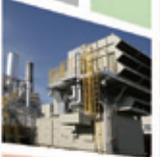
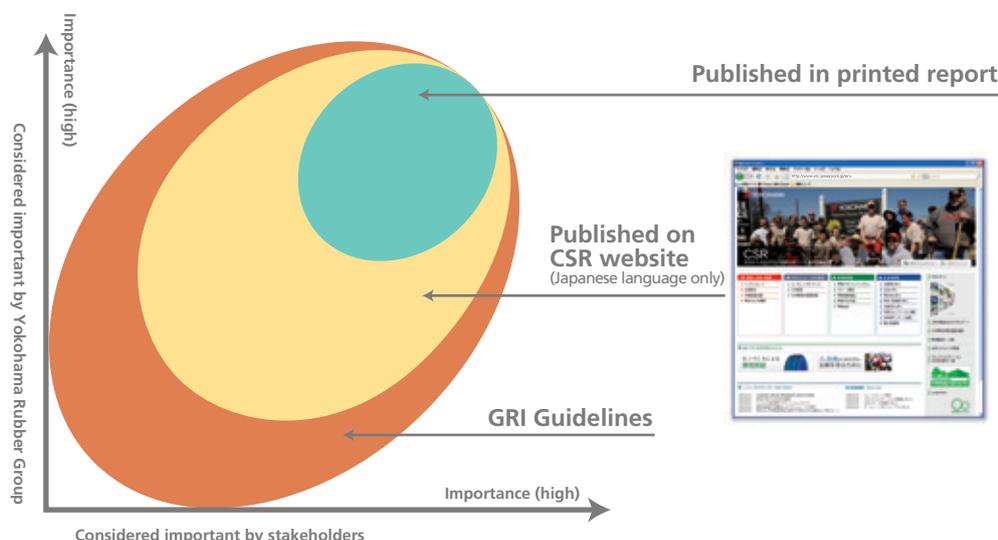


The Yokohama Rubber Co., Ltd.
CSR Report
2009

To Build a Trusted Identity as a Contributing
Member of the Global Community



Publishing what we think is important for you to know in print, and publishing more details online



Split in content between printed report and CSR website

Up to 2008, Yokohama Rubber published identical printed and online (PDF) reports on the economic, environmental, and social aspects of its activities. From 2009, however, the two media will feature different content: detailed information will be provided on the CSR website, while the information that we feel is particularly important for our stakeholders to know will be published in an easy-to-follow format in printed form.

Self-assessment following GRI Guidelines

Work on the 2009 report commenced with a self-assessment of all our business activities, including those of affiliates, following the third edition of the Global Reporting Initiative (GRI) Guidelines. Assessments conducted by the production, sales, and management divisions under the direction of the CSR & Environmental Information Committee (formed by several management

department heads and chaired by the head of the CSR Division) found reporting to be 70% compliant with GRI Guidelines. (For details, see the GRI Guideline Comparative Table on the CSR website.) Based on these assessments, each division compiled the information that should be reported, and this was edited together by the CSR Report Editorial Group established in the CSR & Environmental Information Committee.

Criteria for judging importance

The printed report was compiled focusing as far as possible on CSR activities relating to the following two themes:

- (1) Environmental contributions arising from manufacturing activities
- (2) Building a trusted identity as a contributing member of the global community

These themes were determined taking into account the views of divisions within the company, the results of questionnaires concerning past CSR reports, the views of local residents living near our production operations, and the advice of outside experts.

■ Period Covered

April 2008 to March 2009 ("fiscal 2008"). Major developments up to July 2009 are also included.

■ Scope of Content

Yokohama Rubber and Japanese and foreign group companies.

< Economy >

Yokohama Rubber and its consolidated subsidiaries.

< Environment >

Yokohama Rubber's eight domestic production operations.

Some information on other domestic and foreign group companies is also included.

< Society >

Some activities undertaken by Yokohama Rubber's head office, eight domestic production operations, and domestic and foreign group companies.

*The scope of the report does not differ significantly from "2008 CSR Report."

■ Reference Guidelines

Ministry of the Environment of Japan, Environmental Reporting Guidelines 2007.

GRI Guidelines (the third edition)

*GRI = Global Reporting Initiative

■ Frequency of Publication

Annually in September

■ Editorial Responsibility

CSR Report Editorial Group

■ Online Data

(http://www.yrc-pressroom.jp/env_en)

Notes Concerning Forward-looking Statements

This report contains projections, statements regarding plans and objectives, and other forward-looking statements. All such statements are made based on assumptions and judgments derived from information available as of July 2009, and are subject to risks and uncertainties that could cause actual performance to differ, including not only the business activities of the Yokohama Rubber Group but also global and economic trends and changes in the global environment. Please be aware of this when you read this report.

Message from the Top ----- 4

The Yokohama Rubber Group in Overview ----- 6

Corporate Philosophy, CSR Managing Vision and Medium-range Management Plan (GD100) ----- 8

< What We Want You to Know (I) >

Contributing to the Environment through Manufacturing ----- 10

Manufacturing Cycle

 Upward Spiraling Environmental Management ----- 11

Product Development

 Developing Systems Capable of Creating Only Environmentally Friendly Products ----- 12

 State-of-the-art Simulation Techniques That Make Visible an Invisible World ----- 14

 Used on Land, Sea, and Air in a Wide Range of Industries ----- 16

Procurement of Raw Materials

 Growing Global Procurement ----- 18

Production

 Japan's Kyoto Protocol Targets Cleared Three Years Running ----- 19

 100% Recycling of Industrial Waste Achieved at Five Plants in Japan ----- 19

 Pursuing Uniformly Advanced Environmental Management Worldwide ----- 20

Physical Distribution

 12.1% Reduction in CO₂ Emissions and 4.1% Improvement in Energy Efficiency in Three Years ----- 22

Sales

 Eco-tires Account for Around 70% of Sales, Distributors Growing More Environmentally Conscious ----- 22

Customer Feedback

 Global Gathering and Analysis of Customer Feedback ----- 22

< What We Want You to Know (II) >

Building a Trusted Identity as a Contributing Member of the Global Community ----- 24

Valuing People

 Ensuring the Transmission of Skills through the Skills Meister Program ----- 25

Improving People

 More Than 1,000 Employees a Year Receive Basic Training to Assist Their Education and Self-development ----- 26

Creating a Workplace That Energizes People

 Creating a Workplace That Values Diversity and Where More Than One in Three is Employed Overseas ----- 27

Ties with People and Society

 The Yokohama Rubber Group is Deepening Ties with Local Communities Around the World ----- 28

 YOKOHAMA Forever Forest Project ----- 28

Corporate Governance ----- 30

Environmental Management Systems ----- 32

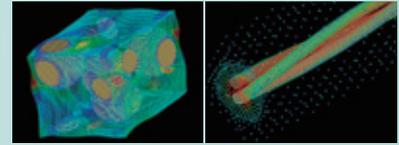
Medium to Long-range CSR and Environmental Plans ----- 34

CSR Website Map ----- 36

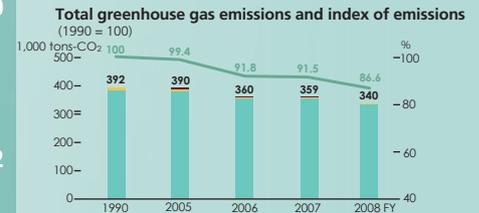
Communication with Communities and Results of Questionnaire on 2008 CSR Report ----- 38

Third-party Opinion ----- 39

On the Third-party Opinion ----- 39



State-of-the-art Simulation Techniques That Make Visible an Invisible World (P14~15)



Japan's Kyoto Protocol Targets Cleared Three Years Running (P19)



Pursuing Uniformly Advanced Environmental Management Worldwide (P20~21)



Global Gathering and Analysis of Customer Feedback (P22~23)



More Than 1,000 Employees a Year Receive Basic Training to Assist Their Education and Self-development (P26)



The Yokohama Rubber Group is Deepening Ties with Local Communities Around the World (P28~29)

Building a Trusted Identity as a Contributing Member of the Global Community



CSR is as important as ever despite the severe business climate

Precipitated by the collapse of financial institutions in the United States, the state of the world economy deteriorated rapidly from last autumn, and conditions remain severe. Normally in such a climate, a company would narrow its focus to pursue just profits, but that is not how we see things.

The “Green New Deal” unveiled by President Obama of the U.S., for example, aims to achieve a balance between the environment and employment, and Japan is similarly seeking to achieve economic recovery and job creation by promoting automobiles and consumer electronic products with outstanding environmental credentials. That these measures are accepted by society is testament that people are not pursuing simply economic efficiency. The challenges that face the world today, such as climate change and other environmental problems, the biodiversity crisis, surging

demographic growth, poverty and the widening gap between rich and poor, and resource depletion, can only be solved through ongoing cooperative action by everyone on this earth. Enterprises that do business globally must meet the high expectations and demands of the global community. Thus even when the economy is in the throes of a “once in a century crisis,” they must take the longer perspective and not turn away from meeting these challenges.

Strengthening management to increase social reliability (CSR)

The Yokohama Rubber Group is a global business with 16,772 employees engaged in operations in Japan, North America, Oceania, Europe, Asia, the Middle East, and Latin America, and sales outside Japan make up 44% of the Group’s total sales. The “Grand Design 100” (GD100) medium-range management plan launched in April 2006 sets as an objective becoming a

“global company with a distinctive global identity and strong market presence” with net sales of one trillion yen in the company’s centenary year in 2017. Globalization will therefore continue to be pursued.

The Yokohama Rubber Group believes that meeting and exceeding the expectations and demands of the global community is the only way for a global enterprise to earn social reliability. When GD100 was launched three years ago, stress was consequently placed on CSR by adopting the “assertion of world-class strengths in technologies for protecting the environment” and “fostering a customer-oriented corporate culture that honors rigorous standards of corporate ethics” as two basic policies. Management was strengthened by the establishment in June 2008 of the CSR Division, and qualitative improvements in both management and operations are now being pursued following the adoption of “quality growth” as a theme of the mid-range GD100 Phase II management plan launched this April for the three-year period from the fiscal year ended March 31, 2010 to the fiscal year ended March 31, 2012.

Regarding management in particular, we have further enhanced action on “people and society” and the “environment,” and have declared building a “trusted identity as a contributing member of the global community” as our management CSR vision both within and beyond the company.

Strengthening the social concerns of our business activities

“People and society” are our central concern. We have long provided arrangements such as childcare and nursing care leave to help our employees balance their work and private lives and support diverse ways of working, and in 2008 we established a system of leave to make it easier for employees to take part in volunteer activities.

It is also important to develop safe working environments, and all our production operations, both in Japan and overseas, are working to make their facilities intrinsically safe and train safety conscious workers who are capable of detecting hazards. As part of this strategy, they are also pursuing certification of their occupational health and safety management systems.

Since November 2007, the YOKOHAMA Forever Forest Project has been underway to plant some 500,000 trees at Yokohama Rubber Group production plants around the world, and by June of this year trees had been planted at seven plants in Japan and four overseas, and activities to create woodland with employees, their families, and local communities in order to contribute to communities, help combat global warming, and protect biodiversity are now taking root.

Qualitative improvement of environmental management

As a manufacturer whose mission is to make things, reducing the environmental impact at every stage of the product lifecycle, from the procurement of raw materials through to the production and

use of products and their disposal, is our top priority. In today’s automobile society, creating more fuel efficient tires can make a major contribution to reducing CO₂ emissions on a global scale. Yokohama Rubber launched its DNA series of fuel efficient passenger car tires in 1998 and continues to develop higher performance fuel-efficient tires, adopting the explicit target of making all its products environmentally sound by FY2017. In FY2008, the proportion of environmentally sound products was 75% across our entire lineup range and 100% in the case of new products. Environmentally friendly manufacturing is also an important priority. Emissions of greenhouse gases in FY2008 were 13.4% lower than in the base year (1990), and we have cleared the emissions reduction targets set for Japan under the Kyoto Protocol for three consecutive years. We continue to endeavor to practice uniformly high-level environmental management at all our operations worldwide, and a Global Environmental Council bringing together the presidents (environmental management officers) of operations around the world was set up three years ago.

“Feeling good” and “accessibility” are our watchwords

I believe that “feeling good” is what drives people and that doing something good for people and society makes a person feel good. In February 2006, Yokohama Rubber commenced a company-wide campaign called the Muda-dori (“waste reduction”) Campaign.

The purpose of this was initially to reduce expenditures. As the campaign continued, however, it evolved into one that contributed to the environment through, for example, the avoidance of wasteful use of resources and electricity. The pleasure derived from being able to make one’s own small contribution to society—in other words, the “feel good” factor felt by employees—is, I believe, what has sustained the campaign’s longevity.

Another important element is “accessibility.” Corporate Social Responsibility, or CSR, is a term that is hard to get to grips with for many employees. Since last year, therefore, I have called on people to think of the “R” in CSR as standing for “reliability” rather than “responsibility.” Fulfilling one’s responsibilities sounds very serious. Becoming a reliable company that is trusted by society, however, is something that one can tackle in a more relaxed fashion.

We will continue to seek to practice better CSR exercising imagination and ingenuity to make CSR a natural part of every employee’s work. And we hope that you, our stakeholders, will not hesitate to offer us the benefit of your own and observations to provide us with the feedback to discover new challenges and improve our CSR practice.



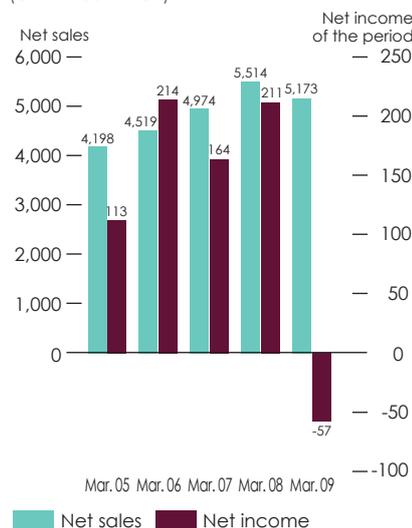
Tadanobu Nagumo
President and Representative Director

92 years after its establishment, Yokohama Rubber is now a global company with consolidated net sales of ¥517.3 billion and consolidated number of employees of 16,772

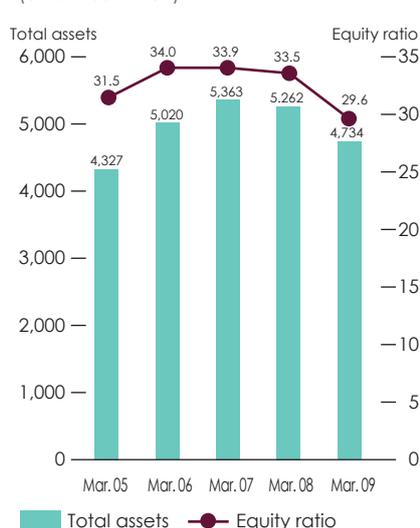
Yokohama Rubber at a glance (as of March 31, 2009)

Company Name	The Yokohama Rubber Co., Ltd.	Number of Employees	16,772
Established	October 13, 1917	Number of Shareholders	16,043
Head Office	36-11, Shimbashi 5-chome, Minato-ku, Tokyo 105-8685, Japan	Number of Shares Issued and Outstanding	342,598,162
President and Representative Director	Tadanobu Nagumo	Number of Consolidated Subsidiaries	156
Paid-in Capital	¥38,909 million	Number of Affiliates Accounted for by the Equity Method	2
Consolidated Net Sales	¥517,262 million	Stock Exchange Listings	Tokyo, Osaka, Nagoya

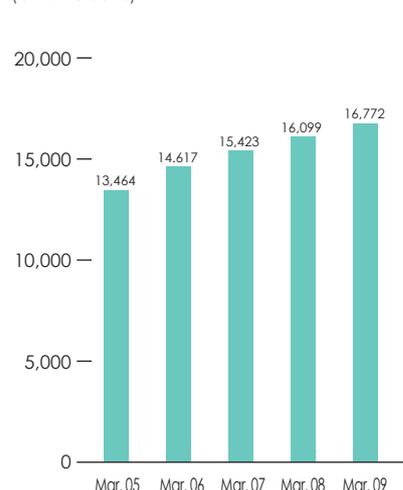
Net sales and net income
(Unit: ¥100 million)



Total assets and equity ratio (consolidated)
(Unit: ¥100 million)



Consolidated number of employees
(Unit: Persons)



Economic dividends to stakeholders

Following GRI Guidelines and examples of past practice, income and expenses presented in the financial statements were calculated categorized according to stakeholder. Results for society and the environment were aggregated independently. In FY2009, ended March 31, 2009, net sales declined 6.2% from the previous year owing to the effects of the economic crisis, and net income in the period registered a deficit of 5.7 billion yen. The amounts distributed to stakeholders were therefore down from the previous year.

