program that can show you how to "blow the whistle" and can protect you from retaliation if the need arises.



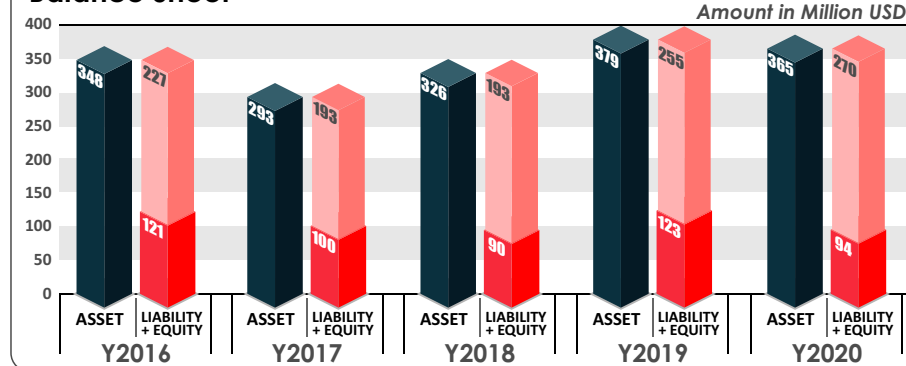
Let us support the YTPI FEAR FACTOR program. Report frauds now!
For details: Please contact Corporate Compliance & Internal Audit Section @ local 152

Financial Performance

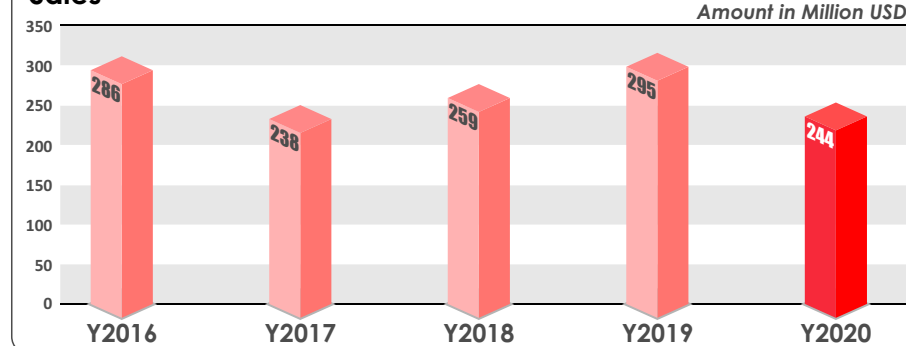
•Production Quantity



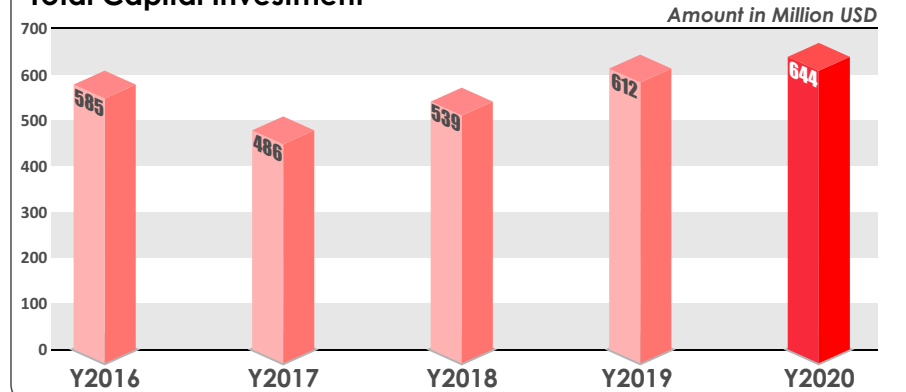
•Balance Sheet



•Sales



•Total Capital Investment



Widespread border closures and the impact of economic slowdown due to the outbreak of coronavirus has resulted to the decrease in tire sales. In Y2020, YTPi experienced a drop on sales quantity by 1.6 Million tires which is equivalent to sales amount of \$51 Million as compared to Y2019.

This should have drastically slowed down the business operations of YTPi but with good crisis management system in place, the company was able to quickly recover and without hesitation proceeded with its plans to invest in projects that will have lasting quality, safety and environmental impacts.

Economic Performance

SUPPORTING LOCAL



In June 2017, representatives of local natural rubber processors participated in a forum about supplier accreditation and quality requirement spearheaded by MCD Project Manager of YTPi. Members of Japan International Cooperation Agency (JICA) and Department of Trade and Industry (DTI) also attended to support the local processors.

