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Yokohama Rubber is participating in Challenge 25, a program initiated by the Japanese Ministry of the Environment to help prevent global warming.



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

CSR REPORT 2011

CSR is essential in order to enrich people's lives and by devoting our wholehearted energies and advanced on the global stage.

We will contribute to a sustainable society by having



First of all, I would like to express my sincere condolences to all the victims of recent Great Eastern Japan Earthquake and herewith wish for the cities' restoration as soon as possible from the bottom of my heart.

Contributing to Enriching People's Lives and Greater Happiness through our Products

I have been newly appointed as President and Representative Director as of June in 2011. Since I have assumed such a great responsibility, I have determined my resolution, which is to duly take over the "baton" which represents our various achievements inherited until now, in order to link them to our future endeavors.

Of course, our company's philosophy of contributing to enrich people's lives and greater happiness through our products by devoting our wholehearted energies and advanced technologies will remain unchanged. The greatest advantage of the Yokohama Rubber Group is, first of all, excellent vision and planning compared to our competitors by initiating some unique products, such as being a trailblazer of the seller of Eco Tires, let alone our numerous technological strengths. In order to contribute to enrich people's lives and greater happiness, it is my pleasure to continue to expand our businesses by inheriting those strengths.

Meanwhile, I must admit that there may be some aspects we still need to work on, such as letting our customers know more widely as to the benefits of our existing products and continue to explain them to all over the world. From now onwards, in order to embark more on the globalization of our businesses, I strongly feel the necessity of our personnel to equip themselves with sufficient communication skills so that all the good things about our Group will be known to the rest of world even more.

I was mainly engaging in the development of motor sport tires since I joined the company; as such I have experience of extensive traveling to numerous countries to support various racing tours. Among them, it was so eye-opening for me to get to know that people living in the rest of the world were ever so diversified in terms of culture, religion, political situation, and their ways of thinking, which are totally different from we Japanese. Now, we are about to take a step, on the assumption that such "difference" is the absolute prerequisite for every business so that we can get to understand each other well. I believe that this is the very attitude to be required for our Group even more in the future.

ISO26000 being the License towards the Global Society

In November 2010, the ISO26000 was established as the

contribute to their greater happiness and well-being technologies to the creation of beneficial products

every single one of our people aim for a higher standard.

international standards for an organizations' social responsibility. I believe that by diligently following through this standard may mean the License of the future, which is essential to obtain high credibility as a corporation in this global society. Based on such understandings, we have re-established the Critical Issues of Yokohama Rubber Group by re-evaluating seven main core subjects such as human rights, labor practices, and so on by reflecting them to our company's case. From now on, with our Critical Issues as pillars, we are about to address those challenges in order to contribute to the formation of a sustainable society.

For example, as for the area of the environment, considering how to go about the electricity shortage expected this summer, we have set out a strategy for creation and execution of energy savings by targeting 25% reduction of the consumption of electricity. Meanwhile, shifting to an energy source with a lower environmental burden such as switching from heavy oil to natural gas, those projects are progressing by advancing our existing mid/long-term investment scheme of facilities. Tires, which are our core products, cannot be produced without oil. This is the reason for our mission to aim for a manufacturing method with minimal raw material usage and the lowest energy consumption possible. To achieve these, I think there must be three steps to follow; improvement - to be created out of rich experience in our existing operations; innovation - to be achieved by setting a goal out of the box, i.e. not merely an extension of conventional approaches; and also revolution - to change our mind sets drastically.

Furthermore, in order to bring about those changes, I also think it is important that every single relevant employee has a good awareness of the issues all the time and drive themselves under constant pressure to persevere with these issues. The very breakthrough nurtured out of that will surely lead to the solution of those critical issues. In short, the situation motivates our personnel, and makes them become better people.