Category of stakeholder	Value (million yen)		Method of calculation
	FY2009	FY2008	
Business partners*	291,738	295,393	Cost of sales** and selling, general, and administrative expenses**
Employees*	50,965	49,571	Cost of sales and payroll component of selling, general, and administrative expenses
Shareholders	4,357	4,693	Payment of dividends according to cash flow statement
Creditors	3,479	3,898	Interest expense component of non-operating expenses
Government	2,975	5,334	Corporation income tax, etc.
Society	32	32	Expenditure contributing to society as estimated by Yokohama Rubber
Environment	9,353	4,315	Expenditure contributing to the environment as estimated by Yokohama Rubber
Internal	▲10,011	16,367	Net income less dividend payments

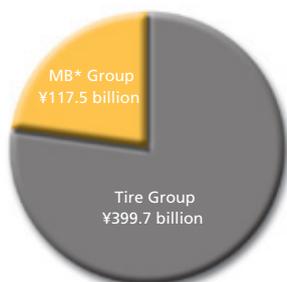
* Based on non-consolidated results.

** excluding personnel costs

Note: On page 6-7, the fiscal year indicates the period ended March of the year shown, i.e. FY2009 is the fiscal year from April, 2008 through March 31, 2009.

Core products and group companies by segment (as of March 31, 2009)

Net sales by segment (FY2009)



< Total net sales ¥517.3 billion >

Tires account for 77% and MB products for 23% of net sales

* "MB" stands for "multiple business" (i.e., diversified and expanded operations). Divisions in the MB Group produce and distribute products such as hoses, industrial materials, adhesives, and aircraft products.

Content of tire segment

Manufacture and distribution of Yokohama brand tires, tubes, aluminum wheels, and automotive products for passenger cars, trucks and buses, light trucks, construction and mining equipment, etc.

Subsidiaries and affiliates: 194

11 manufacturing and sales companies, including
 Yokohama Tire Corporation
 Yokohama Tire Philippines, Inc.
 Hangzhou Yokohama Tire Co., Ltd.
 Yokohama Tire Manufacturing (Thailand) Co., Ltd.
 Suzhou Yokohama Tire Co., Ltd. etc.

183 distributors, including

Yokohama Tire Tokyo Hanbai Co., Ltd.
 Yokohama Tire Kinki Hanbai Co., Ltd.
 Yokohama Tire (Canada) Inc., etc.

* In July 2009, the domestic tire distribution segment was reorganized and the 18 tire distributors consolidated into a single company (Yokohama Tire Japan Co., Ltd.).



Content of MB segment

Manufacture and distribution of conveyor belts, hoses, pneumatic marine fenders, bridge rubber bearings, soundproofing/vibration-proof products, adhesives, sealants, airplane interior parts and structural materials, and PRGR-branded golf products

Subsidiaries and Affiliates: 22

11 manufacturing and sales companies, including
 SAS Rubber Company
 YH America, Inc.
 SC Kingflex Corporation,
 Yokohama Rubber (Thailand) Co., Ltd.
 Yokohama HAMATITE (Hangzhou) Co., Ltd. etc.

11 distributors, including

Yokohama Rubber MBE Co., Ltd.
 PRGR Co., Ltd., etc.

Content of other segments

Mostly services provided to other operations in the Yokohama Rubber Group.

Other companies and affiliates: 19

Hamagomu Logistics Co., Ltd.
 Hamagomu Real Estate Co., Ltd.
 Hamagomu Aicom Inc.
 Japan Power Brake Inc.
 Hamagomu Kosan Co., Ltd., etc.



Breakdown of operations by region

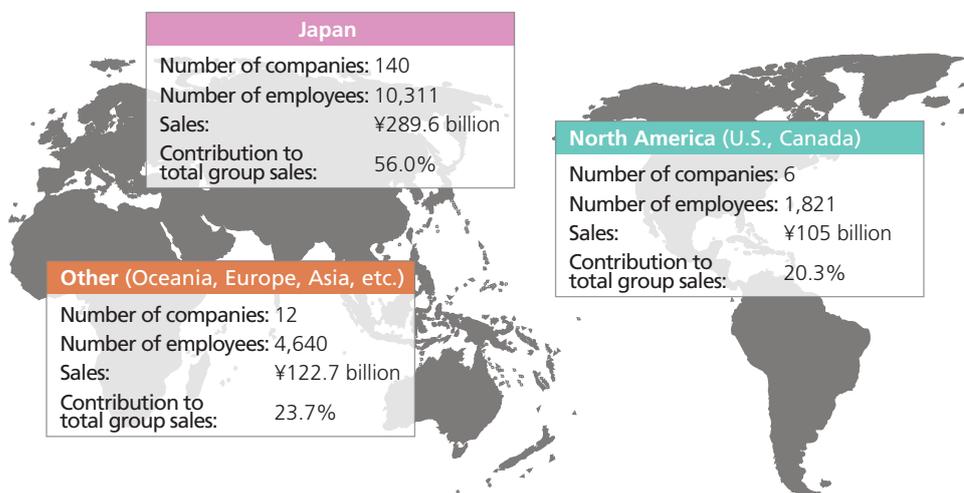
Number of companies: consolidated subsidiaries and affiliates accounted for by the equity method/Number of employees: employees of Yokohama Rubber and its consolidated subsidiaries/Sales: sales by region (by location of customer)

Total sales by region (FY2009)



< Total net sales ¥517.3 billion >

56% of net sales in Japan, 44% overseas



Corporate Philosophy

Launched in 1990

Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.

Management Policies

Take on the challenge of new technologies to produce new value.
 Develop proprietary business fields to expand the scope of business.
 Create a workplace that values, improves and energizes people.
 Deal fairly with society and value harmony with the environment.

Action Guidelines

Develop ourselves so that we may give our personal best.
 Trust, challenge and improve one another.
 Nurture a welcoming, open spirit.

Corporate Slogan

Excellence by nature

CSR Management Vision

Launched in 2008

To build a trusted identity as a contributing member of the global community

CSR Action Guidelines

Identify continually changing social trends.
 Spot ways of contributing.
 Act swiftly to earn firm trust.
 Practice CSR in one's own work.

Corporate Philosophy

CSR Management Vision

The Founding Spirit

The Founding Spirit

1. Production is a social service. Its purpose is to make people's lives more convenient and enjoyable. Its aim should be to offer good, useful products at moderate prices.
2. There must be a basic commitment to delivering quality products unrivaled by those of competitors.
3. Management should adhere to the principles of fairness and consideration. The mission of a fair, honest management is to ensure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers – to act, in other words, rationally.
4. A company should have as few employees as possible and make the best use of the productivity of machines. This is the great secret for improving efficiency.
5. The success or failure of a business depends on how much one is willing to study, and with how much determination, to mutually improve and grow. Accordingly, one must make a great effort.

Yokohama Rubber's founding spirit may be found in a talk given by then president Suekichi Nakagawa at the opening of the Yokohama Plant in Yokohama in 1929, in which he advocated a balancing of social and economic needs that is shared by the CSR management of today.

Building a trusted identity as

**“a contributing member of
the global community”**

Responsibility

GD100 Medium-range Management Plan Launched in 2006

GD100 Vision and Basic Policy

To Mark the Yokohama Centennial in 2017

- Evoke a distinctive global identity in building corporate value and in building a strong market presence

Long-term Financial Targets (by March 31, 2018)

Net sales: ¥1 trillion, Operating income: ¥100 billion,
Operating return on sales: 10%

Basic Policy

- Deliver the best products at competitive prices and on time
- Assert world-class strengths in technologies for protecting the environment
- Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics



GD100 Basic Policy on the Environment

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.

- Continued improvement of environmental management
- Action to combat global warming
- Contributing to creation of a sustainable recycling society

Progress of GD100

GD100 is a plan that revises business strategy and overarching goals every three years. Phase I was completed in the fiscal year ended March 31, 2009 and Phase II is starting in April 1, 2009.

■ Results of Phase I (FY2007-2009)

In Phase I, we pursued both higher sales and profit in line with the theme of “profitable growth.” Adhering to a policy of reinforcing environmental management, the CSR Division was established in 2008 to enhance the social side to management. Regarding attainment of our financial targets, record highs of 551.4 billion yen for sales and 33.1 billion yen for operating income were set in the fiscal year ended March 31, 2008. Owing to the global recession, however, sales declined to 517.3 billion yen and operating income to 12.8 billion yen in the fiscal year ended March 31, 2009, both below their

respective targets of 560 billion yen and 35.0 billion yen.

■ Targets for Phase II (FY2010-2012)

The goal of Phase II is to strengthen CSR management in line with the theme of achieving “quality growth” with the aim of becoming a good global citizen that values people, society, and the environment and is trusted by a society. On the financial front, we aim to achieve sales of 550 billion yen and operating profit of 38.5 billion yen in the fiscal year ended March 31, 2012.

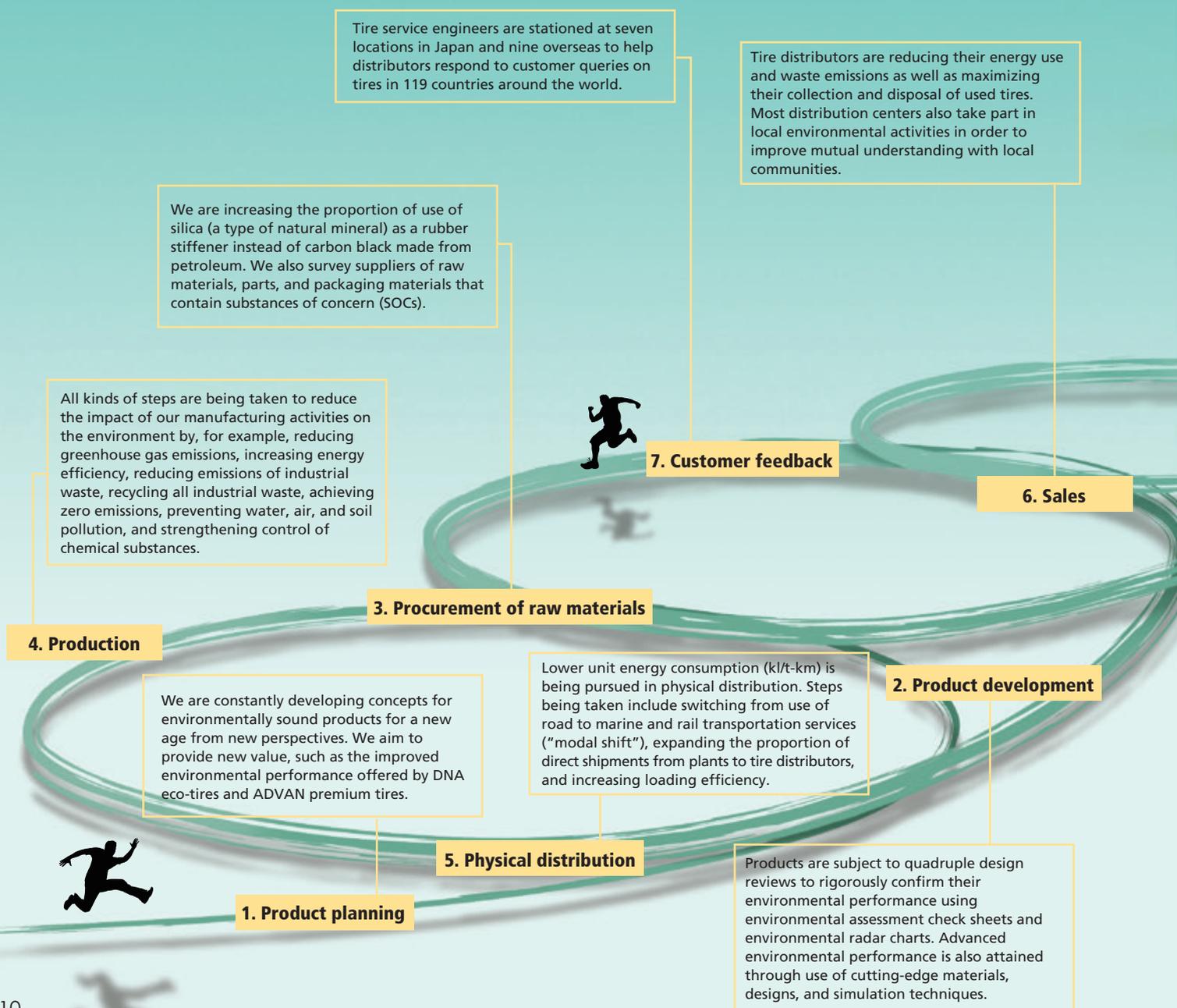
Quantitative targets for Phase II (FY2012)

Net sales	550 billion yen
Operating income	38.5 billion yen
Operating return on sales	7%
3-year free cash flow	At least 30.0 billion yen

Note: On page 9, the fiscal year indicates the period ended March of the year shown, i.e. FY2009 is the fiscal year from April, 2008 through March 31, 2009.

Contributing to the Environment through Manufacturing

As a manufacturer, reducing the environmental impact at every stage of the manufacturing process is a top priority. We are therefore working in all kinds of ways to make our products environmentally sound by FY2017, beginning with the design of environmentally friendlier products and embracing all our activities in product development, raw materials procurement, production, physical distribution, and sales, along with the effective use of customer feedback. Already by FY2008, 75% of our entire lineup and 100% of new products were environmentally sound products.



New perspectives and innovation to take environmental management to the next level

Leaping to the next level

Leaping to the next level

New perspectives and development of groundbreaking technologies

Upward Spiraling Environmental Management

Yokohama Rubber follows a cycle that links all operations—from product planning to distribution and services—with the aim of reducing the impact of its products on the environment.

The launch of the DNA eco-tire in 1998, for example, was the result of collaboration between the product development, raw materials procurement, production, and sales and service divisions, which worked together to realize the concept for a more fuel efficient tire put forward by the product development division and develop its market profile as Japan's first full-fledged eco-tire.

In the 12 years since then, the level of cooperation between divisions has been strengthened by the development of various other eco-tires, and know-how and environmental awareness have risen as the cycle has been implemented. At Yokohama Rubber, we have dubbed this process "upward spiraling environmental management." Our watchwords are "new perspectives" and "development of groundbreaking technologies." By creating new products focusing on new and unconventional approaches to the environment and following this cycle onward and upward, we will continue to create products offering ever better environmental performance.

Developing Systems Capable of Creating Only Environmentally Friendly Products

In 1998, Yokohama Rubber blazed a trail for the industry by developing the DNA eco-tire, which helps increase vehicles' fuel efficiency. In the 12 years since, we have continued to enhance systems for the development of environmentally sound products and have launched a succession of new products offering increased environmental performance. Through such action, we have established in-house rules that can only give rise to products that are environmentally friendly.

1996

DNA's development begins Start of Design for Environment review

A Design for Environment (DfE) review encompassing 17 categories was commenced using environmental assessment check sheets to evaluate products.

