

Environmental Basic Policy and Environmental Guidelines

Revision of Environmental Basic Policy and Environmental Guidelines to Strengthen Action

As one of the basic principles of GD100, a new medium-range management plan launched in April 2006, Yokohama Rubber adopted the goal of “asserting world-class strengths in technologies for

protecting the environment.” To put this principle into action, our Environmental Basic Policy and Environmental Guidelines have been reviewed and revised.

GD100 Basic Policy on the Environment (revised November 2006)

Following the principle of “dealing fairly with society and valuing harmony with the environment,” we shall assert world-class strengths in technologies for protecting the environment.

I Continued improvement of environmental management

We shall practice environmental management as an integral part of our business activities, and undertake activities to protect the environment as a duty to society.

II Action to combat global warming

All employees in all divisions shall take action to combat global warming in all fields of activity.

III Contributing to creation of a sustainable recycling society

Action shall be taken to reduce the impact on the environment at all stages, from product planning and development to purchasing, production, sale, and disposal.

GD100 Guidelines for Action on the Environment (revised November 2006)

For the sake of future generations and this irreplaceable planet, we shall act to protect the environment.

I We shall practice global environmental management.

We will adopt consistent, high-level environmental management practices at all operations worldwide.

- Environmental management systems will be developed at all consolidated subsidiaries and affiliates in Japan and overseas.
- Environmental programs will be continuously improved, and the roles of each individual working in the group will be clarified to act.

II We shall contribute to society through manufacturing.

We will take action to minimize the environmental impact in all products.

III We shall undertake “top-level environmentally conscious production” and pursue activities to protect the environment as a social duty.

Industrial waste shall be completely recycled.

- Recognizing that we have a role to play in combating global warming, we will cut emissions of greenhouse gases.
- We will strive to reduce waste emissions and improve “3R” (reduction, reuse, and recycling) technologies, and conserve and recycle resources.
- We will comply with environmental laws and regulations and observe other contractual matters, including their backgrounds.

IV We shall work to improve communication with society and local communities.