Responsible Procurement Practices

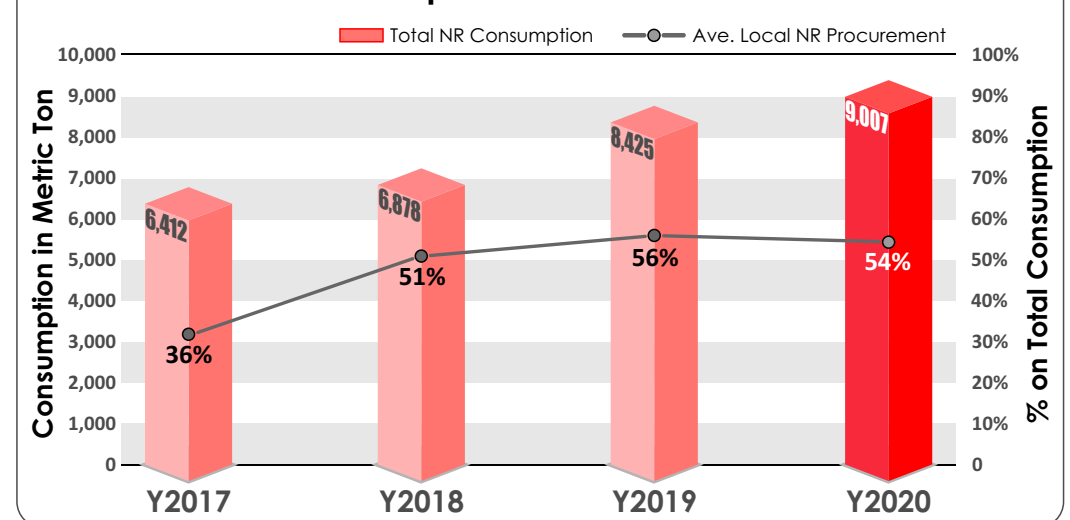
YTPi understands the potential impact of procuring raw materials from the Philippines; thus, the company continues its mandate to develop and work on the localization of procurement of natural rubber (NR).



Natural Rubber from a local supplier in the Philippines.

The company was able to touch base with the local rubber sector in coordination with the Department of Trade and Industry (DTI). This year, 54% of the total consumption of NR were bought from local suppliers. The localization of NR benefitted the farmers and rubber processors in Mindanao. Thus, providing locals with more stable jobs. It also helps in the sustenance of local rubber industries in the country.

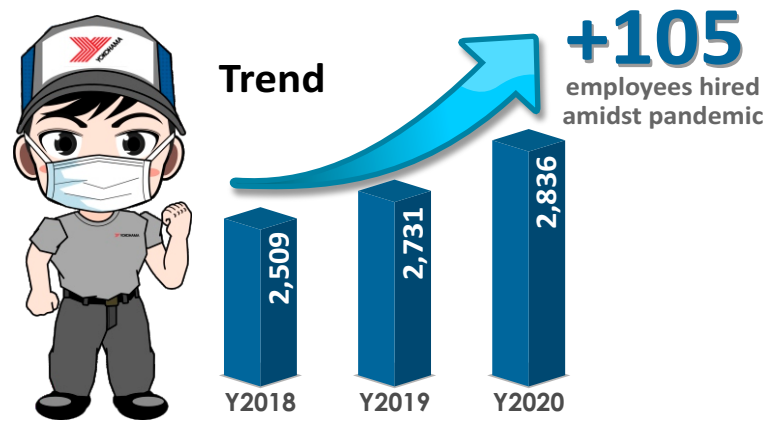
Natural Rubber Consumption vs Local Rubber Procurement



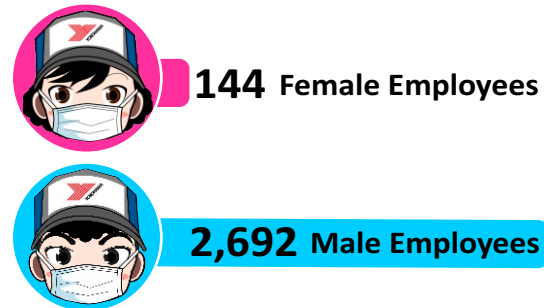
In choosing suppliers, the company makes sure that its vision is observed with responsible business practices. The Supplier Accreditation and Performance Evaluation include check items on the supplier/s' legal, environmental, social compliance, and quality.