2000

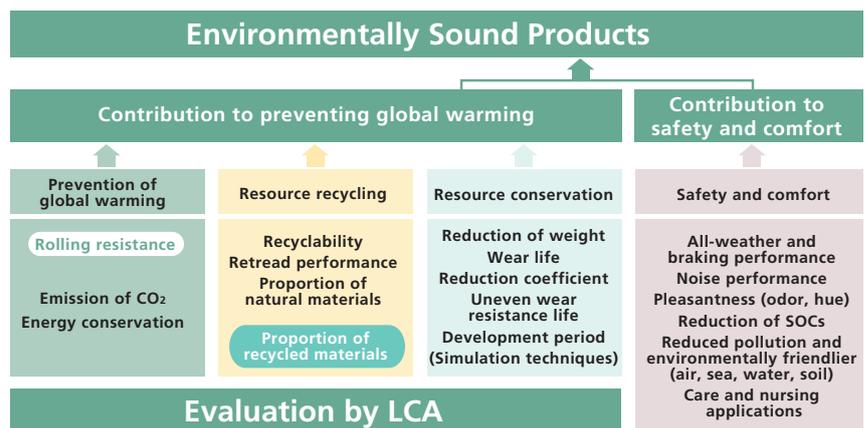
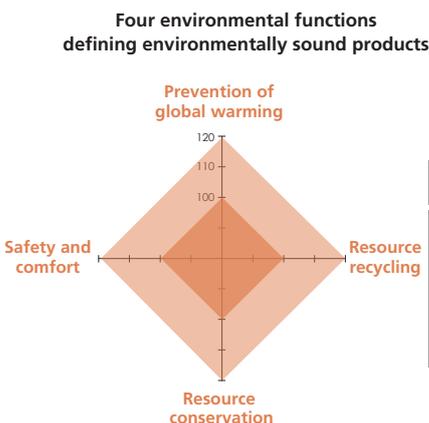
Revision of DfE review guidelines

Product development guidelines were revised and environmental assessment check sheets for evaluating products were incorporated into the design review process. This has facilitated design review and enabled the continued launch of products in the DNA series.

2006

Addition of four environmental functions (environmental radar chart)

In order to objectively evaluate the environmental performance of new products, an environmental radar chart has been added to the review process. This enables new products to be compared with existing products by assigning points in four categories of environmental functionality, and only those products that are on average 5% superior overall to existing products and not worse in any of the four categories will make it to market.



PDCA cycle for continuous improvement of environmental performance

Rigorous design reviews are conducted at the product planning, prototyping, pilot run, and full-scale production stages, and continued improvements in environmental performance are pursued by conducting these in accordance with the PDCA (Plan-Do-Check-Action) cycle.

Customer satisfaction follow-up

Customer satisfaction survey/ collection of market data

Examination of findings of market surveys 1-2 years after launch and incorporation into planning of next product

Design review 3: Transition to full-scale production stage

Decision on transition to full-scale production

Confirmation of results of pilot run and quality confirmation at plant and decision on whether or not to proceed with full-scale production

ACTION

Decision on transition to
full-scale production

3

Confirmation of assessment
of consumer monitors

CHECK

4

PLAN

Planning review

Determination of product concept and target performance based on customer survey findings

1

Design review 1: Prototyping stage

Product planning decision

Determination of target performance

Determination of how to attain target performance and develop product based on product proposal

DO

Development of
new product

2

Design review 2: Pilot run stage

Decision on transition to pilot run

Determination of design specifications of new product based on development results and implementation of pilot run



Launched in August 2007



Passenger car tires. 20% lower rolling resistance compared with conventional products (DNA dB ES501). 80% made from non-petroleum resources.



Launched in September 2008



Studless passenger car tire. Improvement of performance on winter road surfaces thanks to high-density "triple water absorption" rubber and high-density triple-tread design.



Launched in July 2009



Passenger car tires. Premium-class tire for luxury cars that combines outstanding running performance and a significantly quieter ride.



Launched in February 2009



Passenger car tires. Outstanding balance of all forms of road performance, including dry and wet grip, control, and wear and uneven wear resistance.



Launched in February 2008

Passenger car tires. 21% lower rolling resistance than conventional products (DNA ECOS). Suitable for vehicles ranging from sedans to compact cars.

*Product name and released month of all tires shown on page 12-13 are used in Japanese market only.

State-of-the-art Simulation Techniques That Make Visible an Invisible World

Yokohama Rubber's proprietary multi-scale simulation is a core technology of crucial importance to the development of environmentally sound tires. Using this technology, engineers can predict the properties of materials even when they do not have the desired materials to hand, thus expanding the breadth of material design that can be performed. It has also made it possible to forecast performance in tire construction (on the road) from the material compounding stage, resulting in a dramatically improved accuracy of development.

Analysis of running performance of different materials (in case of Nano-Power Compound)

The results of multi-scale simulation of conventional carbon black compound and a newly designed silica compound show that the silica compound offers both

superior rolling resistance and grip. This technology was used to develop the Nano-Power Compound used in the latest DNA Earth-1 eco tire.

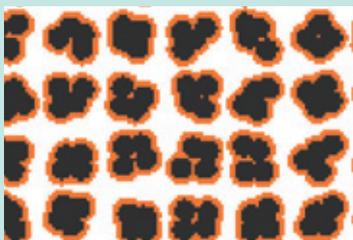
Analysis by multi-scale simulation

< Comparison of rolling resistance >

Conventional compounds (carbon black compound) and silica compound were found to have different particle configurations, with the configuration of silica compound exhibiting less energy loss when deformed and lower rolling resistance.



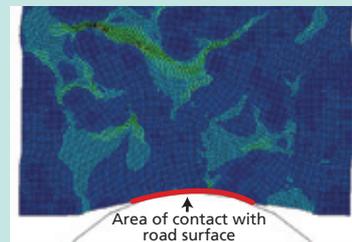
Conventional compound (carbon black compound)



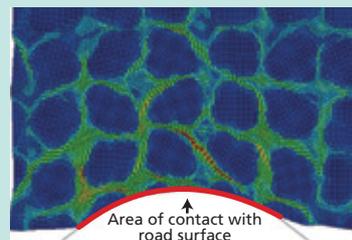
Silica compound

< Comparison of grip >

Silica compound was found to create a greater area of contact with the road surface, resulting in excellent grip.



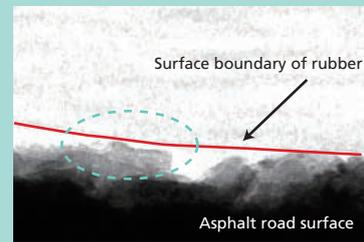
Conventional compound



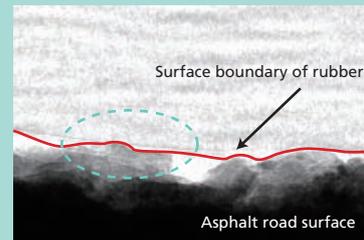
Silica compound

< Verification of results by video >

In order to verify simulation results, the area of contact between actual rubber and road surface was investigated using the SPring-8 third-generation synchrotron radiation facility. This confirmed that the contact area of silica compound was greater than that of conventional compounds.



Conventional compound



Silica compound

Multi-scale simulation is essential to materials development



Naoya Amino of the Tire Materials Development Dept. (left) and Masataka Koishi of the Tire R&D Dept.

The Tire Materials Development Department, which decides on materials, and the Tire R&D Department (CAE Laboratory), which performs multi-scale simulations, are presently working closely together to develop environmentally sound products. When selecting new materials, the Tire Materials Development Department works with the CAE Laboratory to confirm tire performance on the road through simulation. This provides valuable feedback for material development. Collaboration between the two will be strengthened and information actively shared in order to develop products offering even greater environmental performance.

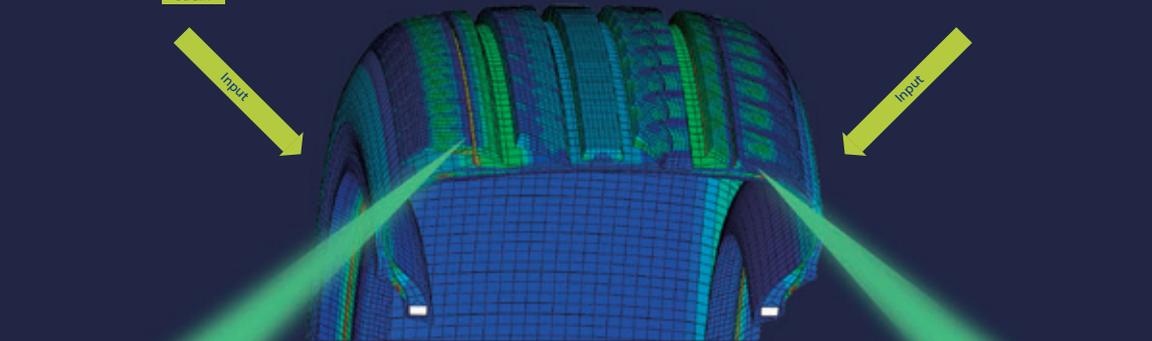
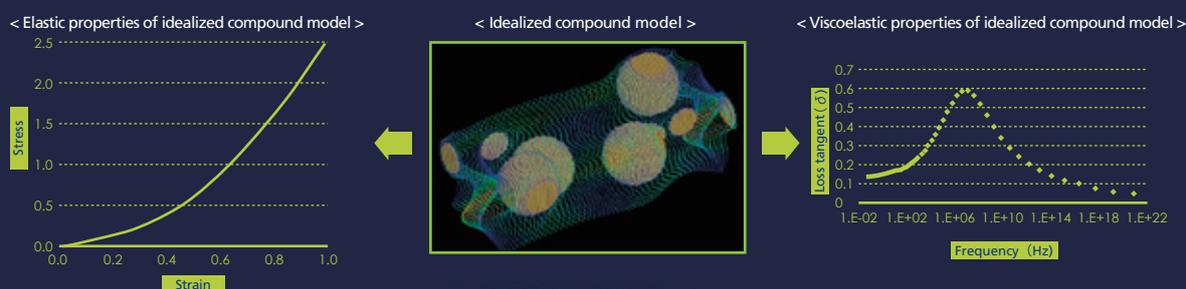
Environmental performance of ADVAN premium tire also attained

Wet performance and rolling resistance are essentially conflicting forms of performance, which makes it difficult to simultaneously improve both. Multi-scale simulation was put to work to solving this challenge, and the ADVAN dB premium comfort tire launched in July 2009 was the result: a product developed based on analysis of simulation of the microscopic strain of

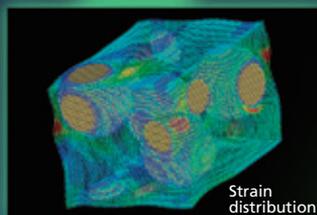
compound and belt cord, and simulation of rolling resistance using precisely modeled tread patterns that recreated even lugs as well as main grooves. The end result was an environmentally sound product that combines lower rolling resistance with an extremely quiet ride and the rigidity and wet performance befitting of a premium car.

Multi-scale simulation of ADVAN dB rolling resistance

By inputting information on elastic and viscoelastic properties obtained by simulation of a compound model at the material composition stage, it was possible to simultaneously analyze strain in the compound and in the belt cord during on-road use.

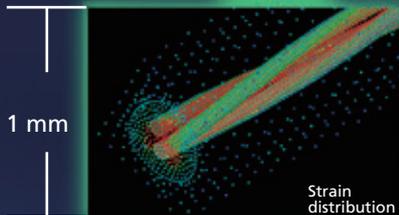


Compound micro simulation



1
10⁵ mm

Micro simulation of belt cord



1 mm

ADVAN
dB
decibel



Used on Land, Sea, and Air in a Wide Range of Industries Environmentally Sound Products of the MB Group

"MB" stands for multiple businesses, reflecting the diversifying and expanding nature of this group's operations. The MB Group serves a wide range of industries, and its diverse products can be broadly divided into four fields: hoses and pipes (such as high-pressure hoses and metal joints), adhesives (for building and automotive use, etc.), industrial materials (such as conveyor belts and seismic isolation rubber), and aviation parts.

Prevention of global warming

High flow-rate STS hoses

STS hoses that enable safe and rapid petroleum transshipments between vessels at sea.

Flame-resistant conveyor belts

Belts that are resistant to combustion even when transporting materials such as high-temperature coke, thus preventing generation of smoke due to mine fires.

Ultra-lightweight aircraft interior products

Lavatory Modules and water tanks are developed for Boeing.



High flow-rate STS hoses

Flame-resistant conveyor belt

Front (left) and back of solar panel

Solar panel sealants

Edge sealant for sealing the edges between power generation panels and exterior frames is used in photovoltaic power generation systems, currently attracting interest as a next-generation energy source.

Lavatory Modules contributing to cuts in CO₂

We have developed a retrofit Lavatory Module that is 100kg (10%) lighter than the units it replaces, American Airlines Boeing 757s fitted with this product entered service in January of this year. The reduction in CO₂ emissions resulting from the weight reduction is equivalent to a reduction of around 1.4 tons per aircraft operating between Narita, Japan, and the U.S. over the course of a year. In addition to being lighter in weight, this unit is also roomier and brighter, improving passenger comfort. There are plans to deliver around 500 units to American Airlines.



Retrofit Lavatory Module used in American Airlines Boeing 757s

Prevention of global warming

Resource recycling

Non-chlorine cover hose (Eco-Finelex)

High-pressure hose that emits no dioxins even when incinerated.

e-can

Materially recyclable containers for building sealant.



e-can

Trivalent chrome-plated metal joints

The chrome plating used for the metal joints of high-pressure hoses has been changed from carcinogenic hexavalent chrome to risk-free trivalent chrome.



Metal joints with hexavalent chrome plating (left) and trivalent chrome plating (right)

Resource recycling

52% of all e-cans shipped are recovered

e-cans are polypropylene containers that have been collected for free from locations throughout Japan (except Okinawa) since 2005. After collection, they are processed into pellets for recycling into synthetic wood and other materials. Tin cans have conventionally been used for this kind of container. As this has been one cause of the increase in industrial waste, Yokohama Rubber has switched to using materially recyclable e-cans. 52% of all e-cans shipped are presently recovered and reused.

< e-cans shipped and recovery rate >





Reel hose



Self-settling hose for aeration systems



Coupling for ultra high-pressure oil hydraulics

Safety and comfort

■ Reel hose

Wound hoses for loading and unloading at petroleum terminals. The advantages of this type of hose are that it takes up less space and is less easily damaged.

■ Aeration system hose

Hose for aeration systems installed at the bottom of dams and lakes to aerate and stir up the water to prevent the growth of blue-green algae. It employs a self-settling mechanism that requires no weighting.

■ UH-01NB building sealant

This sealant has excellent non-staining properties and adheres superbly to finish coatings. Used for concrete, slate, ALC, and other joints of low- and mid-rise buildings.

■ Couplings for ultra high-pressure oil hydraulics

High-performance coupling that prevents dripping when hose is removed.

■ YS-II Type highway joint

Joint installed at road seams. The surface of the rubber in the joint section was designed to reduce noise caused by the passage of vehicles by applying tire pattern design technology.

YS-II Type joint section reduces noise levels

The expanding major grooves in the joint section are corrugated so that tires do not hit them at right angles. The major and minor grooves are in addition arranged at an irregular pitch (a technique used with tire tread patterns to disperse noise levels) and laminated rubber is used in the expanding mechanism to reduce noise beneath bridge girders. These technologies have enabled noise levels to be reduced in comparison with conventional road joints by 2-5dB in the case of passenger cars and 3-7dB when crossed by trucks.



YS-II Type joint section featuring corrugated expanding grooves and tire tread-like patterning of major and minor grooves

Resource conservation

■ Double-glazing sealant

This double-glazing sealant for attaching panes to sashes improves the effectiveness of air conditioning in homes and buildings by ensuring that the space between the panes is hermetically sealed.