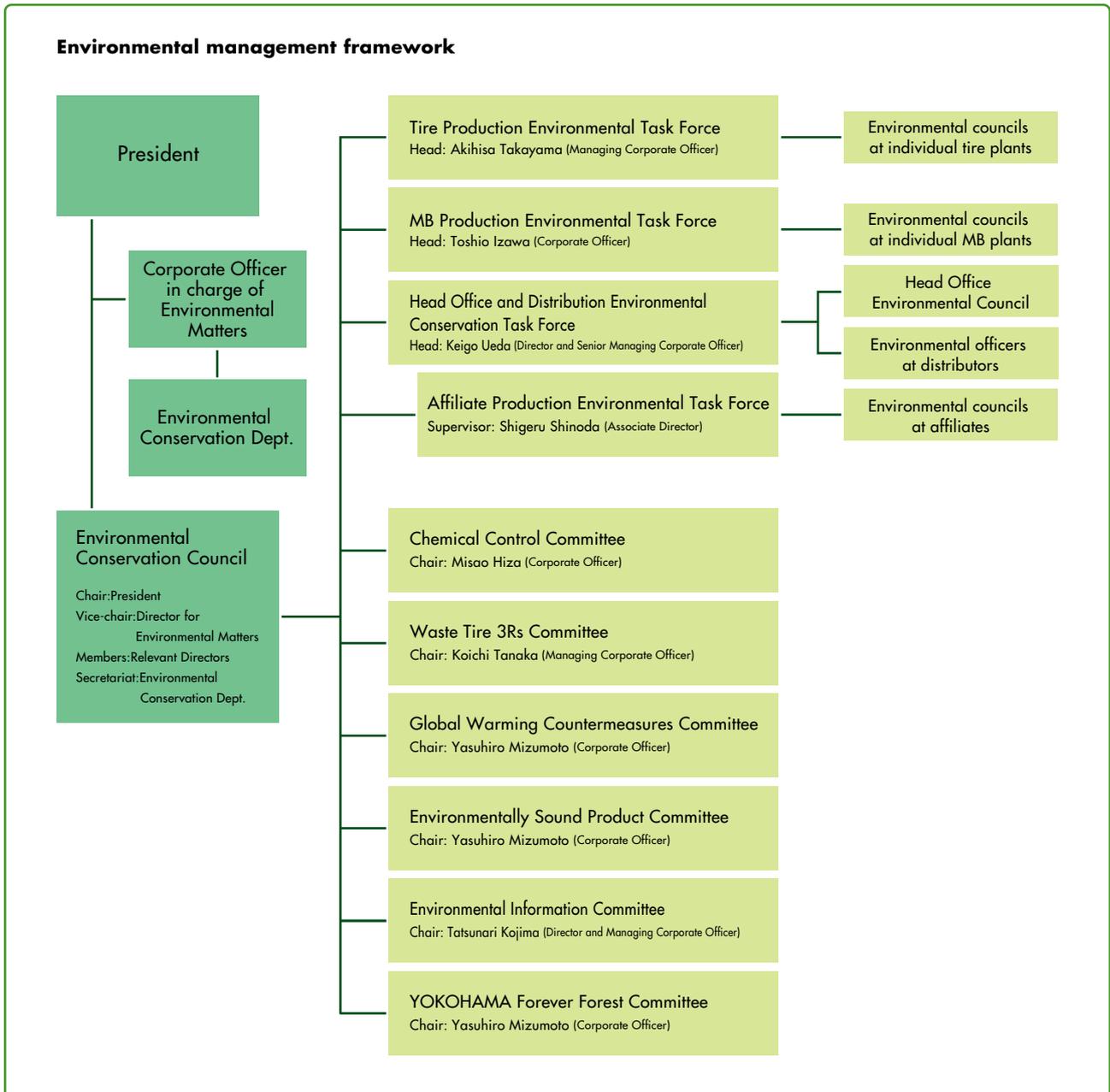
- Activities will be undertaken to gain the understanding of people within and outside the company concerning our practice of environmental management and achievements.
- Action will be pursued to take into consideration the views of everyone who plays a part in supporting the activities of the Yokohama Rubber Group.

Environmental Management Framework

Establishment of Environmental Information Committee to Improve Communication

Yokohama Rubber is improving and strengthening arrangements to promote environmental management. In June 2005, a framework was established that clarified responsibilities for environmental management within individual operations (the tire division, MB division, production operations of affiliated enterprises, and office operations), and in the particular areas of control of chemical substances, reduction, reuse, and recycling of waste tires (i.e., the "3Rs"), and measures to prevent global warming. This was followed in June 2006 by the establishment of the

Environmentally Sound Products Committee and the commencement of action on themes such as the definition of "environmentally sound products" and the raising of the proportion of our lineup that consists of environmentally sound products. Then in March 2007, the Environmental Information Committee was established to enable a unified, positive approach to communication activities in order to deepen understanding of our implementation of environmental management practices and their outcomes among people both within and outside the company.



Environmental Management System

Expansion of ISO14001 Certification of Operations

ISO14001 compliance is being promoted as a means of ensuring the adoption of consistent environmental management practices at all our operations worldwide. Between 2006 and July 2007, Yokohama Tire Corporation, Yokohama HAMATITET (Hangzhou) Co.,Ltd., head office operations, and Yokohama Tire Manufacturing (Thailand) Co., Ltd. were all certified as ISO14001 compliant. The Yokohama Rubber Group's 32 distributors, too, have introduced environmental ISO14001-compliant GD100 guidelines and have embarked on adopting

environmental management practices.