Keeping Employment Afloat Amidst Crisis

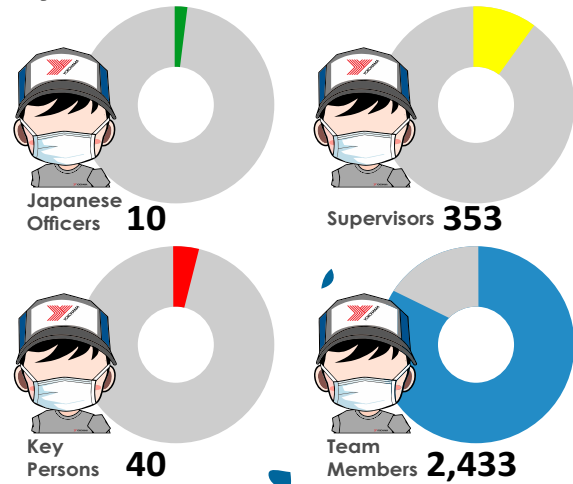
Manpower



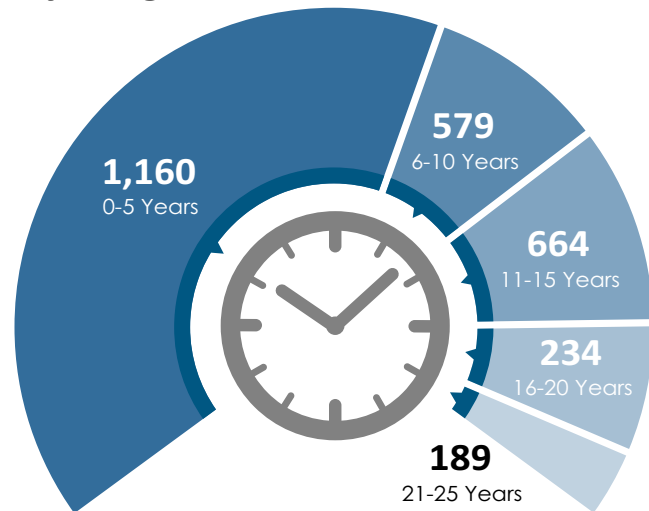
By Gender



By Rank



By Length of Service



By Location



YTPi remains to be one of the top ranks in terms of employment in Clark Freeport Zone alongside other Japanese-owned firms and Business Process Outsourcing (BPO) companies.

In 2020, the company grew by 105 employees resulting in a total of 2,836 workforce. Two percent (2%) are managers, 12% are supervisors and 86% are team members. Male is still the dominant gender representing 95% of the company population. Most employees are based in Luzon but the majority reside in Pampanga where the company is situated. Recruitment and talent acquisition are through different sourcing channels. The hiring is focused on recruiting Pampanga locals, providing equal employment opportunities.

Training and Development

Despite the limitations and challenges brought about by the pandemic, the company continues its mandate to help its employees develop their skills and knowledge constantly through various trainings and seminars. In 2020, a total of 39 training courses were conducted from January to December. These in-house and external trainings helped the participants develop their organizational, functional, and behavioral abilities.

This year, the company's key focus areas were strengthening YTPi's culture of safety, improving work culture, increasing awareness in resilience and taking steps in business continuity. Several trainings focused on educating employees on social welfare benefits, mental health and coping mechanisms for COVID-19, and skills training that will facilitate work efficiency.

All employees received training. The company provided various training programs so that every employee can identify the opportunity areas they should work in.

Training Attendance Report

Team Members

2,762 attendance based on actual internal training
 59 attendance based on actual external training
 Total of 2,821

Supervisors/ Senior Supervisors

396 attendance based on actual internal training
 54 attendance based on actual external training
 Total of 450

Section/Department Managers

83 attendance based on actual internal training
 46 attendance based on actual external training
 Total of 129

Average Training Hours

per Employee by Position	
Team Members	32
Supervisors/ Senior Supervisors	7
Section/Department Managers	15

Average Hours of Training per Employees by Position and Classification of Training

Classification of Training	Functional Behavioral Organizational Foreign			
	Functional	Behavioral	Organizational	Foreign
Team Members	2	0	1	29
Supervisors/ Senior Supervisors	4	1	1	1
Section/Department Managers	8	6	1	1

The New Normal Work-Life Balance

•Annual Family Day

In lieu of the annual YTPi Family Day, the company provided its employees family meals from Jollibee in September 2020. All members of the company received bucket meals, which they got to enjoy and share with their families.

•Virtual Sports Fest

As a temporary replacement for sports fest, the YTPi launched a plant-wide Mobile Legends tournament. It aims to provide a new, fun, and more exciting venue for employees to collaborate and learn the value of camaraderie in the workplace. The eSport competition, which was participated by 10 teams from the different processes, intends to renew and foster a positive work environment and maintain a good physical and mental well-being in this time of challenges.



•Virtual Year-end Thanksgiving

With the theme "Tuloy na Tuloy pa rin ang Pasko," the annual year-end thanksgiving celebration of the company went virtual to adhere to the pandemic safety protocols. Employees got to enjoy the said online celebration with their families at the comfort and safety of their homes via YouTube.



YTPi's virtual celebration featured some home-grown talents of the fastest growing social media app – TikTok. Raffle prizes and surprises were also given away to over 2,700 employees. One of the highlights of the event is the Tuloy na Tuloy pa rin ang Pasko musical presentation featuring some members of the company's top management.



“YTPI, a manufacturer of pneumatic radial tires, believes in preserving the environment and earth's resources. It aims to accomplish efficient and effective use of materials and resources through the concept of Reducing, Reusing and Recycling as everyone's concern.”