■ Water-Proofing for roof (Urban roof)

Made from materials of a lower specific gravity so that it is lighter to carry than a conventional roof of equivalent volume.

■ Energy-saving Conveyor Belt (Ecotex)

The belt's lower resistance when it moves over the rollers allows power consumption when the conveyor is on moving.



Double glazing



Urban roof



Conveyor Belt "Ecotex"

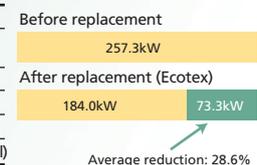
Reduction of power consumption using Ecotex conveyor belt

Approximately 60% of the resistance encountered by conveyor belts occurs when the belt moves over the rollers. Ecotex is made from a highly elastic cover rubber that dramatically reduces resistance when the belt moves over rollers. One customer has reported an average reduction in power consumption of 28.6% compared with before belt replacement.

One customer's experience

Customer	Cement manufacturer
Belt specification	ST-1400 900x5.0mmx5.0mm
Horizontal system length	7,741m
Lifting range	-140.4m (downward)
Load (capacity)	Limestone (1,500t/h)
Belt speed	200m/min.
System power	300kW x 2 units (1 head and tail)

Reduction in power consumption



Safety and comfort

Resource conservation

Growing Global Procurement

Basic Purchasing Policy

- **Optional procurement of raw and other materials, constructions**
 In order to supply better products, Yokohama Rubber strives to procure the optimal materials and constructions.
- **Fair and equitable business**
 Yokohama Rubber does business based on principles of fair, and free competition, and seeks its suppliers from all around the world.
- **Rational selection of suppliers**
 Yokohama Rubber chooses its suppliers on the basis of economic rationality, taking into comprehensive account the quality and prices that they offer and their stability of supply, ability to develop technologies, and concern for the environment.
- **Partnerships**
 Yokohama Rubber seeks to grow with its suppliers and other business partners by developing fair and equal cooperative relationship and increasing mutual understanding through solid business practices.
- **Compliance**
 Yokohama Rubber complies with all relevant legislation and social norms in its purchasing activities and preserves the confidentiality of information obtained in the course of business. It also endeavors to act with moderation so as to avoid causing misunderstandings in light of commonly accepted social standards.
- **Harmony with the environment**
 Yokohama Rubber strives to purchase raw materials that have less of an impact on the global environment.

34% of production capacity was located overseas in FY2008, and this figure is set to rise further a result of expanded production in the BRICs.



Tire production capacity of the Yokohama Rubber Group (FY2008)
 (Unit: 10,000 tires)



Local staff in charge of procurement at Yokohama Asia Co., Ltd. From right to left, Chaturong Chadil, Vijjaya Songrienchai, and Pakpum Phewphong



Meng Ying (left), in charge of procurement at Yokohama Rubber (China) Co., Ltd.

Worldwide development of fair and equitable procurement

The Yokohama Rubber Group is expanding production overseas, and the proportion of raw materials procured overseas is expected to exceed 60% in FY2017. Efforts are therefore being stepped up to ensure that Yokohama Rubber's Basic Purchasing Policy is followed worldwide.

Establishment of procurement strategy center in Thailand

Recent years have seen the Yokohama Rubber Group expand capacity at its tire production plants in Thailand, Philippines, and other areas of Asia. To assist in this process, a center was set up in February 2008 in Yokohama Asia Co., Ltd., a tire marketing company established in Thailand, to bring under centralized control the procurement functions of Tire and MB Group production operations in Thailand, the Philippines, Vietnam, and Taiwan. Its role in procurement strategy is similar to that of Yokohama Rubber's own Corporate Purchasing Department in terms of analyzing markets, forecasting demand, selecting and cooperating with suppliers, and price negotiation.

Training local staff from a long-term perspective

Developing operations on a global footing necessitates the establishment of independent procurement systems in each market, the bulk of whose operations must be left in the hands of local staff who are familiar with local laws, business practices, and languages. Developing human resources from a long-term perspective is essential to the localization of fair procurement functions.

Enhancement of compliance and environmental training

Yokohama Asia's Procurement Strategy Center serves as a model for localization of procurement functions. Yokohama Asia therefore only hires younger persons who can work with us for a long time, even if lacking in experience, and sends them to Japan immediately after hiring for around two months for training. This stresses not only procurement practice, but also legal compliance, compliance with fair trade practices, and elements of environmental education such as green procurement, the 3Rs, and transportation efficiency. Training of this kind is already provided regularly to local staff responsible for procurement at tire production operations in the U.S. and China.



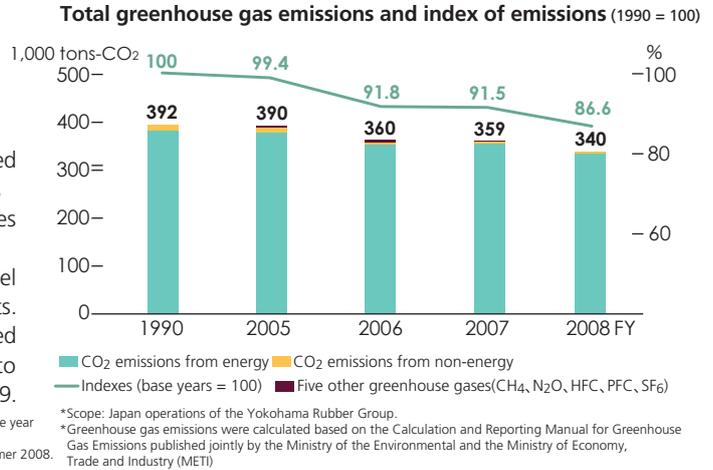
Corporate Purchasing Dept. section heads explain Yokohama Rubber's approach to global procurement. From right to left, Kenji Ohashi, Kazuhiro Akimoto, and Hiroaki Kobayashi.

Japan's Kyoto Protocol Targets Cleared Three Years Running

13.4% reduction in greenhouse gas emissions in FY2008

The greenhouse gas emissions of the Yokohama Rubber Group's operations in Japan were 13.4% lower in FY2008 than in the base year,*¹ marking the third year in succession that we have cleared the target reduction in emissions set for Japan under the Kyoto Protocol. We have also succeeded in meeting our own voluntary target of a 12% reduction compared with the base year by 2010 two years ahead of schedule. This was achieved thanks to a number of factors, including activities to improve energy conservation and an in-house "black illumination"*² campaign, as well as changing the types of fuel used and installing cogeneration systems at our core tire plants. The decline in output due to the economic recession also played a part. Taking into account the impact of lower output, we aim to achieve an 18% reduction compared with the base year in FY2009.

*1. The base year is 1990 for all substances except HFCs, PFCs, and SF₆, for which 1995 is used as the base year in line with the Kyoto Protocol.
*2. A campaign to switch off all lighting outside certain working hours that began at head office in summer 2008.

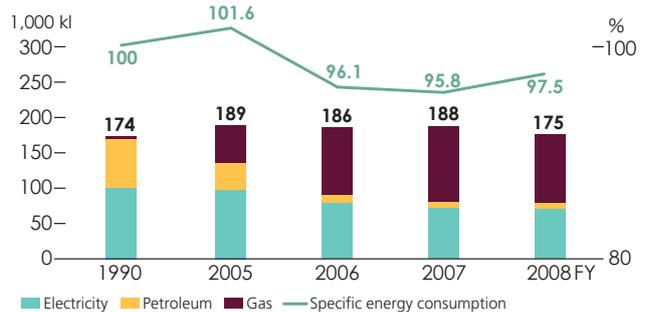


Pursuing further improvements to specific energy consumption through energy conservation

The specific energy consumption (e/t)*³ of all production operations in Japan in FY2008 worsened 1.8% compared with the previous year due to lower output (which functions as the denominator) due to the rapidly deteriorating state of the global economy. This was the first year-on-year deterioration in three years. In FY2009, our strategy is to pursue drastic improvements by, among other things, adopting renewable energies, as well as further enhancing energy conservation activities in order to achieve improvements despite anticipated lower output.

*3. e/t: Specific energy consumption, where "e" stands for energy use and "t" for the volume of production (quantity of rubber kept in warehouses in the case of Yokohama Rubber).

Energy use and specific energy consumption in domestic production operations (FY1990 = 100)



Naoki Ueshige
Manager of Maintenance Dept., Shinshiro Plant (Member of the Global Warming Countermeasures Committee and Tire Energy Conservation Sub-committee)

Energy conservation is an integral part of Yokohama Rubber's manufacturing tradition

Energy conservation by Japanese enterprises took off following the oil crises in the 1970s, since when solid progress has continued to be made. One new means now being used to help achieve energy savings is the "blue sheet." The purpose of this is to enable employees to better visualize and share information on energy-saving activities by entering details of any minor improvements that can be made, such as the possibility of reducing energy consumption by using inverter motors, so that energy conservation officers can share these ideas via the company intranet. Blue sheets were first adopted at the

Mishima Plant in 2005, and their use quickly spread to other plants in Japan and abroad. Under plans for FY2009, strict caps are imposed to limit energy use. Further to examination of various categories of energy conservation before the start of the fiscal year, improvements exceeded 30% compared with the previous fiscal year. The majority of suggested improvements come from the factory floor. Energy-saving activities form part of our tradition of manufacturing, and we will not waver in our enthusiastic and innovative pursuit of further savings.

100% Recycling of Industrial Waste Achieved at Five Plants in Japan

In January 2008, five Yokohama Rubber plants in Japan—in Hiratsuka, Mie, Ibaraki, Hiratsuka-East, and Nagano) achieved 100% recycling*¹ of industrial waste two years ahead of schedule. Yokohama Rubber has maintained its complete zero

emission*² record at all eight production operations since March 2006. In order to ratchet activities up a level, however, we aim to achieve 100% recycling of industrial waste by the end of FY2010.

*1 "100% recycling" is defined as zero final disposal (final disposal = direct landfill disposal + incinerated waste unproductive of effective use)
*2 "Complete zero emission" is defined as zero emission of direct landfill disposal of industrial waste

Pursuing Consistent, High-level Environmental Management Worldwide

PHILIPPINES Proud to be one of the Philippines most environmentally conscious enterprises



YTPI's head office and plant

Yokohama Tire Philippines Inc. (YTPI)

YTPI is a manufacturer and distributor of passenger car tires established in 1996. Its plant, located in the Clark Special Economic Zone (CSEZ) to the north of Manila on Luzon, has an annual production capacity of 6,900,000 tires, marking it the Yokohama Rubber Group's largest plant outside Japan. It employed 1,655 workers as of the end of March 2009.



Environmental improvement indices in FY 2008 (January-December)

Category	FY2008 (A)	FY2007 (B)	Improvement rate (A/B)
Emissions of industrial waste (tons)	2,288	4,282	47%
Emission per unit of output (tons/tons)	0.08	0.17	53%
Emissions of greenhouse gases (1,000t-CO ₂)	65.6	63.4	-3%
Emission per unit of output (t-CO ₂ /t)	2.15	2.47	15%
Energy consumption (1,000kl crude oil equivalent)	26.3	26.7	1%
Electric power	9.6	8.8	-9%
Fuel	16.7	17.9	7%
Management target			
Water use (1,000 m ³)	511	476	-7%

Emissions of greenhouses gases: Emissions in FY2007 were calculated based on the emission factor for electric power (0.45kg·CO₂/kWh). Emissions in FY2008 were calculated based on the Calculation and Reporting Manual for Greenhouse Gas Emissions published jointly by the Ministry of the Environmental and the Ministry of Economy, Trade and Industry (METI)

Global environmental management by the Yokohama Rubber Group

23 operations in Japan and overseas certified to ISO14001

Yokohama Rubber practices environmental management by adopting consistent, high-level manner worldwide. A cornerstone of this is certification to the ISO14001 international standard on environmental management and we have strived to acquire the certification. With the certification of our two plants in China in April and May 2009, all 23 of our plants in Japan and the rest of the world have now been certified compliant.

Organization of global environmental conference since FY2007

In order to enhance global environmental management, an annual global environmental conference bringing together the managers of all our overseas production operations has been hosted by the head of the CSR Division since FY2007. Members of the CSR and Environmental Affairs Dept., have also visited overseas operations since FY2006 to audit progress in areas such as environmental management and environmental performance.

Continued enhancement of environmental management

YTPI was certified ISO14001 compliant in 2000, two years after it entered operation in 1998. Particular attention has been paid to raising employees' environmental awareness, and an environmental management system (EMS) handbook providing guidelines on EMS and safety has been produced and distributed to employees and suppliers and partners since 2004. Monthly events are organized to collect and recycle waste such as wood waste and empty cans, and February has been designated energy conservation month since 2006. The company also organizes a poster competition for employees to promote the fights against anti-global warming, with awards for the best entries.

Growing recognition as an environmentally sound enterprise

YTPI is acquiring a growing reputation as one of the Philippines most environmentally sound enterprises. In 2008, it was awarded Green Plaque Environmental Award 2008 by the Clark Development Corporation, which runs the CSEZ, and the Plaque of Appreciation granted in recognition of its contribution to sustainable growth by the Department of the Environment and Natural Resources of the Philippines. It also acts as representative of an environmental, health, and safety association formed by private enterprises in the CSEZ. In July 2009, it received the "Outstanding Recognition for Overall Performance Award" by the Clark Development Corporation, and was awarded a commemorative plaque by President Arroyo of the Philippines.

Active development of corporate citizenship activities

The company is also a keen contributor to society. In 2008, it took part in an emergency rescue drill in case of a disaster at the nearby airport in March, while in August 800 volunteers consisting mostly of employees took part in the YOKOHAMA Forever Forest Project tree-planting event. In September, YTPI responded to the Department of the Environment and Natural Resource's call to take part in a clean-up of the nearby Mabalacat River, and in October it donated 1,300 seeds to assist a local alpine club with its tree-planting activities. Every year, it also provides recycling materials, such as crates and drums, to local schools and campsites, and provides support for environmental education in local schools.



1



2



3

- 1 YTPI employees taking part in an emergency rescue drill held at the neighboring international airport in March 2008
- 2 YTPI's president, Takayuki Hamaya (second from right), receiving a plaque of recognition from Philippine President Arroyo (third from right) as one of the CSEZ's "Outstanding Recognition for Overall Performance" in July 2009
- 3 Encouraging the use of eco-bags in a general store at the plant

U.S.A.

Targeting zero emissions of landfill waste through establishment of management -by-objective (MBO) system



YHAI's head office and plant

YH America Inc. (YHAI)

YHAI was established in 1987 as a fabricator/distributor of automotive hoses and manufacturer/distributor of adhesives for automobile window frames and lights. It is located in Kentucky, and had a workforce of 326 as of the end of March 2009.

PDCA has major impact

Certified to ISO14001 in 2002, YHAI further enhanced its environmental management following the adoption of "asserting world-class strengths in technologies for protecting the environment" as one of the basic policy of the Grand Design 100 (GD100) mid-range management plan by Yokohama Rubber in 2006. Teams have been established on themes such as waste, water, and electricity, and monthly management-by-objective (MBO) meetings are held on each theme as part of a plan-do-check-act (PDCA) cycle that has generated substantial improvements in FY2008 compared with FY2006.

Targeting zero emissions of landfill waste

In order to raise employee awareness of the environment, a program called "Recycle to Win" has been launched to maximize collection of plastic containers, aluminum cans, and other such waste. Following the designation of waste plastic as recyclable industrial waste by a local recycling center, the company also plans to step up its activities to eliminate landfill waste.

Environmental improvements in FY2008 (compared with January-December 2006)

Category	
Emissions of waste oil	15% reduction
Emissions of solid waste	34% reduction
Paper consumption	46% reduction
Emissions of hazardous waste	58% reduction
Power use	23% reduction
Water use	55% reduction
Emissions of carbon dioxide	17% reduction

YHAI is also a keen contributor to society. On Earth Day on April 22, 2008, it donated 1,500 saplings to local elementary school children.