State of ISO14001 certification (as of July 2007)

Japan:	Yokohama Rubber (Hiratsuka Factory, Mie Plant, Mishima Plant, Shinshiro Plant, Onomichi Plant, Ibaraki Plant, Nagano Plant, Hiratsuka East Plant, head office operations), Hamagomu Kosan, Hamagomu Engineering, Yokohama Tire East Japan Retread, Sanyo Retread
Overseas:	Yokohama Tire Philippines, YH America, Yokohama Rubber (Thailand), SC Kingflex, Hangzhou Yokohama Tire, Yokohama Tire Taiwan, Yokohama Tire Corporation, Yokohama Tire Manufacturing (Thailand), Yokohama HAMATITET(Hangzhou), SAS Rubber Company

Strict Compliance with Laws and Ordinances through Implementation of ISO14001

The laws, regulations, and other contractual commitments to be observed are stipulated in accordance with ISO14001 requirements, and awareness of legal amendments and appropriate compliance are confirmed through audits. Each of our establishments constantly keeps track of the state of amendment of local ordinances,

agreements, and contracts, and adopts stricter voluntary standards. In fiscal 2006, there were no violations of laws or ordinances by any of our establishments, and "Standards on Total Zinc" were reviewed in accordance with the revised Water Pollution Control Law, confirming that levels were within the prescribed limits.

Continuous Improvement of Environmental Management through Three Forms of Auditing

Continuous improvements to environmental performance, environmental risk, and environmental management are audited by conducting three kinds of audit: company-wide audits, external ISO inspections, and internal audits. Since fiscal 2006, overseas establishments, too, have been included within the scope of audits in order to verify the adoption of "consistent environmental management at operations worldwide."

Company-wide Audits

These are cross-check audits conducted by the Environmental Conservation Department of sites' state of compliance with environmental legislation and internal standards on environmental management. In fiscal 2006, 12 production sites (including three overseas operations) were audited, confirming that consistent environmental management practices are followed in Japan and overseas. The results of this company-wide audit were reflected in the choice of Eco Factory Award winner for the fiscal 2006 Eco Award (an internal prize headed by the President).

External Audits (ISO14001)

All of Yokohama Rubbers' plants underwent regular and renewal inspections conducted over a combined total of 47 days by the ISO certification body, resulting in all having their accreditation renewed.

Internal Audits (ISO14001)

26 days of inspections were conducted at all plants in fiscal 2006 in accordance with ISO regulations.

Reinforcement of Standards for Company-wide Audits

Auditing standards have been tightened in line with higher social demands concerning environmental management practices. In fiscal 2006, 31 nonconformities were identified, and continuous follow-up of corrective measures was undertaken. The largest category of nonconformity concerned "implementation of legal and internal regulations," which accounted for 16 instances. Failures to properly "administer systems" leading to improvements in performance were also identified.

Trend in number of nonconformities at Hiratsuka Factory

	2003	2004	2005	2006 (FY)
Opportunities for improvement	42	47	29	39
Minor shortcomings (requiring improvement)	3	3	1	7

Enhancement of Environmental Training and Announcement of Message from the President

In addition to incorporating environmental training into education provided to new hires, Yokohama Rubber also arranges general ISO14001 environmental training, environmental training targeting mainly engineers in their second or third year at the company ("Techno College"), and training of internal auditors. Training on a total of 109 emergency scenarios provided for under ISO14001 has also been provided to 798 employees. During Energy Conservation Month every February and Environment Month every June, a message from the President is sent out to all employees. In fiscal 2007, an appeal for environmental slogans and posters drew 2,008 and 63 entrants respectively.