Our Company to be the One to Encourage Every Employee's Potential Abilities to the Maximum

I myself, first and foremost, would like to aim to make our company one where all our employees and their family members feel that "we are fortunate to work for this company", and a company able to encourage every employee's potential abilities to the maximum. The important thing is to create an environment where each personnel can of think what is needed now, propose it accordingly, and take action instead of being ordered by their superiors to do this or that. From my experience also, I strongly feel that the biggest role as a leader is to draw out the workers' capabilities at their

actual sites. During the Great East Japan Earthquake in March of this year, I once again realized the importance of the establishment of a work environment in place all the time where each employee can think and act accordingly, instead of what a leader should do in case of emergency. In other words, one of the important aspects of risk management is that the employee is capable of making a decision when he/she is under certain circumstances entailing a judgment on his/her own, which is probably not elaborated on the operational manual.

Naturally, another important issue is to continue to nurture our personnel who are capable to deal with various business situations getting even more globalized day by day. In the light of the notion that people grow by putting themselves into a new environment, we are considering more of our personnel would gain experience through relocation to our overseas offices by advancing the rotation timing of our employees' transfer, and so on.

Another aspect we focus on in terms of the utilization of our diversified personnel is to employ disabled people. We aim to increase the ratio from 1.8%, which is the current rate of the employment of disable people, hopefully to achieve 2% or even more in the entire Yokohama Rubber Group. In order to bring about this figure, of course it is essential to establish a workplace environment with absolutely no injuries or accidents occurring, but not just that, it would also mean a comfortable workplace to be in, even for the rest of the employees with no disabilities. And I strongly believe that establishing such a work environment will lead to not just to an efficient work operation, but also a development of various new products by deploying the notion of the Universal Design*.

In order to build a trusted identity as a contributing member of the global community, Yokohama Rubber will as usual, continue to make steady progress for various achievements step-by-step. I would greatly appreciate if you could have a look at this report which is introducing a part of our progress, and look forward to hearing from you with any feedback you may have.



Hikomitsu Noji
President and Representative Director

*Universal Design: A type of design for a product able to be used by anybody regardless of age, gender, physical condition, knowledge, experience and any other personal differences.

CSR REPORT 2011

Editorial Policy

What should Yokohama Rubber do and how to go about in order to achieve our CSR vision to build a trusted identity as a contributing member of the global community?

In our fiscal year of 2010, to embody such notions we have set out our Seven Pillars of Critical Issues based on the Core Subjects for Social Responsibility as described in ISO26000. From now on, we shall continue to address various CSR activities on the global stage based on these seven pillars of critical issues.

This report compiles some of our specific cases of various activities according to our critical issues. As for our selection criteria, we have shortlisted the items introducing our domestic and overseas offices as much as possible and not just projects making progresses, but also to report any challenging issues that need to be touched upon.

Yokohama Rubber will continue to make progress by listening to the people of our society in order to realize our CSR management vision. We look forward to hearing from you in regards to our CSR activities.

Yokohama Rubber Group at a Glance (as of March 31, 2011)

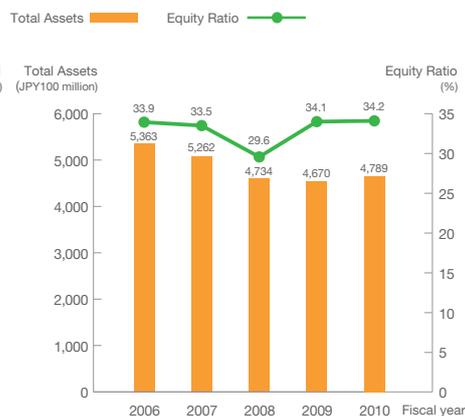
Company Name	The Yokohama Rubber Co., Ltd.	Number of Employees	18,465 (consolidated)
Establishment	October 13, 1917	Number of Shareholders	15,855
Paid-in Capital	JPY 38,909 million	Number of Shares Issued and Outstanding	342,598,162
Net Sales	JPY 519,742 million (consolidated)	Number of Consolidated Subsidiaries	120
Fiscal Year End	March 31*	Number of Affiliates Accounted for by the Equity Method	2
Chairman and CEO and Representative Director	Tadanobu Nagumo	Stock Exchange Listings	Tokyo, Osaka, and Nagoya
President and Representative Director and President of Tire Group	Hikomitsu Noji	Our Worldwide Locations	Japan, the USA, Canada, Australia, Germany, the Philippines, Taiwan, China, Thailand, Russia, and so on.
Head Office	36-11, Shimbashi 5-chome, Minato-ku, Tokyo, Japan 105-8685	Our URL	http://www.yrc.co.jp/english/

*In order to be consistent with our overseas subsidiaries for consolidated account, we have decided to shift our financial closing date from March 31 to December 31 as of the fiscal year of 2011.