12.1% Reduction in CO₂ Emissions and 4.1% Improvement in Energy Efficiency in Three Years

In order to reduce the impact of physical distribution on the environment, Yokohama Rubber is pursuing a modal shift in transportation of goods from trucks to rail and sea to reduce CO₂ emissions. In FY2008, use of ferry services to transport tire products to remote locations increased 2.8% from the previous year to account for 59.8% of total transportation of tires, and use of JR services to transport the MB products increased 4% to account for 11% of transportation of all MB products. Ongoing efforts are also being made to increase direct shipments from plant to distributors and dealers, improve the efficiency of plant-to-plant transportation, and increase loading efficiency.

Breakdown of CO₂ emissions in physical distribution in FY2008



Eco-tires Account for Around 70% of Sales, Distributors Growing More Environmentally Conscious

Tire distributors nationwide are working to raise awareness of the benefits of eco-tires by, for example, displaying how much drivers can save on gas by using more fuel-efficient tires. As a result, customers' awareness of the environment is increasing by the year, and the DNA series of eco-tires, which appeals to both consumers financial and ecological instincts, have seen sales grow to account for around 70% of the total number of tires sold.* Tire distributors are getting more involved in their communities by, for example, exhibiting at local environmental fairs and joining in clean-up campaigns. Fulfilling the Yokohama Rubber Group's social responsibilities, distributors also collect, manage, and dispose of used tires properly.



Community activities engaged in by the former Yokohama Tire Kanto Sales included exhibiting at Sanwa's ecopark in May 2009, donating saplings, and offering test rides in electric vehicles.

*Proportion of passenger car tires sold in Japan in FY2008 (excluding studless tires).



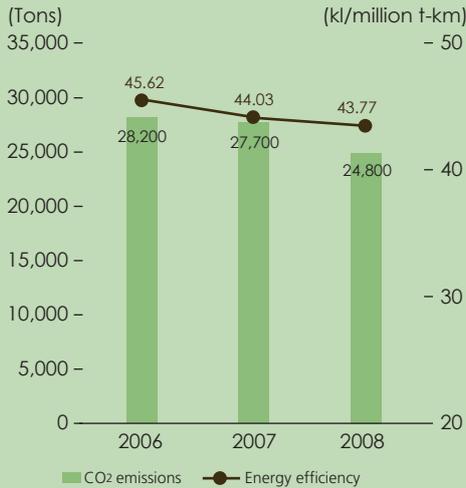
Global Gathering and Analysis of Customer Feedback In Japan

In order to gather market data, trained engineers of the Domestic Tire Services Dept., are assigned to seven cities across Japan to respond the customers' technical questionnaires and inquire. Sales forces who have received the Yokohama Rubber's own technical training program and qualified as sales engineer have also been located in distributors and 371 sales outlets across Japan to assess products that are the object of customer complaints. At head office, Consumer Affairs was established to deal directly with customer opinions and complaints by means of phone and email. The valuable market data thus collected is analyzed, shared, and used in the company to develop future products.

Trend in number of inquiries received by Consumer Affairs



Trends in CO₂ emissions and energy efficiency in physical distribution



* CO₂ emissions and energy consumption are managed by an integrated company-wide system to help reduce the impact on the environment.

As a physical distribution professional

Toshihisa Nakanishi
President of Hamagomu Logistics Co., Ltd.



As a member of the Yokohama Rubber Group, we are steadily pursuing action in line with the Group's goal of contributing to the earth by expanding use of non-road transportation, improving loading efficiency, and so on. As a professional in the field of physical distribution,

we believe that we have to go beyond the boundaries of the firm to work with other companies to ensure that truck and JR services carry freight on both the outward and return legs. As one step toward achieving this, shared service use was commenced with certain other companies in the Tire Group in spring 2009.



Employees enjoying contributing to the environment and the community

Minoru Kaneko
President of Shizuoka Company, Yokohama Tire Japan Co., Ltd.

People in Shizuoka Prefecture already recognize that one cannot contribute to society without contributing to the environment. As a tire distributor in such a prefecture, therefore, we have exhibited at the prefecture's Shizuoka Environment and Forest Fair every year since 2006. At the November 2008 event, our contribution consisted not only of exhibition of the DNA Earth-1 and a panel display, but also a "guess the name of the tire" game made by employees themselves to nurture children's interest in tires. Our employees enjoyed interacting with visitors to the event, gaining new ideas on how to contribute to the environment in the future. Out of these exchanges have emerged activities suggested by employees such as the collection and recycling of milk cartons and the collection of pull-tabs from empty cans to raise money to donate for vaccinations.

* In July 2009, the domestic replacement tire distribution business was reorganized and 18 tire distributors combined into Yokohama Tire Japan Co., Ltd. The tire distributors that were consolidated were reorganized into a system of companies serving smaller areas.



Booth at the Shizuoka Environment and Forest Fair in November 2008



Collection box for pull-tabs and PET bottle tops at one dealer



Employees personally plant trees around their outlet

Overseas

Service engineers are stationed in nine markets in Oceania, Asia, China, Middle East-Africa, Europe (including Russia and the CIS), Canada, the U.S., and Latin America to collect market data and provide technical services. In addition, service and sales engineers trained by Yokohama Rubber to understand the features of specific regions and technical levels are located in tire distributors in 118 countries around the world to provide technical services. The information thus gathered is sent back to Japan to assist in the development of next-generation products.



Training event for service engineers organized in Germany in September-October 2008



Consumer affairs' telephone support desk in Yokohama Tire Corporation in the U.S. In 2008, eight professionals worked staggered shifts to cover business hours across the U.S. and handled some 10,000 inquiries.



Building a Trusted Identity as a Contributing Member of the Global Community

The Yokohama Rubber Group seeks to build a trusted identity as a contributing member of the global community. Trust, however, is a two-way thing, and not something that we can build by ourselves. That is why we want you, our stakeholders, to know about our business activities as concretely as possible, and why we take your opinions as seriously as we do as we continue to reform ourselves. In this section, we review how the goals of “creating a workplace that values, improves, and energizes people” and “dealing fairly with society and valuing harmony with the environment” that form part of our corporate philosophy are actually put into practice through our employee programs and engagement with local communities.

Skills Meisters: Bedrock of manufacturing

35 certified Meisters now passing on their skills at tire and MB plants

The Skills Meister Program is a scheme for certifying highly skilled employees to supervise the training of their successors and the transfer of skills to other plants, and it was launched in October 2004 to counter the decline in human resources with specialist plant skills, the aging of the workforce, the loss of advanced skills due to employees' mandatory retirement, and the shortage of human resources needed to supervise overseas plant startups. As of the end of March 2009, there were 35 Skills Meisters (including both regular employees and employees re-hired after mandatory retirement) working at our tire and MB plants.

Motivating skilled workers

Skills Meisters are divided into three grades, each entailing different skills and work. There had not previously been any special system of certifying even the highly skilled workers regarded on the factory floor as the authorities to go to about production processes. The establishment of the Skills Meister Program, however, has given accredited workers prestige and ensured that their skills and experience are appropriately reflected in their pay and other

treatment, creating a major incentive for other workers to aspire to join their ranks. To become a Skills Meister, employees must be put forward by their departments and evaluated by a panel that includes directors among its members. As well as Skills Meisters, “Master Craftsmen” are also assessed and certified.

Outline of Skills Meister Program

Definitions of Skills Meister		
Specialist who possesses advanced skills that need to be maintained in the workforce and is capable of supervising the training of successors and the transfer of skills to other plants (including overseas)		
Rank	Minimum tenure	Skills required
A	25 years	Possesses an understanding of all production processes and advanced skills spanning multiple processes, and is capable of supervising and effecting improvements
B	15 years	Possesses an understanding of multiple processes and a high level of skill concerning processes for which he/she is responsible in general, and is capable of supervising and effecting improvements to the processes for which he/she is responsible
C	8 years	Understands and possesses advanced skills concerning his/her own process, and is capable of supervising and effecting improvements to this process
Definition of Master Craftsman		
Worker who is unanimously admired for his/her high skill level		

Ensuring the Transmission of Skills through the Skills Meister Program

Passing on what we learned from our predecessors to the next generation

"Rubber is a living thing that becomes subtly harder or softer depending on the temperature and humidity on any given day, making it necessary to adjust machinery according to the time and season. Steel cords and fibers also come in a variety of types, and so careful attention must be paid to the compatibility of rubber and other materials.

"It may seem a difficult job, but just one year after joining the firm you will be making rubber sheets, and after two years you will be a full-fledged roller operator. That's when things begin to get difficult, though, and two or three years can pass in the blink of an eye. That's why I always advise younger workers to always have some kind of goal. Unless they aim for the next level up, even just treading water becomes difficult and further growth moves out of reach.

"My modus when teaching people about things is to focus on giving advice to the leaders in the workplace, such as forepersons. Leave them out of the loop and instruct younger workers directly, and they won't have any opportunity themselves to develop as forepersons. It is not enough for them simply to know how to operate machinery; they have to pay attention as leaders to matters such as safety, quality, costs, and their subordinates' development. Nurturing leaders who can think for themselves and lead is also an important function of Skills Meisters.

"I like the term 'mother machine.' I learned all kinds of things from machines when I was young, and now that I am in a position to act as a guide to others, it's my turn to protect and get the most out of the machines that contributed to my own development. My successors will have more opportunities than me to work overseas, and I want to pass on my skills and the knowledge and experience that I acquired from my predecessors to these younger workers. I believe that this is how Yokohama Rubber's tradition of technological excellence will be handed on to the next generation as we continue our journey to be the world's best."



At Yokohama Tire Corporation in the U.S. (far left) in 1995.



Taisaku Amano

Skills Meister in Manufacturing Section 1, Shinshiro Plant

Born in January 1949 and now aged 60, Taisaku Amano joined Yokohama Rubber in 1968. He was assigned to the rolling process in the Shinshiro Plant, and in the more than 40 years since then, he has been involved in rolling as foreman, engineer, and overseer. Rolling is the process by which reinforcing materials such as steel cord or fiber are pressure bonded into rubber by giant rollers to make the rubber sheets from which tires are made. These sheets have to be of supremely high quality, and there is not the slightest margin for error in thickness. From the mid-1990s, he provided assistance to overseas plants in the U.S., Philippines, China, and Thailand. He was certified a Skills Meister in April 2006, and was reemployed this January after reaching mandatory retirement age.



Taisaku Amano supervising younger forepersons on the rolling process at the Shinshiro Plant (right).

More Than 1,000 Employees a Year Receive Basic Training to Assist Their Education and Self-development

Basic training has been provided for the last 20 years

Yokohama Rubber provides various forms of support for the education and self-development of new hires, mid-level employees, and veteran engineers and administrators. Basic training in the form of the Brother System for training new hires, the Techno College for enhancing technical skills, and distance courses in skills and languages to assist self-development has been provided without interruption for the past 20 years. Additional training on specific topics is also provided as and when required by management policy. A prime example of this is the establishment and tightening of the requirement that employees should achieve a minimum score on the Test of English for International Communication (TOEIC) for promotion to management positions from 2004 in accordance with management policy on enhancing globalization.

Details of basic and topic-specific training

Basic training

Category	Name	Coverage	Content
On-the-job training (OJT)	Brother System	Pairs of "brothers" made up of a mentor and mentoree	Mentors for new employees are selected, two-year development plans are drawn up, and workshops are held at the end of the period to present the results of growth. The aim of this is to assist the development of experienced employees, as well that of junior employees, by involving them in their subordinates' training and development. Annual training is provided for mentors.
Technical skills development	Techno College	Engineers who have joined the firm in the past 1-3 years	Junior engineers are taught the fundamentals of the company's manufacture of products and development of technologies by senior engineers, who act as instructors. There are 14 courses in total, out of which engineering employees must take those necessary to their work within 3 years of joining the company.
Self-development	Distance Training	General	100 courses in languages and work-related subjects are offered.
		Machinery maintenance engineers	4 courses are provided for employees on the factory floor.

Topic-specific training

Globalization	Taking TOEIC	Management personnel	While employees had regularly sat the TOEIC exam in the past, attainment of a minimum score was made a prerequisite for promotion to management positions from 2004.
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Education to develop highly professional human resources

Yokohama Rubber seeks to develop highly motivated professionals with a broad perspective who can put their abilities to maximum use and exert a positive impact on those around them. We provide various kinds of training to this end, and a total of 1,013 employees had undergone training organized by the Global Human Resources Department in FY2008.

One pair of "brothers"



"Brothers" Nao Sato (right) and Tsubasa Okuno

Nao Sato joined the company in 2005, and Tsubasa Okuno in 2007. The two both belong to the Organic Synthesis Laboratory of Research and Development Center in the Hiratsuka Factory, and are involved in R&D on new materials used in construction, automobile adhesives, and electronic parts. Ms. Sato became Ms. Okuno's mentor in June 2007, and they reported the results of their activities over the next couple of years at a departmental research presentation in August of this year, thus concluding their "brotherhood."

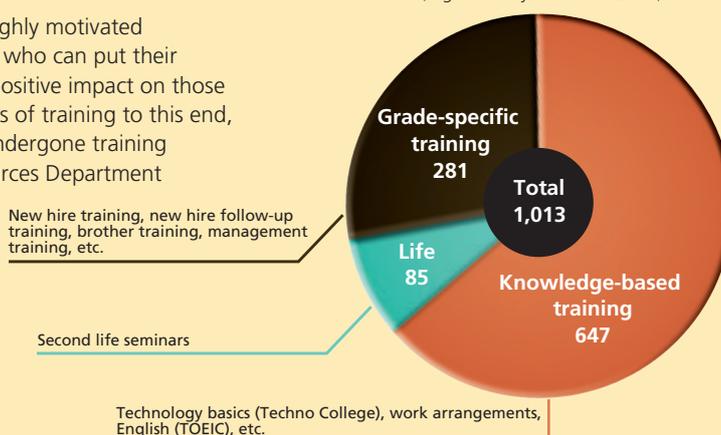
Working together taught me something too Nao Sato

"We were sat next to each other in the same unit and always met weekly together with our line manager. Working together routinely like this, we developed extremely close ties. Perhaps one of the best things was that there wasn't much of an age gap between us, so I felt just like having a sister, emailing just to see what was up if I was out of the office on business for long. I think I, too, learned a lot from the experience, such as how to think about ways of assessing materials."

It was reassuring knowing that there was always someone looking out for me Tsubasa Okuno

"When I first joined the company, there were so many things I had no idea about, ranging from how to greet people properly to how to write internal emails and interpret patent data. At that time, it was always Sato-san that I turned to. She also introduced me to key networks in the company, such as who to ask in which section to help with a particular research project that I was having trouble with by myself. Being such a large company, it was very reassuring knowing that there was always someone there watching over me."

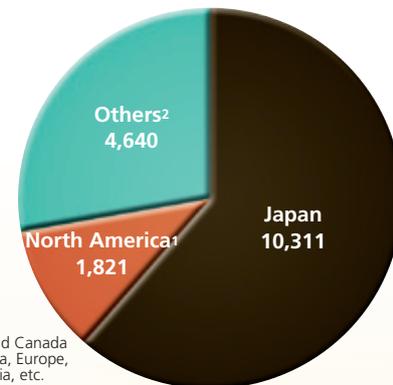
Breakdown of training and participants
(organized by GHR in FY2008)



Creating a Workplace That Values Diversity and Where More Than One in Three is Employed Overseas

As of the end of March 2009, Yokohama Rubber had a consolidated workforce of 16,772, of whom 6,461, or 38.5%, were employees of operations overseas. The Yokohama Rubber Group is made up of people of all genders, races, religions, customs, and manners, and our goal is to create a workplace in which people accept each other's differences and value diversity.