環境月間にあたって



社長

6月は環境月間です。昨今の東京での雪の無い冬など異常気象が身近に実感され、環境保護の重要性がますます高まっています。
 種々の環境課題の中でも、地球環境全体に影響を及ぼす地球温暖化の防止がもっとも緊急を要し、我々の日常の活動においても具体的な行動が求められています。
 当社では、「トップレベルの環境貢献企業」を目指して行動を開始し、グローバル環境経営、環境貢献商品、環境対応生産の3つの課題分野を軸に、その達成に向け取り組んでいます。
 当社は地球温暖化の防止活動の一環として、06年度に温室効果ガス8%強の削減を達成しましたが、GDI100の目標である12%削減の実現には、上記の3つの課題について、更なる活動推進が必要です。
 これら環境貢献活動の基本は、個人の意識の問題に帰着します。
 一人ひとりの室内温度・照明コントロールへの気配り、環境貢献商品を設計/開発しようという意欲、お客様に環境貢献商品を使用していただきたいとの思い、そして他人への思い遣り、が環境貢献行動の原点です。
 この月間においては、グループで働く一人ひとりが環境課題との「関わり方」を遅延している課題に自覚するとともに、次の具体的な行動を実践してください。
 ・チームマイナス6%運動(クールビズ・ウォームビズなどの6つのアクション)の実践
 ・内部・外部・全社環境監査時における指摘事項の改善状況確認
 横浜ゴムグループが環境貢献活動を通じて、地域住民から好感を持たれる工場・販売店であり続け、社会と良好な関係を築き信頼される企業として、行動しましょう。

President's message for Environment Month (June 2007)

Response to Environmental Risk

Following a review of possible emergency scenarios at all plants, an additional 20 scenarios were added to the existing 89, bringing the total to 109. Education and training are provided to relevant parties concerning 95% of the emergency scenarios (July 2007). Regarding the remaining 5%, training is scheduled to be provided during fiscal 2007.

Breakdown of emergency scenarios (the numbers of cases)

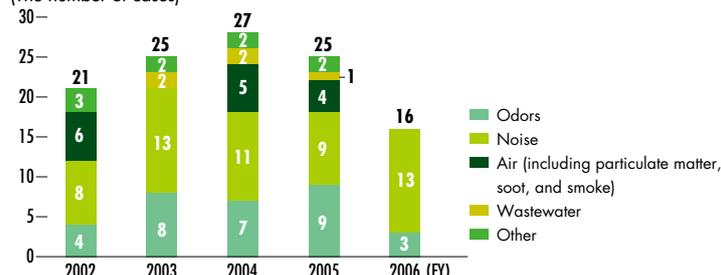
Spillages	72
Dispersal of carbon or other substances	14
Other fires or leaks	23

Number of Complaints Concerning the Environment

The number of complaints concerning the environment in fiscal 2006 fell 26% compared with the previous year to 16. We have increased opportunities for taking on board the views of local residents, and take all feedback seriously.

Trend in number of complaints

(The number of cases)



Active Risk Communication with Local Communities

Local residents and employees' families are invited on tours of plant environmental facilities and exchange events. In fiscal 2006, a total of 93 local residents and 883 members of employees' families visited our plants, providing us with an invaluable opportunity to hear their views.

Tours of environmental facilities at plants

(May 2006-May 2007)

Local residents	Hiratsuka Factory (47), Mie Plant (30), Mishima Plant (9), Shinshiro Plant (7)
Employees' families	Mie Plant (227), Mishima Plant (80), Shinshiro Plant (106), Onomichi Plant (220), Hiratsuka East Plant (8), Nagano Plant (242)

*Figures in parentheses indicate the number of visitors.



Before (left) and after "lights out" (right) at a direct tire outlet participating in Black Illumination

683 Establishments Sign Up to "Black Illumination 2007"

As a member of "Team -6%," the Yokohama Rubber Group has taken part in the "Black Illumination" national campaign to combat global warming since 2006. In 2007, all domestic tire distributors and direct tire outlets, that is, a total of 683 establishments participated.