(Excerpt from our Environmental Policy)

Road to a Greener Environment amidst COVID-19 Crisis

Energy Consumption (Input)

	2018	2019	2020	The company has consumed 9.49% less electricity, 7.61% less fuel, and 10.71% less water this year compared to 2019 consumption. This can be attributed to the lockdown and decrease in production.
Electricity (Purchased) (MWh)	62,138	67,662	61,772	
Electricity (Generated) (MWh)	27,389	30,872	27,059	
Fuel (Boiler) (kL)	10,404	12,166	11,239	
Water (dam ³)	549.49	633.13	565.32	



Manufacturing

	2018	2019	2020
Cured tires (pcs)	6,993,718	7,625,687	6,252,759
Cured tires (kgs)	77,726,447	87,097,688	72,397,180

Process Flow: Mixing → Extruding → Calendering → Cutting and Bead → Tire Building → Curing → Finishing

A decrease of 18.0% in production was observed for the year 2020, which is mainly due to the country-wide lockdown and movement restrictions caused by the pandemic.

Wastewater discharge (dam³)

Parameters	2018	2019	2020
ph	6.5-9.5	7.19	7.69
BOD (ppm)	200	44.05	12.68
TSS (ppm)	200	50.36	22.14
Oil & Grease (ppm)	5	2.41	1.14
Nitrates (ppm)	14	2.79	4.73
Phosphate (ppm)	5	1.31	0.41
Ammonia (ppm)	35	0.70	1.23
Fecal Coliforms (MPN/100ml)	10,000,000	50,632.0	3,502,727.4
Surfactants (ppm)	5	1.06	2.08

A favorable lower air and water emission was observed last 2020 due to the decrease in production / processing brought about by the pandemic. Lesser resources and energy were consumed due to restricted movement of people, resulting in lesser waste produced. Fluctuating, but nevertheless within the DENR and CWC limit, results for Boiler and Generator stack emission quality and wastewater discharge quality were also noted during the period, ensuring that the control measures applied by YTPI is still effective and up to standards.



Carbon dioxide (CO₂) Emission (tons)

Parameters	2018	2019	2020
Carbon dioxide (CO ₂) Emission (tons)	76,061	85,367	83,039
Boiler Emission			
Sulfur oxides (SO _x) (mg/Ncm)	1,500	11.0	4.5
Carbon monoxide (CO) (mg/Ncm)	500	29.4	16.3
Particulate Matter (mg/Ncm)	150	8.3	19.5
Generator Emission			
Carbon monoxide (CO) (mg/Ncm)	500	48.4	29.9
Nitrogen Oxides (NO _x) (mg/Ncm)	2,000	915.4	1,560.8

Energy (Output)

YTPI generated 16.0% less waste in 2020 compared to last year's generation.

Landfill or non-recyclable wastes comprised 0.32% of the total waste, which is less than 0.5% and can be considered as 'Zero Landfill Emission'.

Reusable-Recycle rate is at 96.3%. This year's target was unachieved due to increased disposal of hazardous waste brought about by the abrupt and long stop of operation, as well as the increase in label backing due to increase in production at the



Total Waste Generated (tons)	2018	2019	2020
Reusable (tons)	83.3	78.7	81.1
Recyclable (tons)	4,072.4	3,515.0	2,937.7
Landfill (tons)	11.6	10.3	9.6
Hazardous (tons)	91.1	79.5	64.7
Landfill rate	0.27%	0.28%	0.32%
Reuse-recycle rate	97.6%	97.6%	96.3%

latter quarter of the year against the declining scrap generation.

Waste Management

Promoting the practice of proper waste segregation and disposal, along with the endorsement on reduction of emission and pollution in compliance to legal requirements, YTPI aims to actively participate in the national effort of producing a cleaner and sustainable Philippines.

From YTPI employees to the youth in the community, YTPI shares its innovative strategies and exercises to easily implement waste and emission management through various activities, such as orientations, visual awareness, clean-up drives, and many others.



•PET Bottles Trash Bin

As part of the proper waste segregation campaign of the company, EMS placed a recycled metal trash bin at Canteen 3 for disposal of PET bottles.

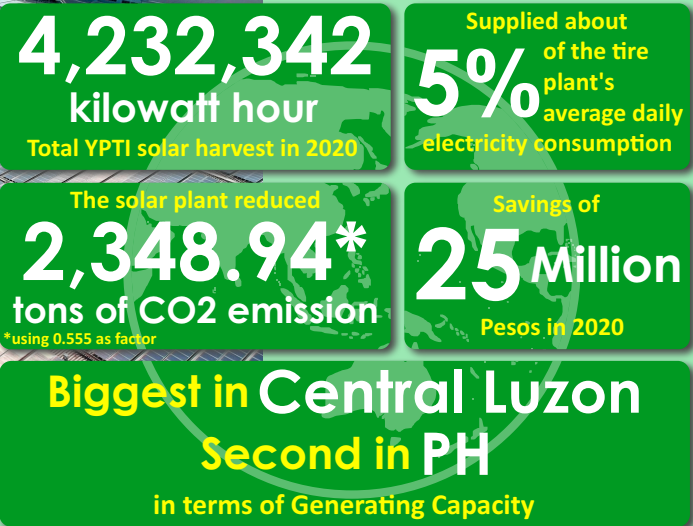


•Trash Bin for Used Face Mask

Black trash bins were placed at various places inside and outside the plant to promote proper disposal of used face masks.