Consolidated workforce of Yokohama Rubber (end of March, 2009)



1. U.S. and Canada
2. Oceania, Europe, and Asia, etc.

It's important to engage with communities as well as employees

Yokohama Tire Corporation (YTC)

Neil Dalton (joined the company in October 2007)
Director of Environmental Health and Safety



Neil Dalton (right) explaining about the company at an event in Salem, Virginia, where the tire plant is located.

Yokohama Rubber exemplifies diversity throughout the company with its multi-national workforce at each facility around the world. This is apparent at all YTC U.S. facilities, and especially at the corporate headquarters in Fullerton, CA. The U.S. is one of the most diverse cultures in the world and the value our company puts in diversity provides a great opportunity to educate and further improve acceptance of diversity within our community and company. Technological advancements have also made it much easier to communicate and educate cross-culturally. The Salem plant in Virginia is using e-learning tools to perform operations and safety training. With this technology, we also have the ability to further expand these opportunities through the use of distance learning media. Following the "Forever Forest" tree planting event, held this April, many local residents, educators, and organizations expressed genuine interest in the project and planting method used. This activity, as well as the value Yokohama puts in diversity, is a reflection of the positive impact our plant has in the community and our environment. I consider it a great privilege to have a role in expanding these efforts for Yokohama Rubber.

Environmentally friendly and people friendly activities know no bounds

Yokohama HAMATITE (Hangzhou) Co., Ltd.

Ren Yiqun (joined the company in February 2004)
General Manager of Administration

Perhaps because of the impact of Confucian thought, the Japanese value peace and have a strong sense of social responsibility. They appear to look at things from the other person's point of view, just as the old Chinese encourages: "Never impose on others what you would not choose for yourself." That's why the company respects employees' points of view and Chinese customs. Even when problems arise, they respond in an open-minded, calm manner in accordance with clear rules. When we visited a local temple to donate saplings as part of the YOKOHAMA a Forever Forest Project, the head priest told us a story about Guan Yin, the Deity of Mercy. Actions that are earth friendly and people friendly are, I believe, universally welcomed, regardless of culture, region, or language.



Chang Xinyan (center) in front of a brainstorming board for raising environmental awareness

Environmental protection is as important as the fusion of cultures and customs

Yokohama Hoses & Coupling (Hangzhou) Co., Ltd.

Chang Xinyan (joined the company in April 2007)
Manager of Administrative Operations

I am impressed by how much importance Japanese enterprises attach to safety and the environment based on a foundation of fairness, equality, peace, mutual understanding and respect. When doing business overseas, companies need to learn about the host country's languages, laws, and regulations, and fit in with its culture and customs, and this is something that I believe Japanese companies really work out. Alongside fitting in with local cultures and customs, protecting the environment is also important. It doesn't matter how large a company or country is if the earth's environmental balance is destroyed. Our activities to attain ISO14001 accreditation this May made me particularly aware of the importance of environmental protection. It is reassuring to know that Yokohama Rubber values environmental protection, and I am proud to work at such a company.



Ren Yiqun (center) at work

The Yokohama Rubber Group is Deepening Ties with Local Communities around the World

The YOKOHAMA Forever Forest Project goes global

The first phase of tree planting for the YOKOHAMA Forever Forest Project has been completed at all plants in Japan and four in the U.S., China, the Philippines, and Thailand, making it now worldwide in scope. A total of around 100,000 trees had been planted in Japan and abroad as of July 2007.

Tree planting in Japan and overseas

Name of plant	Phase I tree-planting month (number planted)
Hiratsuka Factory (including the Hiratsuka East and Hamatite Plants)	November 2007 (27,000)
Mie Plant	May 2008 (5,500)
Nagano Plant	May 2008 (2,500)
Onomichi Plant	May 2008 (4,300)
Ibaraki Plant	June 2008 (3,800)
Mishima Plant	June 2008 (8,800)
Shinshiro Plant	May 2009 (12,000)
Yokohama Tire Philippines, Inc.	August 2008 (6,000)
Hangzhou Yokohama Tire Co., Ltd.	November 2008 (12,000)
Yokohama Tire Manufacturing (Thailand) Co., Ltd.	December 2008 (7,200)
Yokohama Tire Corporation	April 2009 (2,300)



Creating "forests of life" that contribute to community safety, local environments, and biodiversity

The YOKOHAMA Forever Forest Project is a project to plant a total of 500,000 saplings at seven plants in Japan and 11 overseas by Yokohama Rubber's centenary in 2017. The aim is to create "forests of life" that not only act as carbon sinks, but also serve as protective areas of woodland that preserve local environments, community safety, and biodiversity. Under the guidance of Dr. Akira Miyawaki, plant ecologist and professor emeritus at Yokohama National University, a tree-planting campaign is being pursued using the concept of potential natural vegetation, and everything from the collection of acorns to the raising of seedlings and ground preparation is being carried out by employees and local residents.

Creation of woodland to protect environment and protect against disasters

The largest of the saplings planted grow to a height of 20 meters or more, creating woodland that minimizes the damage caused by fires and natural disasters such as typhoons and earthquakes, and that can be used as safe evacuation sites. They also serve as places for employees to relax and interact with local residents.

Commencement of bird monitoring

As a part of activities to track the impact of woodland regeneration on ecosystems and so contribute to biodiversity, bird monitoring was commenced in September 2008. Fixed observation points have been established at two locations at the Hiratsuka Factory, and observations are made once a month.



Japanese Pygmy Woodpecker seen at the Hiratsuka Factory (March 2009)

Monitoring of carbon capture and storage

Trees capture and store the carbon dioxide that is a direct contributor to global warming. In order to monitor the amount that is captured and stored, sampling blocks consisting of a total of 1,064 trees were established in six locations at the Hiratsuka Factory under the guidance of Dr. Kazue Fujiwara, professor at Yokohama National University, and monitoring was commenced in April 2009. By conducting twice-yearly surveys for the next five years or so, it should be possible to estimate the amount of carbon dioxide that is captured and stored.



Announcement of monitoring of CO2 capture and storage



Thailand



Donation of scrap aluminum to local hospitals for making wheelchairs and prosthetic limbs (November 2008). Yokohama Tire Manufacturing (Thailand) Co., Ltd.



Visit to facility for children with Down's syndrome to deepen engagement with communities (December 2008). Yokohama Rubber (Thailand) Co., Ltd.



Regular cleanup around plant. Hangzhou Yokohama Tire Co., Ltd.

Korea



10 employees planting trees in the desert region of Inner Mongolia to prevent storms of "yellow sand" (May 2009). Yokohama Tire Korea Co., Ltd.

U.S.A.



Booth showcasing Yokohama Tire's environmental activities at a local festival (April 2009). Yokohama Tire Corporation

the Philippines



A team of employees takes part in a local emergency drill. The company has purchased its own ambulance, and is ready to respond to disasters nearby as well as inside the plant (January 2008). Yokohama Tire Philippines, Inc.

Citizen of the World

Japan



Local schoolchildren are given tours of the plant to make manufacturing fun (June 2008). Nagano Plant



Exhibition at an environmental fair held by Onomichi City to showcase Yokohama Rubber's environmental activities (October 2008). Onomichi Plant



Volunteers playing a keen part in a clean-up campaign on the Shonan coast (June 2008). Hiratsuka East Plant



Employees demonstrate the plant's preparedness to assist emergency services at a local emergency drill competition (October 2008). Mishima Plant



Yokohama Rubber's booth at Eco Products, Japan's largest environmental exhibition held annually in Tokyo. Yokohama Rubber has been a regular participant since 2000 (December 2008).

Employees and local residents involved in a tree-planting event for the YOKOHAMA Forever Forest Project (April 2009). Yokohama Tire Corporation

Corporate Governance

Yokohama has built a framework for corporate governance aimed at ensuring responsible, effective, and transparent management based on its corporate philosophy, and the Company continues working to strengthen that framework. Sound corporate governance is central to Yokohama's efforts to maximize corporate value and to earn and retain the confidence of all the Company's stakeholders.

The members of the Board of Directors agree on policy for maintaining the internal-control mechanisms mandated by Japanese law, they discuss matters of importance in company management, and they monitor each other's performance. The Management Council, which comprises the chairman and other

selected members of the Board of Directors and other executives, reviews overall operational policy, matters crucial to the performance of work, and matters crucial to risk management from the perspective of fundamental management policy.

Auditing at Yokohama is a tripartite undertaking by the Board of Corporate Auditors, by an independent public accounting firm, and by the Audit Office. The Board of Corporate Auditors monitors the performance of the members of the Board of Directors. The independent public accounting firm monitors the Company's financial accounting, and the Audit Office monitors operations and accounting at the parent company and at subsidiaries.

Yokohama's Framework for Corporate Governance



Internal-control mechanisms

The Board of Directors passed a resolution in May 2006 that called for establishing the internal-control mechanisms mandated by Japanese law and for monitoring the performance of those mechanisms. In April 2009, the Board of Directors passed a resolution that called for instituting measures for preventing corporate involvement in racketeering and other illicit activity.

Legislation took effect in Japan in the fiscal year to March 31, 2009, that is similar to the U.S. Public Company Accounting Reform and Investor Protection Act of 2002, commonly known as the Sarbanes-Oxley Act. Yokohama has established internal-control mechanisms to help ensure compliance with that legislation and with other laws and regulations.

Risk-management system

Yokohama's Risk Management Committee is responsible for coordinating a swift and effective response to emergencies. The committee also evaluates significant risks from a cross-sector perspective and determines appropriate measures for addressing those risks.

A recent example of an emergency that commanded attention at Yokohama was the 2009 outbreak of swine influenza A (H1N1). In April 2009, the World Health Organization raised its warning level for swine influenza to Phase IV. That prompted Yokohama to establish a response team under the leadership of the president. The Company has abided by a policy of preventing any infected employee from transmitting the disease to people inside or outside the Company and of ensuring the continuance of business operations. It has specified preventive procedures for employees to abide by when traveling on

business and when taking up overseas assignments, and it has instituted preventive measures at the entrances to all company facilities in Japan. In addition, the Company is responding promptly to incidences of the disease in the workplace, in employee families, and in the community.

Yokohama has devised plan-do-check-act cycles for responding to foreseeable risks. Its risk-management encompasses workplace safety, earthquake preparedness, fire prevention and preparedness, ethical compliance, environmental protection, product quality, and operational continuity. The committees, divisions, and other organizational units responsible for those and other facets of risk management work out appropriate measures for addressing risk and oversee the implementation of those measures.

Ethical compliance

Basic approach

Yokohama is committed to ensuring compliance with rigorous standards of corporate ethics. The Company works systematically to ingrain that commitment in its corporate culture and in its daily operations. That includes building and maintaining an effective framework for enforcement, encouraging employees to report suspected breaches, and emphasizing corporate ethics in employee education and in awareness-raising activities.

Ethical-enforcement framework

Each sector of operations at the parent company and each subsidiary has named a compliance monitor as part of a compliance -assurance network. The monitors exchange information about awareness-raising activities, about performance in complying with ethical guidelines, and about incidents of note.

Compliance Committee

The Compliance Committee, chaired by Yokohama's president, meets quarterly. It reviews activity in ethics-related education, reports from the Company's divisions, and notifications and input from employees about ethical concerns, and it considers measures for preventing ethical breaches. Yokohama's Corporate Compliance Department serves as the secretariat for the committee.

Internal channels for reporting suspected violations

<Hotline>

Yokohama has established a hotline that enables employees at the parent company and at subsidiaries in Japan to report suspected violations of legal regulations or corporate guidelines anonymously. The hotline is in conformance with Japanese legislation that mandates protection for "whistleblowers." It allows employees to report suspected violations to an independent legal office by telephone, fax, or e-mail. Yokohama has distributed cards that bear the telephone number, fax number, and e-mail address of the Corporate Compliance Department to all employees at the parent company and its subsidiaries in Japan.

Education and awareness-raising activities

<e-learning>

E-learning courses have been taught on the themes "Introduction to the Anti-monopoly Act," "Compliance and concealment," and "Introduction to compliance." The introductory course on the Anti-monopoly Act was taken by all sales staff at Yokohama and its distributors in Japan.

Courses in FY2008

Compliance and concealment of purchasing	e-learning format	2,094 participants
Introduction to the Anti-monopoly Act	e-learning format	1,518 participants
Introduction to compliance	e-learning format	129 participants
Introduction to compliance	Group format	27 participants

<Use of intranet homepage>

The Corporate Compliance Department has had a homepage on the Company intranet since 2006. This is used as a means of raising awareness of compliance and publishing information on things such as summaries of legal issues actually encountered in the Company and how they were dealt with, legal tips, commentaries on the Anti-monopoly Act, and inquiries from employees and how they were resolved.

<Consultation>

Yokohama has established an internal e-mail function to respond to employee doubts or suspicions about any company-related subjects. The consultation function is available to everyone who has access to internal e-mail at Yokohama in Japan. Employees can use the consultation function to discuss the legality or propriety of any ongoing.

Consultations in FY2008

Hotline	3 cases
Consultation	24 cases

Marine hose cartel case

It was announced on January 28 that, under the Commission Notice on Immunity from Fines and Reduction of Fines in Cartel Cases, Yokohama would be exempt from being fined by the European Commission for involvement in a cartel surrounding the sale of marine hoses. This was due to Yokohama's involvement having been discovered by an internal investigation and its application to the European Commission for exemption from a fine. We deeply regret the inconvenience that has been caused to our stakeholders, and wish to assure you that everything is being done throughout the company to prevent a recurrence.

Incidence of health problems caused by asbestos

Incidence of health problems (as of June 2009)

One former employee of the Hiratsuka Factory who underwent an operation for lung cancer in January 2006 was found to be eligible for workers' compensation in October of that year.

One former employee of the Hiratsuka Factory who died from lung cancer in January 2002 was found to be eligible for workers' compensation in May 2007.

Two former employees of Hiratsuka Factory received healthcare permits in March 2006 and May 2009 respectively.

No claims or consultations regarding health problems caused by asbestos in and around plants of Yokohama and its group companies were received.

GD100 basic policy on the environment

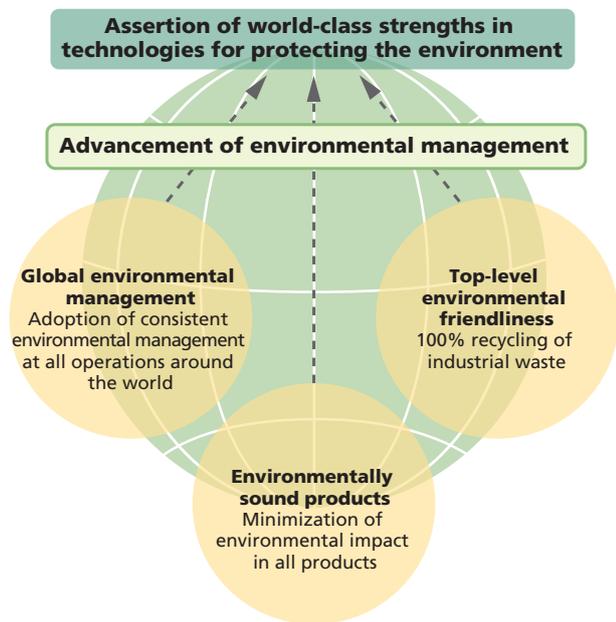
Following the principle of “dealing fairly with society and valuing harmony with the environment,” we shall assert world-class strengths in technologies for protecting the environment.