■ Raising the Level of Environmental Management at Distributors

We request that all our tire distributors follow environmental management practices on a par with Yokohama Rubber's own. As part of such moves, we encourage them to take part in environmental activities engaged in by Yokohama Rubber, as a result of which all operations participate in Black Illumination. So as to make



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people more aware that they should not simply "turn off the electricity," but rather "turn off the electricity for the sake of the environment," efforts have been made to raise environmental awareness by such means as meetings before the campaign to explain what it was all about, and distribution of posters

produced by the company itself. Distributors, too, have as a result actively encouraged outlets to take action, and in 2007 all domestic distributors and direct tire outlets took part in the campaign. Presently, active participation in local environmental events and similar activities is encouraged so as to foster proactive engagement in GD100 environmental activities.

What is "Black Illumination"?

"Black Illumination" is a campaign launched in 2003 at the urging of the Japanese Ministry of the Environment with the aim of encouraging people to switch off electricity and in the process think more about the issue of global warming. It is undertaken during Environment Month every June; for two hours between 8 p.m. and 10 p.m. on June 24, 2007, the lights were switched off in unison at some 60,000 facilities and homes.



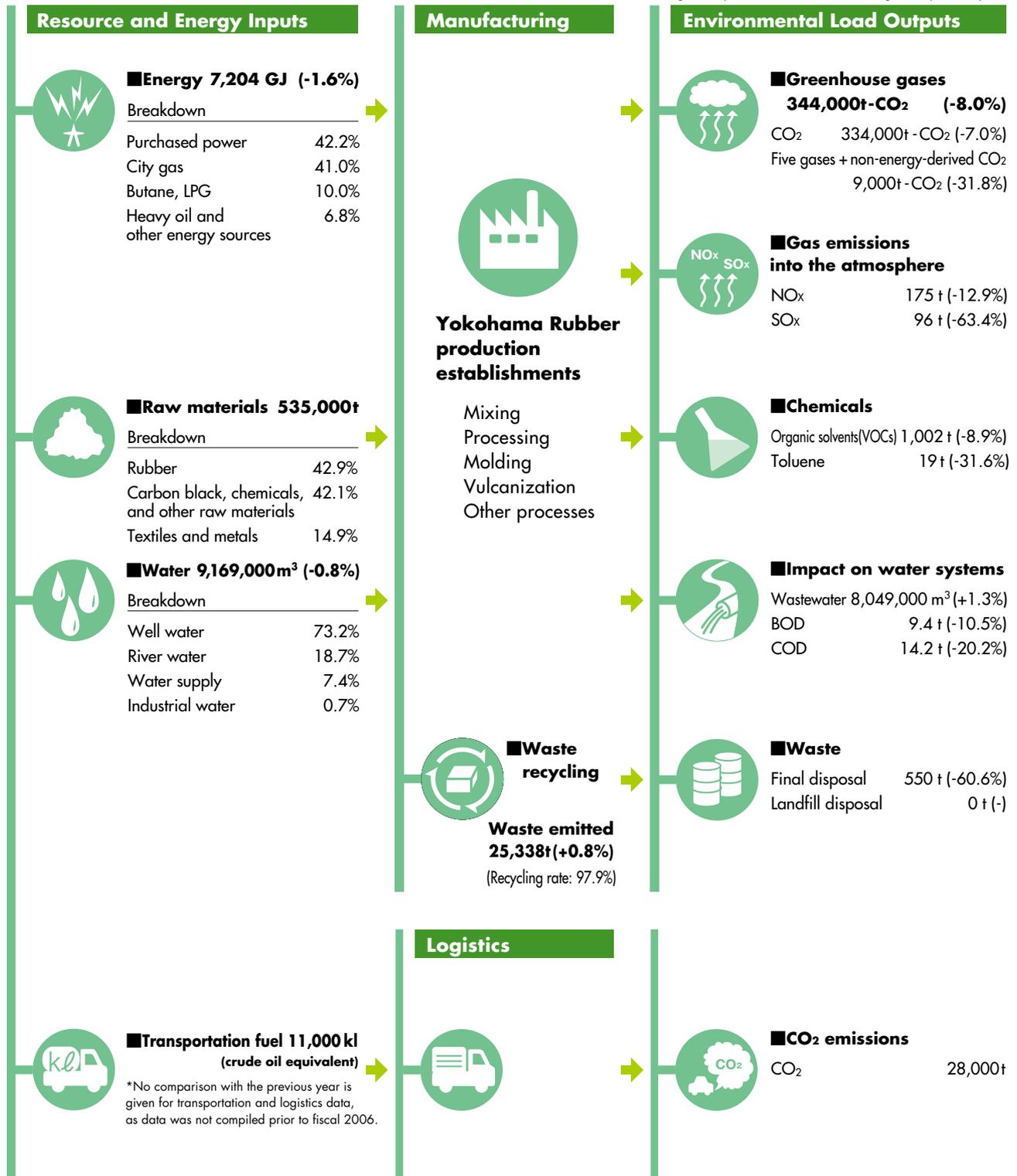
For details of participating establishments, please see our website (http://www.yrc-pressroom.jp/env_en).