On to a more efficient and environment-friendly energy

As an initiative to promote the use of clean, sustainable energy as well as to further reduce the carbon emission of its manufacturing operations, Yokohama Tire Philippines, Inc. made a major step to utilize renewable energy through the installation of its 4 MW Grid Tied Rooftop Solar Photovoltaic (PV) system.

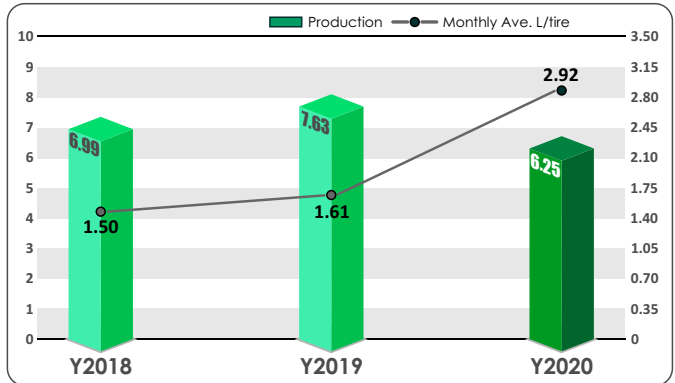


Energy Consumption Efficiency

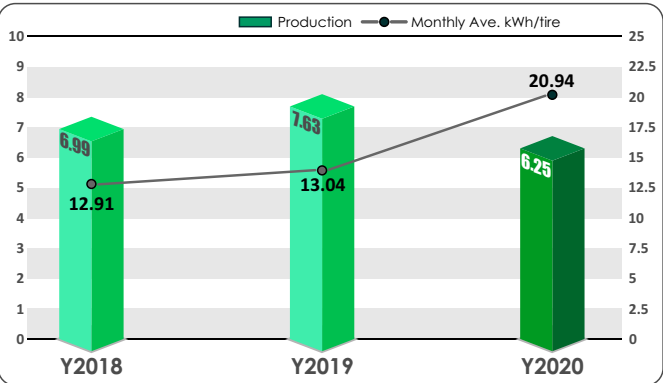
A halt in operation for two months caused the abnormal results of the monthly average efficiency for electricity, water, and fuel. Full operation of the plant only resumed by first week of June.

Attributing to the higher energy consumption per tire was the Phase Three (3) startup, where 15 lines are running but with a slow increase in production; steam through resulting to high EP boiler fuel steam consumption; and additional mixers at WP as well as higher mixing time.

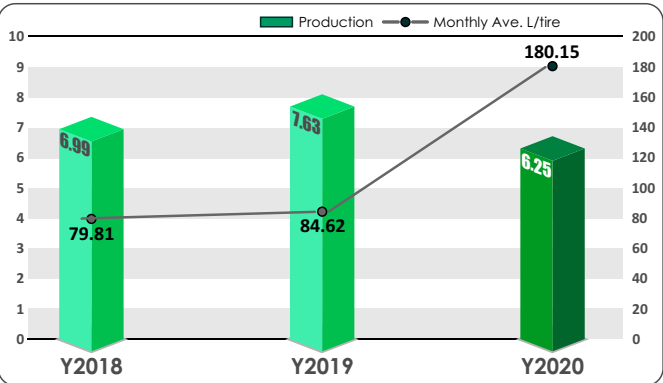
•Fuel Efficiency vs Production



•Electricity Efficiency vs Production



•Water vs Production



Biodiversity at YPTI

On its quest to protect all types of life within the premises of the company, YPTI-EMS continues to make inventories of all trees inside the plant as well as the variety of animals found within YPTI's man-made forest.



YPTI also organized tree planting activities inside the company premises as part of the celebration of the Environment Month.



Urban Gardening

Promotion of urban gardening and improvement of the nursery were among the biodiversity project highlights in 2020. YPTI cultivated organic vegetable gardens within its plant facility to encourage people in urban areas to have productive and healthy lifestyles and to raise awareness on recycling and upcycling. This is part of the "Food Sustainability through Vegetable, Flower Gardens and Landscaping" project spearheaded by the Environmental Management Section. Some of the vegetables planted were pole sitao, okra, pechay, and green bell peppers. The harvested produce was distributed for free to YPTI employees.