- Continued improvement of environmental management
- Action to combat global warming
- Contribution to creation of a sustainable recycling society

GD100 guidelines for action on the environment

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

- **Practice of global environmental management**
We will adopt consistent, high-level environmental management practices at all operations worldwide.
- **Contribution to society through manufacturing**
We will take action to minimize the environmental impact in all products.
- **We will take action to protect the environment as a duty to society by practicing top-level environmentally conscious production.**
All industrial waste will be recycled.
- **Improvement of communication with society and local communities**



Comprehensive environmental auditing

Continuous improvements to environmental management, increases in environmental performance, and minimization of environmental risk are audited by conducting three kinds of audit: company-wide audits, external ISO14001 audits, and internal ISO14001 audits. Since FY2007, self-assessed scores calculated in accordance with GD100 environmental guidelines by group distributors in Japan have been confirmed by the CSR and Environmental Affairs Department. No infringements of environmental legislation were detected by any audits in FY2008.

CSR and environmental management promotion framework (as of June 2009)



Strengthening of global environmental management

The Global Environmental Council, whose membership consists of the managers of all overseas production operations has met once a year since 2007 with the aim of ensuring uniformly high standards of environmental management at all operations worldwide. It met for the second time in 2008, and adopted the target of attaining zero emissions at all overseas production operations by 2011.

The cornerstone of the Yokohama Rubber Group’s global environmental management strategy is acquisition of ISO14001 certification. In April and May 2009, Shandong Yokohama Rubber Industrial Products Co., Ltd. and Yokohama Hoses & Coupling (Hangzhou) Co., Ltd., both in China, were respectively certified compliant, bringing the number of overseas operations that have been certified to 12 out of a total of 14. Environmental auditing of overseas production operations began in FY2006, and environmental management in accordance with GD100 environmental guidelines was also commenced at overseas distributors in FY2008.

Reinforcement of environmental education and awareness raising

In addition to incorporating environmental training into the education provided to new hires, Yokohama Rubber also organizes a "Techno College" to provide environmental training targeted mainly at engineers in their second and third years at the company. In FY2008, 25 employees participated in the program.

In order to raise understanding of ISO14001, training is also provided to develop internal auditors, of which there are now 384 internal auditors, including 47 who qualified in FY2008. Conservation Month, which is held every February, and Environment Month in June, when the president delivers a message to the entire workforce.

Eco Award scheme to raise employee awareness

The Eco Award scheme was launched in November 2006 to broaden understanding of eco-friendly activities and promote further action throughout the Yokohama Rubber Group. It is divided into three divisions: an Environmentally Sound Products Award for the research, development, and technology divisions, an Eco Factory Award for production operations and

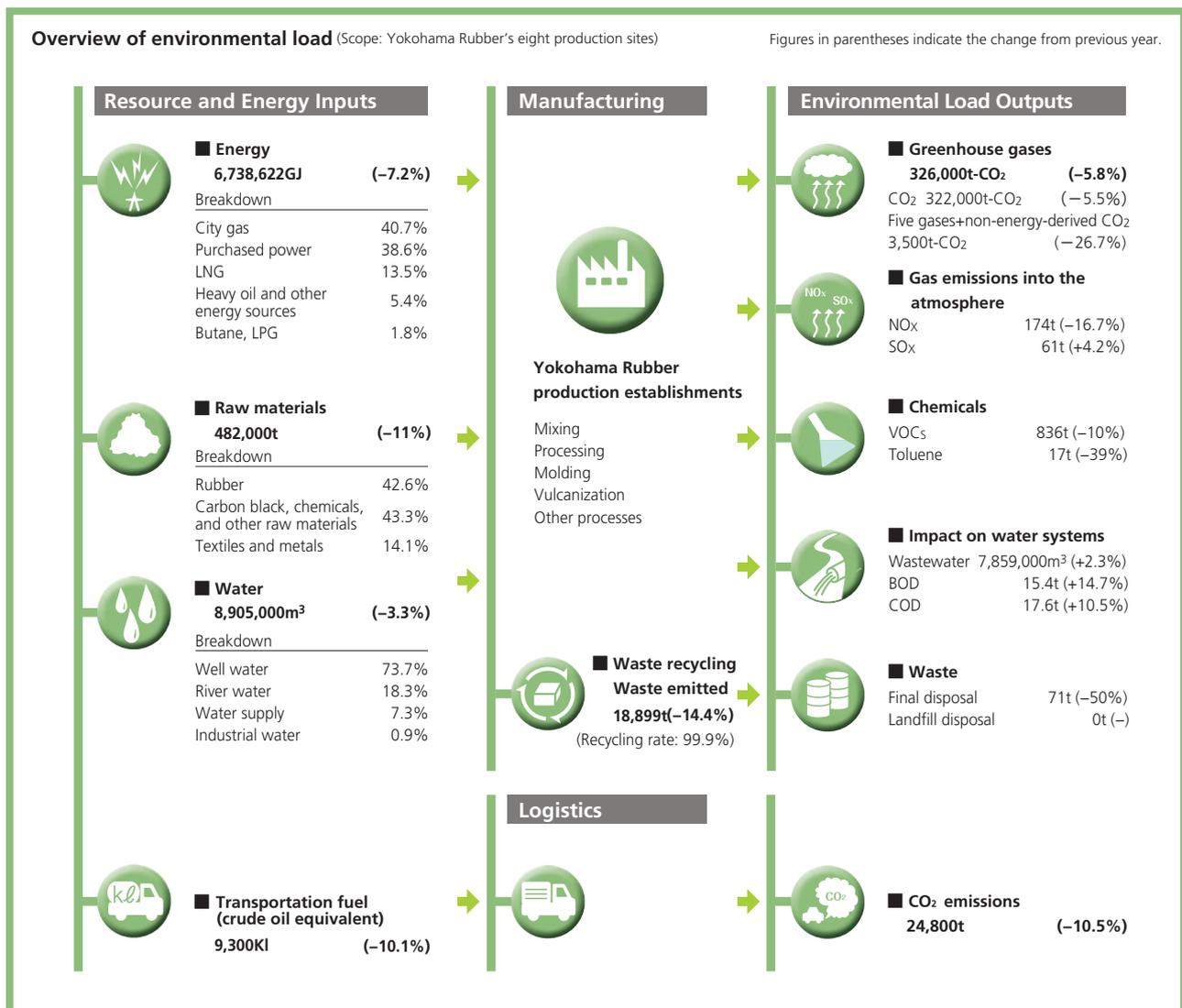
companies, and an Eco Office Award for distribution and administration operations and companies. Outstanding Performance Awards and Awards for Effort are awarded in each division, and were awarded to 12 divisions and affiliated companies out of 26 entries from Japan and overseas in the scheme's third year in FY2008.

Promoting mutual understanding with local communities

In order to deepen engagement with residents around plants and offices, Yokohama Rubber organizes opinion meetings at plants and takes part in local events held near plants. In FY2008, a total of 93 people took part in opinion meetings, giving us valuable insights into their views. Local events are also attended by tire distributors as well as plants.

Response to complaints

In FY2008, a total of 15 complaints were received (7 on noise, 6 on odors, 1 on particulate matter, and 1 other complaint), considerably exceeding our target of 10. While legal limits are observed, drastic countermeasures are planned to meet the even stricter demands of local residents.



State of progress: FY2008 targets that have been attained are marked by a circle (○) and targets that had not been achieved are marked by a cross (×)

State of Progress in FY2008

	Challenges	Details	Performance in FY2008	Progress*	
Improvement and innovation of environmental management	Global environmental management	Adoption of consistent environmental management at all operations worldwide	Certification of 2 plants in China brings total certified to ISO14001 to 23	○	
			Practice of environmental management (self-assessed scoring) in accordance with GD100 environmental guidelines at non-production operations	○	
	Environmentally sound products	Entire lineup to consist of environmentally sound products by FY2017	All newly developed products are environmentally sound products	○	
			Expansion of range of products subject to LCA (continued calculation for all tires)	○	
	Compliance with additional government measures with entry into force of Kyoto Protocol	Compliance with the Act on Promotion of Global Warming Countermeasures Compliance with amended Law Concerning the Rationalization of Energy Use and Act on Promotion of Global Warming Countermeasures Introduction of renewable energy sources.	Publication of emissions of six greenhouse gases (compilation of data on all consolidated subsidiaries in Japan)	○	
			Preparation for compliance following issuance of enforcement ordinance	○	
			Consideration of expanded installation of small-scale power generation systems (solar, wind, and hydro power) Purchase of 3 green power certificates (target: 2 or more)	○	
	Environmental education	Large-scale improvement of environmental skills, technologies, knowledge, and qualifications, and internal auditing levels	Grade-specific e-learning: education provided for all organizational management positions; improvement of internal auditing level (re-education)	○	
Green procurement	Attainment of level sought by society and automobile industry	Implementation of revised green procurement guidelines	○		
Contribution to environment and society	Creation of YOKOHAMA Forever Forest	Total of 80,000 trees planted at 6 plants in Japan and 5 overseas	○		
Improvement of environmental performance	Industrial waste	Target of lowering emissions to less than 50% of FY1996 level to prevent wasteful use of natural resources	26% reduction compared with emissions in FY1996; target (35% reduction from FY1996) not attained	×	
		Globalization of industrial waste management	Commencement of calculation of volume of waste generated at overseas plants	○	
		Continuation of complete zero emissions at plants in Japan	Attainment of zero emissions by retreaded tire companies	×	
	100% recycling of industrial waste	100% recycling attained ahead of schedule Development of methodology for verifying final disposal and resource recycling	100% recycling attained by 5 plants in Japan	○	
			99.9% recycling rate (target: 99.7%)	○	
	Greenhouse gases	Contribution to fight against global warming under the Act on Promotion of Global Warming Countermeasures	13.4% reduction compared with base year (target: 11.0% reduction)	○	
	Greenhouse gases (non-production operations)	Energy conservation by distributors	Calculation of greenhouse gas emissions of 32 non-production operations in Japan	○	
Specific energy consumption (plants in Japan)	Contribution to fight against global warming under amended Law Concerning the Rationalization of Energy Use	1.8% deterioration from previous year at plants in Japan (target: 1% reduction)	×		
Specific energy consumption (logistics operations in Japan)		4.1% reduction from FY2006 (target: 3% reduction from FY2005)	○		
Minimization of environmental risk	Substances of concern (SOCs)	Development of control system to meet demands of automobile industry	Development and implementation of unified control system (MS-InC)	×	
		REACH registration compliance	REACH pre-registration commenced and completed	○	
	Asbestos	Prevention of damage to employees' health	Comprehensive investigation of installation in buildings	○	
	PCB	Sound storage and management (including at amalgamated companies)	Completion of early registration and practice of proper storage	○	
	Related legislation	Compliance with amendment of...*	Inclusion of legally regulated substances in internal standards	○	
	Water and soil pollution	Prioritization of coexistence with neighboring regions	Continued confirmation of non-pollution by means of observation wells at plants in Japan	○	
	External complaints	Reduction of number of external complaints	15 external complaints (target of 10 or fewer not achieved)	×	
	Community communication	Promotion of mutual understanding with communities	Regular communication of risks	○	
Society	Promotion of CSR management	Promotion structure	Establishment of CSR management vision	Establishment of CSR management vision and action guidelines	○
			Establishment of promotion division	Establishment of CSR Division	○
		Development of committees and councils to promote CSR	Establishment of CSR & Environmental Affairs Council	○	
			Visualization of CSR challenges faced by all bodies	Visualization of the CSR priorities of each body in the CSR Division	○
			Publicizing of CSR management vision and action principles	Publicizing of CSR management vision and action principles	○
	Rollout and awareness raising	Development and application of promotion tools	Revamp of CSR reports and expansion of volume of content	○	
			Development of CSR reports editorial setup and expansion of members involved	○	
		Preparation for compliance with ISO26000 guidelines	Survey of ISO26000 trends (December 2008 edition)	○	
	Relations of trust with users	Enhancement of customer satisfaction and quality assurance activities	Enhancement of disclosure of action on CSR (by divisions responsible)	○	
	Corporate Governance Compliance	Publicizing of CSR and code of conduct and activities to put them into practice	Compliance promotion system (including group companies in Japan); regular meeting of Compliance Committee	○	
			Development of internal control system including group companies	○	
	Safe and healthy workplace	Enhancement of safety activities (risk-free workplaces and intrinsically safe facilities)	Enhancement of disclosure of action on CSR	○	
			Investigation and confirmation of all plants by all executive officers	○	
			Commencement of development of mental health support	○	
	Workplaces that are home to diversity	Global hiring Complete respect for human rights throughout the entire group	Positive employment of women and non-Japanese in career track positions	○	
Relations of trust with suppliers	Fair global procurement activities	Development of basic guidelines on purchasing of materials by overseas plants	○		
Relations of trust with stakeholders	Promotion of appropriate information disclosure	Publication of 2008 CSR Report (GRI Guideline take-up rate: 55%)	○		
		Accurate compilation of information for third-party opinion	○		
		Communication with local communities	○		

*Compliance with amendment of the Act Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. and Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

Plans for FY2009 Onward

Phase II (FY2009 ~ 2011)	Phases III ~ IV (2012~2017)
Certification of integrated environmental management system (EMS) encompassing all operations in Japan Uniform environmental management embedded in fabric of work	Development of ISO26000 system at all plants worldwide and practice of uniform socially responsible (SR) management
Expansion of application of GD100 environmental guidelines to overseas distributors	
85% of products sold to be environmentally sound products. Practical use of LCA in MB Group	100% environmentally sound lineup by FY2017 Development of system for quantitative assessment of products by LCA
Response to amendment of the Act Regarding the Rationalization of Energy Use and Act on Promotion of Global Warming Countermeasures: (1) calculation and publication of greenhouse gas emissions as a business, (2) 5% reduction from 2005 in specific energy consumption in logistics operation in FY2010, (3) continued improvement of 1% year-on-year reduction in specific energy consumption	Formulation and application of targets for reductions in greenhouse gas emissions including at overseas operations Implementation and reinforcement of measures to cut emissions and achieve mid/long-term targets (FY2020) in Japan
Establishment of targets for use of renewable energy sources. Establishment of mid/long-term (FY2020) targets for reduction of greenhouse gas emissions Study of methodology for verification of greenhouse gas emissions	Consideration and expansion of use of Clean Development Mechanism (CDM) and emissions trading Development of methodology for verification of greenhouse gases
Education of all employees via e-learning system Re-education of internal auditors to raise level	Development of human resources required for global CSR and environmental management Cooperation in and support of regional and national environmental education
Compliance with REACH and other new standards	Activities targeting 100% green procurement rate
Phased planting and nurturing of trees at plants inside and outside Japan up to 2017 and unveiling of YOKOHAMA Forever Forest in FY2017: (1) development of own woodland (expansion of activities to raise seedlings from acorns gathered by volunteers from phase II to raise project self-sufficiency), (2) commencement of surveying and evaluation of amount of carbon captured and stored, (3) bird monitoring	
35% reduction from FY1996 in total emissions by end FY2011 Establishment of emission factor reduction targets for each plant using FY2008 as base year	Continued reduction of total emissions and emission factors
Emission MBO at overseas plants	
Attainment of complete zero emissions at group plants in Japan and overseas	Continuation of complete zero emissions at group plants in Japan and overseas
Attainment of 100% recycling rate at all production operations in Japan	95% recycling rate at all overseas production operations; 100% recycling rate in FY2017
Establishment and application of methodology for verification of overseas waste disposal and contractors	
Continued high-efficiency operation of cogeneration systems at tire plants in Japan Maintenance of 12% reduction compared with base year (FY2010)	Examination and implementation of measures to achieve own reduction targets
1% year-on-year reduction in total emissions of greenhouse gases by distributors	Continued 1% year-on-year reduction in total of emissions
1% year-on-year reduction must be achieved (promotion of drastic energy savings)	Continued 1% year-on-year reduction
5% reduction in specific energy consumption in 2010 compared with 2005 (expansion of modal shift)	
Global implementation of MS-InC	Establishment of monitoring framework in collaboration with suppliers
Commencement of REACH registration/notification	Completion of arrangements for in-house REACH compliance (registration/approval/notification/limitation)
Formulation and implementation of plans for elimination	Systematic disposal from all group facilities
Phased commencement of proper disposal	Phased proper disposal and completion by March 2016
Reduction of legally controlled substances and study of development of alternative technologies	Commercial application of alternative technologies
Action to guarantee "zero" outflow beyond site boundaries	Continuation of action to ensure zero outflow
10 or fewer complaints; implementation and continuation of capital investment	5 or fewer complaints; target of zero complaints in FY2017; implementation and continuation of capital investment
Regular communication of risks	Communication on risks at overseas operations
Practical application by means of guidebook	Maintenance of high ethical standards and respect for international standards, commitments, and norms Practice of CSR management in conformance with ISO26000 (Chapter 7)
Assignment of promotion officers to divisions and subsidiaries, PDCA cycle for challenges, development of follow-up structure	
Reorganization of committees and councils on CSR themes	Expansion of activities to inform overseas distributors
Expansion of CSR themes targeting all divisions of Yokohama Rubber to include distributors and subsidiaries	
Expansion of activities to raise understanding at overseas plants	Activities to raise CSR awareness among internal members
Organization of events for going through CSR reports	
Formulation and application (adoption as guidelines) of CSR guideline/checklist Formulation and application of English version of guideline/checklist	Expansion to overseas subsidiaries
Adoption of ISO26000 as internal standards (incorporation into checklists and guidelines, etc.)	Expansion of application of ISO26000 to establishments overseas
Developments of means of communication with end users	Disclosure of information to global consumers. Global rollout of customer support line
Expansion to overseas group companies	Survey of employees' compliance awareness; completion of visualization of relevant legislation
Development of organizations and meeting structure for dealing with materials risks	Completion of development of organizations, committees, and councils for dealing with anticipated risks, proactive prevention, and implantation of avoidance measures
Informing of all employees and adoption of "stop, call, wait" as standard practice	Creation of safe and healthy working environment at operations in Japan and overseas
Acquisition of Occupational Health and Safety Assessment Series (OHSAS) management system certification	
Enhancement of mental health support	Development of anti-harassment standards for the Yokohama Rubber Group
Training at overseas operations of new hires appointed to career track positions	
Inspection and maintenance of respect of human rights, including at operations overseas	
Development of anti-harassment standards and application to domestic affiliates	Expansion to suppliers of purchasing groups in business departments
Formulation and implementation of CSR procurement guidelines for Purchasing Dept.	
Enhancement of 2009 CSR Report (GRI guideline take-up rate of at least 70%)	Continuation of GRI guideline take-up rate of at least 80%
Determination of writer of third-party opinion and expansion to include opinions from experts on specific issue Preparation for stakeholder dialogue in FY2010	Development of methodology for reflecting stakeholder opinion From stakeholder dialogue to stakeholder engagement (phase IV)
Development of arrangements for incorporation of stakeholder opinion into business operation decision-making	