Overview of Environmental Load

By quantifying resource and energy inputs and outputs, Yokohama Rubber is finding and implementing ways of lowering its total environmental load. In fiscal 2006, we succeeded in reducing both

resource and energy inputs and environmental load outputs by improving productivity and implementing energy-saving measures, despite output over the same period increasing.

Figures in parentheses indicate the change from previous year.



Medium to Long-range Environmental Plans

State of Progress in FY2006

*Assessment of state of progress: FY2006 targets achieved by the entire company are marked by a circle (○), and targets that were not achieved are marked by a cross (✕).

Challenges		FY2006	Progress*	Page in this report	
Improvement and Innovation of Environmental Management	Global environmental management	Adoption of consistent environmental management at all operations worldwide.	Domestic and foreign production operations (18 ISO14001 certified), non-production operations (34 "kick-off" centers for environmental management).	○	16
			Familiarization of all group companies with environmental policy.	○	
	Delivery of environmentally sound products	All products to be environmentally sound products by FY2017. To spread the concept of environmentally sound products among users.	Environmentally Sound Product Committee established and commences activity.	○	22
			Quantification of "pioneers" ⇒ quantification of definition.	○	
	Kyoto Protocol compliance	Compliance with Law Concerning the Promotion of Measures to Cope with Global Warming and amended Law Concerning the Rationalization of Energy Use.	Establishment and operation of Global Warming Countermeasures Committee. Action on establishment of new national targets and appointment of statutory energy managers throughout company.	○	32
			Completion of measures in compliance with amended law Concerning the Rationalization of Energy Use. Development and announcement of system to calculate CO ₂ emissions from logistics operations as a "specified shipper."	○	
	Restructuring of environmental training	Wide-ranging improvements in level of skills, technologies, knowledge, and qualifications concerning the environment.	Enhancement of education of internal auditors (179 trained in FY2006). Shakeup of Corporate Personnel Dept.'s Techno College program.	○	16
	Development of disclosure arrangements	Enhancement of content of environmental and social reports. Appropriate calculation and disclosure of data in accordance with laws and ordinances. Disclosure of information to promote mutual understanding with local communities.	Establishment of Environmental and Social Report Editorial Committee, reorganization and expansion of the committee to Environmental Information Committee (information disclosure by 19 operations in FY2006, up eight on previous year).	○	15
	Promotion of reduction, reuse, and recycling of waste tires	Promotion of collection of waste tires and development of "3R" technologies and products that incorporate them as a duty to society.	Establishment of Waste Tire 3Rs Promotion Committee.	○	38
	Promotion of green procurement	Meeting of standards sought by auto industry.	Entry into effect of revised Green Procurement Guidelines.	○	36
Contribution to environment and society	Creation of urban woodland (for relaxation, safety in emergencies, and adding to town character).	YOKOHAMA Forever Forest project.	—	52	
	Involvement in World Wide Fund for Nature (WWF).	Membership of WWF Japan (corporate member).	○	50	
Assessment of level of environmental management practices	Launch of Eco Award (promotion of environmental management practices by individual divisions).	First Eco Award ceremony held.	○	12	
Improvement of Environmental Performance	Reduction of industrial waste emissions	Target of lowering emissions to less than 50% of FY1996 level to prevent wasteful use of natural resources.	0.2% reduction from FY1996 not achieved.	✕	31
	Zero emissions		Attainment of zero emissions of waste for landfill disposal.	○	