The YPTI urban gardening project also includes the provision of a composting pit, vegetable, flower and fruit-bearing tree cultivation, and landscaping.





“YTPI believes in preserving human life, that our employees are our most important assets. We aim to accomplish this by Proactive Risk Assessment and Health and Safety Management System.”
(Excerpt from our Health and Safety Policy)

The “SAFETY FIRST” culture

The company takes pride in its culture of safety first. In 2020, YTPI continued to promote a safe working environment through various campaigns and programs.

2020 Safety Culture



Ten Safe Man Rules



Safe Working Environment		Safety Drills	
No. of work-related injuries	2	Fire Prevention	7
No. of work-related fatalities	0	Other Drills (tabletop)	4

This year, YTPI achieved more than seven million safe man-hours, had two (2) work-related injuries, and zero (0) work related fatalities.

The company unceasingly encourage all its employees to uphold safety and health consciousness on their daily tasks while keeping workmanship in mind.



Activities and measures performed by the company to promote a safe workplace

•Hoist Crane Improvement Activities

This year, the Yokohama Rubber Company spearheaded an improvement activity to all Yokohama plants using hoist cranes. This includes standardization of crane hook; timely SOP review and revision; creation of training videos for hoist crane operators; certification of hoist crane operators; and inspection of hoist crane conditions.



•Monthly Risk Assessment

Employees are encouraged to be vigilant in identifying hazards and determining unsafe situations by reporting through the “On-line Risk Assessment” system. The identified unsafe situations are then attended with corrective actions. Safety rice incentives are given to employees with consistent submissions of valid safety findings.

•President's Safety Audit

As part of the top management's initiatives in maintaining an effective Occupational Health and Safety Management System (OHSMS), a safety audit spearheaded by YTPI president is conducted monthly. This is also when the Safety Core Team representatives discuss safety theme activities and other safety updates of their respective section/process.



•Safety Trainings

Government organizations and private training providers were also tapped to provide YTPI employees with basic safety trainings such as motorcycle safety-riding seminar, fire-fighting, working at heights, and working on confined spaces among others.



•Emergency Preparedness

It is important that a company is "always ready" when uncontrollable natural disasters occur. More than the damage control on properties, it is crucial in the prevention of injuries and fatalities. To equip employees with basic know-how and what to do in case of emergency situations, various drills such as fire drills, earthquake drills, bomb-threat drills and disease/infection control drills were done. A group called ERT (Emergency Response Team) was formed to spearhead drills and responses in actual situations 24/7.

•Safety Pronouncement "Safety Chant"

YTPI employees speak safety multiple times a day to remind themselves to be safe always. "Magandang buhay! Let us achieve zero accident!" "Safety first!"

•Fire Prevention Actions / Measures

With the aim to prevent fire incidents within the plant and to prepare its employees in case a fire emergency emerges, YTPI created the following measures:

- Assuring the availability of fire fighting equipment and maintaining these tools in good condition
- Proper flammable chemical handling and storage
- Monitoring and maintaining of electrical equipment and machines in good condition
- Thermal scanning activities on electrical panels
- Fire prevention education to members
- Creation of a matrix called Fire Hazard Identification and Determining Controls (FHIDC) by all sections/processes to identify all sources of fire and establish appropriate controls
- Internal hotwork inspection and permit system
- Inspection of extension cords and power tools



The New Normal: Together WE can beat this better

Due to the health and safety risks brought by the COVID-19 pandemic, YTPI adopts Yokohama Rubber Company's response to the health crisis. The said response highlights the prioritization of the health and safety of each employee, their family members, and the customers and working to minimize the negative impact to the business and operations.

To provide employees an easy to understand COVID-19 safety reminders, YTPI created the 10-point Guideline against COVID-19:



Moreover, various video campaigns for COVID-19 protocols and programs were launched. These materials were played daily in all shifts at all canteens.

Aside from compliance to minimum safety protocols imposed by the government, the following actions were performed by YTPI to prevent spread of coronavirus in the workplace:



YTPI's responsibility does not end in the four corners of the tire plant. Being one of the major players in the tire manufacturing industry in the Philippines, the company recognizes the need to create a positive social impact not only to its shareholders and employees but also to all interested parties involved directly and indirectly to the business.



“Producing quality tires is our greatest pride. We are proud of our work and find satisfaction in seeing that the tires we produce meet our customers' exacting needs and high standards.”

(Excerpt from our Quality Policy)

Continuous Pursuit of Quality and Customer Satisfaction

Driven by the company's passion to provide the customers with tires that they deserve and tires that they can trust, YTPI constantly produces quality tires based on the “Customer First” philosophy and continuously innovates to guarantee customer satisfaction.

The company lives by the tagline; “Japanese technology and Filipino craftsmanship”.

To create a culture of compliance in the workplace and to ensure producing world-class and customer-approved tires, YTPI conducts internal and external audits of each process regularly.