CSR Website Map

<http://www.yrc-pressroom.jp/csr>

For details of the Yokohama Rubber Group's CSR activities, please visit the above website (Japanese language only)



Detailed content of Yokohama Rubber's CSR website

(Items marked by a  contain information relating to this report.)

Corporate Philosophy, Policy, and Company Profile

Message from the Top  P4~5

Corporate Philosophy  P8~9
Basic philosophy / Management policies / Action guidelines / Corporate slogan

Medium-range Management Plan  P8~9
Grand Design 100 (GD100) vision and basic policy / Basic policy and numerical targets for Phase II / Numerical targets for FY2011

Overview of the Yokohama Rubber Group  P6~7
Overview of Yokohama Rubber / Net sales, total assets, and number of employees / Yokohama Rubber Group companies / Operations by region / Economic dividends to stakeholders / Core Yokohama Rubber brands / History

Management and CSR Management

Corporate Governance  P30~31
Framework for corporate governance / Internal-control mechanism / Risk-management system / Ethical compliance

CSR Management P8~9

CSR management vision / Basic approach to CSR management / Strengthening of CSR management in accordance with Grand Design 100 (GD100)

Medium to Long-range CSR and Environmental Plans P34~35

Environmental Aspects

Environmental Management Systems P32~33

GD100 basic policy on the environment / GD100 guidelines for action on the environment / Recognition by society / CSR and environmental management promotion framework / Strengthening of global environmental management / Comprehensive environmental auditing / Reinforcement of environmental education and awareness raising / Eco Award scheme to raise employee awareness / Promoting mutual understanding with local communities / Response to complaints

Green Procurement

Basic principles on green procurement / Purchasing products containing fewer SOCs / Promoting green purchasing and 3R activities / Increasing local procurement rates and improving transportation efficiency

Environmentally Sound Products P12~17

Definition of environmentally sound products / Corporate philosophy and development of eco-tires / Creating mechanisms for developing environmentally sound products / Diverse technologies for raising environmental performance / Eco-tires in all genres / Products offering improved safety and comfort / Ensuring customer satisfaction / Targeting higher brand recognition / Used on land, sea, and air in a wide range of industries— Environmentally sound products of the MB Group

Environmentally Conscious

Production P19, 22~23, 32~33

Overview of environmental load in FY2008 / Reducing emissions of greenhouse gases / Reduction of CO₂ emissions in logistics operations / Reduction of waste / Protection of water, air, and soil environments / Management of chemical substances

Environmental Accounting

Social Aspects

With Employees P24~27

Our basic objectives concerning people / Employment situation / Employment, hiring, and diversity / Helping employees to balance and work and family / Legal compliance / Development and fair treatment of human resources / Creating a safe workplace

With Society P28~29

Domestic production sites / Overseas production sites and distributors / Head office and distributors in Japan / YOKOHAMA Forever Forest Project

With Partners P18

Basic purchasing policy / Developing trust with our partners / Accelerating the development of internal rules / Training local purchasing staff at overseas operations / Legal compliance

With Shareholders and Investors

Basic policy of the dividend / Actively engaged in IR activities / Listening to the voices of shareholders

With Customers P22~23

Tire services in Japan / Tires services overseas / Quality assurance in the Tire Group / Quality assurance in the MB Group

Community Engagement P38

Results of FY2008 Questionnaire P38

Third-party Opinion P39

Highlights of CSR Activities

Contributing to the Environment through Manufacturing P10~23

Building a trusted identity as a contributing member of the global community P24~29

CSR Reports Produced by Plants and Affiliates

Head Office / Domestic Subsidiaries and Affiliates

Head Office / Yokohama Tire East Japan Retread Co., Ltd. / Sanyo Retread Co., Ltd. / Environmental Data for Domestic Group Companies

Domestic Production Sites

Hiratsuka Factory / Mie Plant / Mishima Plant / Shinshiro Plant / Onomichi Plant / Ibaraki Plant / Hiratsuka East Plant / Nagano Plant

Overseas Subsidiaries and Affiliates

Yokohama Tire Corporation / Yokohama Tire Philippines, Inc. / Hangzhou Yokohama Tire Co., Ltd. / Yokohama Tire Manufacturing (Thailand) Co., Ltd. / YH America, Inc. / SAS Rubber Company / Yokohama Rubber (Thailand) Co., Ltd. / Yokohama HAMATITE (Hangzhou) Co., Ltd., and Yokohama Hoses & Coupling (Hangzhou) Co., Ltd. / SC Kingflex Corporation / Shandong Yokohama Rubber Industrial Products Co., Ltd. / Suzhou Yokohama Tire Co., Ltd. / Yokohama Tire Taiwan Co., Ltd.

Other Content

CSR Website Development Policy

Environmental Data

GRI Guidelines Comparative Table

YOKOHAMA Forever Forest Project

Participants in Black Illumination 2009

ecoMOTION Campaign

Strengthening Mutual Understanding with Local Residents through Regular Engagement with Communities

Yokohama Rubber's plants in Japan organize regular events to hear the views and demands of local residents. In the first seven months of 2009, three such events involving 76 local residents were held.

Environmental opinion meetings at Mie Plant

These events are held twice a year, and one such was held on June 28, 2009, with the participation of 28 representatives of local residents' associations, Ise City environmental officials, and city councilors. Participants voiced requests regarding matters such as particulate matter, noise, and the road manners of heavy trucks, and everyone from the plant manager down is now working to resolve the issues raised.



Meeting outline

Date:	June 28, 2009
Participants:	28 representatives of local residents' associations, Ise City environmental officials, and city councilors
Meeting content:	Brief explanation of plant, explanation of plant environmental report, environmental activities, response to demands raised in 2008, Q&A, plant tour, and informal exchange of opinion

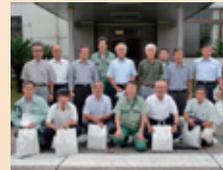
Neighborhood communication meetings at Hiratsuka Factory

Date:	February 11, 2009
Participants:	36 representatives of neighboring residents' associations
Meeting content:	Brief explanation of factory, action on the environment and disaster preparedness, plant tour, and informal exchange of opinion



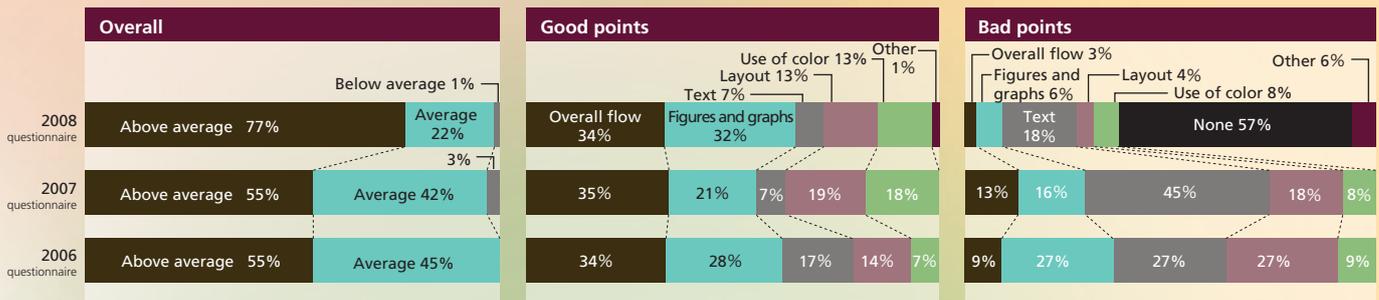
Plant tours and opinion meetings with neighboring resident association chairpersons at Shinshiro Plant

Date:	June 30, 2009
Participants:	12 chairpersons and deputy chairpersons of neighboring district residents' associations
Event content:	Brief explanation of factory, plant tour, and informal exchange of opinion



Results of 2008 CSR Report questionnaire

* Questionnaire of readers of the printed edition of the 2008 CSR Report published September 2008 (116 respondents)



Particularly interesting topics (multiple responses allowed)

Development of Environmentally Sound Products that can be Trusted (64 readers); With Society (45); Environmentally Conscious Production (40); With Employees (35); GD100 Basic Policy and Guidelines for Action on the Environment (34); The Yokohama Rubber Group in Overview (34); Action on CSR Management (31); Message from the Top (30); Corporate Philosophy and New Medium-range Management Plan (29); Framework for Promotion of CSR and Environmental Management (24)

Major opinions (multiple responses allowed)

- Gained an outline understanding of CSR activities
- Was impressed by efforts to cut waste emissions
- Found the use of orange oil for DNA Earth-1 interesting
- Was good to be able to see what those involved looked like
- The pages on environmentally sound products were easy to understand
- Was impressed by the level of environmental awareness displayed in the production of products
- Should not use technical expressions
- Little information about truck and bus tires
- There was too much indigestible text
- Wanted to know more about the technical aspects of environmentally sound products

Third-party Opinion on the 2009 Yokohama Rubber CSR Report (printed and online editions)



IIHOE
International Institute for Human,
Organization and the Earth
CEO
Hideto Kawakita

IIHOE:
The International Institute for Human, Organization and the Earth is a non-profit organization established in 1994 to promote “democratic and harmonious development for all life on earth.” Although it mainly provides management support for citizens’ groups and welfare workers, it is also heavily involved in providing CSR support to leading enterprises.

<http://blog.canpan.info/iihoe/>
(Japanese language only)

This opinion was written based on the content of this report, related online content (<http://www.yrc-pressroom.jp/csr/>), and interviews with Yokohama Rubber staff involved in environmental affairs, purchasing, quality assurance, product planning, human resources, public relations, and CSR. The Company may be regarded as beginning to pursue a PDCA cycle approach to CSR focusing on reducing environmental impact.

Areas in which we recognize the progress being made by the Company but conclude that further effort is required:

- Regarding the reduction of environmental impact, we applaud the Company for being an industry leader in developing and marketing tires that offer greater environmental performance and conserving energy and resources in production and physical distribution by such means as pursuing modal shift and improved transportation efficiency, but we are concerned that waste emission targets have not been met by half of the Company’s core establishments in Japan and greenhouse gas emission targets (based on specific energy consumption) have not been met by hardly any core establishments. Looking ahead, we strongly hope that the Company will disclose concrete information on the reasons and pursue rigorous pursue visualization of challenges and solutions, such as non-fixed energy use adaptable to output fluctuations (adopting a “just-in-time” approach to energy), and the sharing of systems between divisions and with overseas operations as well (p. 19-23).
- Regarding the encouragement of action by suppliers and other business partners, we commend the Company for its amendment of umbrella agreements to include clauses concerning, for example, environmental friendliness, and strongly hope that it will visualize practice by business partners in Japan and overseas and accelerate the adoption of mechanisms to promote voluntary action (p. 18).
- We commend the Company for its action to maintain and improve ease of remaining in employment, as demonstrated by its management of total working hours and state of use of paid leave, and strongly hope that it will quickly establish and disclose a strategy to enhance its mid-range human resource portfolio as a global company. Such a strategy should cover elements such as the development of the next generation of management-level human resources at overseas operations and head office (p. 27).
- Regarding voluntary disaster preparedness and partnership with communities, we commend the Company for its active cooperation and collaboration in disaster drills at Hiratsuka Factory and other core operations, and hope that it will pursue similar efforts at the core operations of group companies in Japan and overseas.
- Regarding activities to contribute to society, we applaud the Company’s active engagement in tree-planting and forestation activities mindful of local ecosystems, and hope that it will encourage group companies in Japan and overseas to also take part and that its know-how that has developed will be publicized to and shared with other companies (p. 28-29).
- We commend the Company for its disclosure of the distribution of economic value to its principal stakeholders, including business partners, employees, and shareholders, and hope that key points such as changes from the current fiscal year will be disclosed in future fiscal years (p. 6).

Areas in which further effort is required

- Regarding a wide range of CSR themes, extending from impact on the environment to human rights, we hope that the Company will not only express policy top down, but also move from a “report sharing” approach to a “problem solving” approach to CSR in order to encourage the formulation of clear, concrete targets and measures from the bottom up (p. 32).

On the third-party opinion

In June 2008, Yokohama Rubber stated that its CSR management vision is “to build a trusted identity as a contributing member of the global community” and is practicing CSR accordingly.

To assure Yokohama Rubber’s unwavering commitment to CSR, I believe that it is important to accept the assessment and observations of all our stakeholders. From this year, therefore, we are seeking the third-party opinion of Hideto Kawakita, representative of the International Institute for Human, Organization and the Earth (IIHOE).

As Chief CSR Officer, I took part in the dialogue between Mr. Kawakita and our business divisions and was involved in discussing the production of this report in order to ensure that his views and observations were understood and swiftly acted upon, and I am convinced that this exchange of views will serve to drive forward our CSR activities.

Of the issues identified, global expansion of all aspects of CSR management is a key issue that must be addressed if we are to become a contributing member of the global community, and we will be taking swift action to achieve this. Regarding also the transitioning the promotion of CSR to a “problem solving” based structure, we will further step up our activities to make this a reality.

Regarding other matters, we sincerely accept the various observations made by Mr. Kawakita, and will pursue improvements with the aim of becoming a business whose stakeholders can depend upon.

Tatsunari Kojima

Director and Senior Managing Corporate Officer, General Manager of CSR Division

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