	Promotion of recycling of industrial waste	Rapid attainment of target of 100% recycling of industrial waste.	97.9% recycling rate (target: 98.0%).	✕	
	Reduction of emissions of organic solvents (base year for organic solvents containing toluene and rubber = 2000, base year for halogen-based organic solvents = 1995)	Reduction of toluene emissions. Reduction of emission of organic solvents containing rubber.	Attainment of 91% reduction in toluene emissions compared with 2000. 49% reduction in emissions of organic solvents containing rubber compared with 2000. National target of 30% reduction already attained.	○	37
		Reduction of emissions of trichloroethylene in aircraft products.	Development of cleaning system using substitute for trichloroethylene.	✕	
		Reduction of emission of HCFC-141b in aircraft products	Development of cleaning system using substitute for HCFC-141b.	○	
	Reduction of greenhouse gas emissions	Contribution to prevention of global warming in accordance with Law Concerning the Promotion of Measures to Cope with Global Warming. Contribution to prevention of global warming under amended Law Concerning the Rationalization of Energy Use.	Deployment of cogeneration systems (CGS) at domestic tire plants (Mie Plant in FY2006). Commencement of compilation and publication of data on emissions of greenhouse gases.	○	32
			Completion of appointment of energy managers.	○	
	Improvement of logistics	Contribution to prevention of global warming under amended Law Concerning the Rationalization of Energy Use.	Commencement of compilation and disclosure of data on CO ₂ emissions.	○	34
	Reduction of greenhouse gas emissions from non-production operations	Energy conservation activities by distribution division. Participation in national energy conservation campaign.	Establishment of system for compiling data on greenhouse gas emissions by 45 non-production operations in Japan.	○	—
New challenges	Preservation of water resources.				
	Maintenance and improvement of wastewater quality			—	
	Contribution to prevention of atmospheric pollution.			—	
Minimization of Environmental Risk	Arrangements for control of "substances of concern" (SOCs)	Creation of control system capable of meeting auto industry demands (REACH registration, compliance with ELV Directive, national and regional legislation, swift compliance with regulations).	Establishment of guideline structure for compliance with ELV Directive (prohibition of use of substances covered by ELV Directive and establishment of guarantee system). Development and operation of centralized system of management of SOC data on chemicals contained in products (MS-InC).	○	37
		PRTR: Controlled based on safety impact indicator.	Disclosure of data on safety impact indicator data on individual plants.	○	
	Control of chemicals	Asbestos: Prevention of damage to employees' health.	Comprehensive investigation of installation in buildings.	○	10
		Atmospheric pollutants: Targets in excess of VOC standards voluntarily adopted by industry.	Compliance with Air Pollution Control Law.	○	
		PCBs: Proper storage and control (including amalgamated companies).	Presentation of application for prompt treatment.	○	31
		Type I monitored chemicals: Establishment of handling of voluntarily regulated "chemicals."	Restructuring of internal control mechanisms.	○	
	Prevention of water and soil pollution	Coexistence with surrounding communities made top priority.	Confirmation of non-pollution by observation well method at all plants.	○	35
	Prevention of noise and odors	Minimization of sensory nuisance.	Total of 16 complaints compared with target of 15.	✕	17
		Promotion of mutual understanding with local communities.	Regular risk communication.	○	
	Prevention of illegal dumping of industrial waste	Monitoring of all contractors at individual production sites. Internal auditing of manifest management.	Formulation and implementation of guidelines on management of contractors. Confirmation and auditing of recycling and reuse.	○	31