•Internal Audits

The annual YTPI-QA initiated audits aim to monitor the continuous compliance of YTPI quality management with respect to customer specific requirements, federal regulations, local regulations, and other requirements identified by Interested Parties.

•External Audits

YTPI undergoes periodic audits initiated by Interested Parties to evaluate the company's compliance to their respective regulations. It also includes an annual Third Party Audit, which purpose is to evaluate the establishment and continuous implementation of YTPI quality management system in accordance to ISO (International Organization for Standardization) 9001:2015 and IATF (International Automotive Task Force) 16949:2016 regulations.

Moreover, YTPI constantly audits and develops its processes to ensure maximum efficiency and effectiveness of building tires that people can trust.

To date, Yokohama Tire Philippines, Incorporated is certified to ISO 9001 and IATF 16949 for its quality management system.



0 Major Non-Conformity

Certification Standards	Minor NC	OFI
•ISO 9001 & IATF 16949 (Surveillance 2 Audit)	4	0
•China Compulsory Product Certification	0	0
•Bureau of Philippine Standards (BPS)	0	1

*All findings were closed

Quality Assurance Activities in 2020

•Promotion of Lookback Inspection

What is Lookback Inspection? At the time of quality issue discovery, detecting personnel must immediately inform Quality Assurance team regarding the problem and conduct preventive measures to prevent occurrence of an outflow.

•Plant-wide Quality Misconduct Training

In November 2020, a Quality Misconduct Training was done in line with the YRC-QA directive to educate every employee about quality misconduct. Its aim is to proactively address the occurrence of many corporate quality frauds in recent years.

•Quality (Trouble) Yochi Training

Quality Yochi Training is a technique to strengthen sensitivity to Quality trouble and ability to focus on Quality. This technique can be used to easily pinpoint the cause of specific quality problem and how it will be corrected to prevent future occurrence in the process.

•Measurement System Analysis

MSA is performed to increase the accuracy of pass/fail judgment made on visual defects, advancing the quality objectives in an area that is commonly overlooked. At first and final inspection, each member is continually inspecting the tire visually for defects. Afterwards, a decision is made to pass or fail the product. These pass or fail judgments are extremely important to manufacturing operations because it has a strong impact on production output as well as the process control decision.



•Inspectors' Visual Acuity Examination

On January 16-17, 2020, all cured tire appearance inspectors from Quality Assurance, Curing, and Manufacturing Common processes underwent Contrasts Sensitivity, Color Vision, Visual Acuity, and Refraction Tests to examine and improve visual capability. These tests are also part of the standard screening criteria during pre-employment and annual medical examination of employees for the abovementioned job positions.



All cured tire appearance inspectors underwent the Inspectors' Visual Acuity Examination months prior to the pandemic.

•Major SOP format revision

To ensure YTPI's target of 100% common understanding of personnel to SOP, the company articulated SOP instruction written both in Filipino and English.

The objectives of these changes of SOP format

- ✓ To have 1 common format in SOP making
- ✓ To make the SOP more specific in doing the activity
- ✓ To have an SOP written in Filipino language.



YOKOHAMA Cares

YMPI Initiative for Sustainable Development



The Yokohama Tire Philippines, Inc. continues its mandate to develop programs that have significant impact to the community and will cater to the needs of our fellowmen.

On Education

As education remains to be one of the main focus of YMPI's CSR projects, the company continues its scholarship program for qualified students in the collegiate level. It opened 25 new slots of grants combined for all of its six (6) partner schools from Luzon to Mindanao in 2020.

The company shoulders the tuition fee cost and offers support for other miscellaneous expenses such food, transportation, textbooks, laboratory fees etc.



Some of YMPI's academic scholar graduates that are now employed by the company together with YMPI's officers and top executives.

To date, a total of

73

students

under the scholarship program of YMPI.

13

graduates employed

6

partner universities



On Employees' Health and Safety

As the world faces the challenges brought by the pandemic, YMPI remains resilient and ensures business continuity while keeping its employees' safety as top priority.

A 10-point guideline to beat COVID-19 and the 3Ws of basic COVID-19 prevention were implemented. Safety protocols reminders were flashed on screens, posted on walls and announced periodically via the company speaker.

Moreover, YMPI hired a full-time company physician to attend to immediate health concerns and deployed protocol marshals to monitor compliance of minimum health standards set by the company in accordance with the IATF guidelines.

Financial assistance during the enhanced community quarantine were also extended to qualified employees.



YMPI's Bangon Pilipinas poly-cloth masks were distributed to all employees as well as face shields and alcohols. Clear barriers and table partitions were installed at workstations and canteens.

On Employment Generation

Amidst the worldwide health and economic crisis, YMPI is among the companies in the Philippines that ensued business immediately and kept employment at 100%.

It also remained as Clark's top locator in terms of investments and exports and a major contributor in keeping employment afloat in Pampanga despite the pandemic.



YMPI uniform issuance to newly-hired employees.

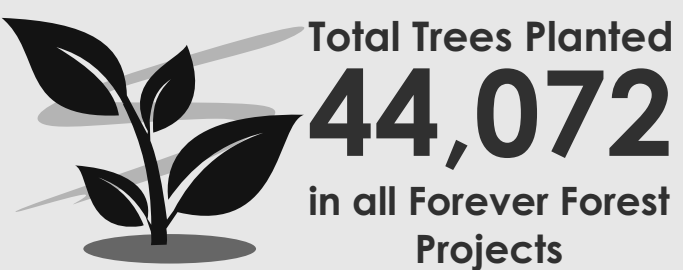


On Environment

Giving equal importance to caring for the environment, YMPI continues to fulfil its commitment in environmental conservation amid COVID-19 pandemic.

In October 2020, YMPI president and CEO Tetsuya Nagao led the fourth expansion of the company's tree planting activity, dubbed as Forever Forest, in the uplands of Sitio Bliss, Barangay Sapang Bato, Angeles City. Seedlings of Philippine native trees were planted in coordination with the City Environment and Natural Resources of Angeles.

Forever Forest is a human-made indigenous forest, which started in 2008 within the YMPI vicinity. It is an effort of the company to offset emission of carbon dioxide by producing more oxygen in the atmosphere.



These seedlings and saplings are homegrown in YMPI's own nursery.

Moreover, seedlings donations to YMPI employees and the local community were also continued despite social restrictions. A total of **85 seedlings** were donated for 2020. 65 of which were donated to employees while the other 20 seedlings were given to the local community.



Pres. Nagao leads the turnover of relief goods and ready-to-eat meals for the beneficiaries in Barangay San Juan, San Simon Pampanga.



YMPI and Yokohama Tire Sales Phils., Inc. distribute relief goods and sanitary kits in Batangas for the victims of the eruption of the Taal volcano.



Pres. Nagao leads the loading of 400 packs of cleaning and hygiene items for the victims of flooding caused by typhoon Ulysses.



On Community Response after a Natural Disaster

In 2020, the Philippines has faced numerous challenges brought by natural and man-made disasters. Filipino expression of community effort and shared responsibility in overcoming these adversities has been remarkable.

The Taal Volcano had a phreatomagmatic eruption from its main crater that spewed ashes across parts of Southern Luzon in January 2020. YMPI, together with Yokohama Tires Sales Philippines, Inc. (YTSP), distributed relief donations to the evacuees of San Antonio Pascual in Batangas.

In November 2020, Typhoon Ulysses hit the country affecting many families and indigents. YMPI employee-volunteers distributed relief goods and ready-to-eat meals to the affected families in Barangay San Juan in San Simon, Pampanga. Aside from this effort, 40 boxes containing a total of 400 packs of cleaning and hygienic supplies were also sent to Isabela and Pampanga for the victims of the said typhoon.

Beneficiaries		
San Antonio Pascual, Batangas	Isabela	San Juan, San Simon
104 individuals	400 Individuals	150 Families

Tetsuya Nagao, YMPI president and chief executive officer led the turnover of said relief goods to the City of Ilagan in Isabela and Barangay San Juan, San Simon Pampanga on November 23 and 24 respectively.

"While we are taking care of the company during this pandemic, YMPI is also ready to provide assistance to the community especially those greatly affected by typhoon Ulysses," Nagao said.

Lastly, as part of the response of YMPI to help and to show support and appreciation to our COVID-19 frontliners, the company launched the "Help Us Help Our Frontliners" Campaign. Jose B. Lingad Memorial General Hospital, Diosdado P. Macapagal Memorial Hospital, Rafael Lazatin Memorial Medical Center, St. Raphael Foundation and Medical Center, and The Medical City – Clark were the beneficiaries of the said campaign. PPEs were donated to COVID-19 frontliners from public hospitals in Pampanga in cooperation with Clark Investors & Locators Association (CILA) and Clark Development Corporation (CDC).



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Chief Executive Officer

Angelina Casasola
Vice President
Administration Division



2021 TARGETS Moving Forward

For 2021, YTPI aims to continue improving its status during this time of COVID-19 pandemic and making the company great again. It strives to keep "Safety First!" and COVID-free.



Safety

0

Major & Minor Incident
Light Incident
Fire Incident



Environment

Zero environment-related issue
Increase Energy conservation activities
SCRAP of less than 1.63% (EP+WP)



Quality

0

Market measures
OE claims

OUTFLOW reduction by **50%** vs 2020



Delivery 100%

Achievement of
monthly production

Phase 3 (I-J Line)
Full production capacity



Cost

100%

Sales/shipping
target achievement



Human

Internal training for
Competency & Compliance
Culture of compliance/attendance
more than 96%

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