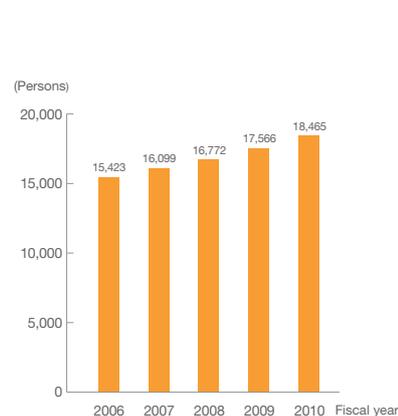
Net Sales and Net Income (consolidated)



Total Assets and Equity Ratio (consolidated)



Number of Employees (consolidated)



Contents

Introduction of Online Edition

Reflecting GRI Guidelines, this online edition is providing a comprehensive amount of information. We are also providing some specific data not included in the printed edition herein for your additional reference.

<http://www.yrc.co.jp/csr/en/>



Contents of Printed Edition

Contents Only in the Online Edition

- **Activity Report in the Fiscal Year of 2010**
 - Corporate Governance and Compliance
 - Environmental Protection
 - Together with our Employees
 - Together with our Society
 - Together with our Business Partners
 - Together with our Shareholders and Investors
 - Together with our Customers
- **Site Data**
- **Company Overview / CSR Management**
- **Related Information on CSR Report**

Issued Date

November 2011

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CSR Report Editorial Group

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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 2011, 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.

Our Products

Usually, products from Yokohama Rubber are working behind the scenes of society to support people's daily lives from numerous aspects.

HAMA Highway Joints

They are typically installed at road seams on highways and bridges. The device can expand and contract and is designed to be durable under extremely demanding conditions such as heavy traffic and large vehicles. They also play a role in noise reduction.

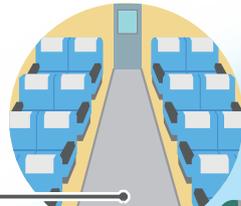


Solar Panel Sealants

This is the adhesive used to seal solar panel components and to prevent moisture ingress, which is a cause in the decline of photovoltaic efficiency.

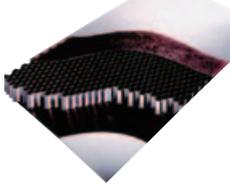


Shinkansen Bullet Train



Honeycomb Core Flooring Material for Shinkansen Bullet Trains

These are the panels used as flooring material in Shinkansen Bullet Train cars, consisting of aluminum foil with a honeycomb structure sandwiched between two aluminum sheets. Being lightweight and exceptionally strong, it is also used as a structural material for airplanes and Maglev trains.



Nursing Care Products

Solar Cells



Buildings



Highways



"Medi-Air" Air-Cell Cushion

Medi-Air is a cushion that prevents pressure sores caused by prolonged usage of wheelchair. Air cells in the cushion automatically expand and raise the seat surface, decreasing pressure in the area of concentrated body weight and increasing the space of contact to distribute the pressure force equally.



Mobile Phones



Power Shovel



Protective Coating for Plastic Products

This is a protective coating for the surface of the plastic part of mobile phones and game devices. We have achieved an optimum balance between scratch resistance and rigidity.



ECO FINLEX

These are environmentally friendly hydraulic hoses used in forklifts, power shovels, and other construction equipment. Since they are made of chlorine-free materials, there is no danger of dioxin emissions or other such problems. Japan-made construction equipment is still high in demand in other countries; the market for on-site hose replacement should continue to expand.



Adhesives for Automobiles and Building Construction

Adhesives for Automobiles and Building Construction. These are used for headlamps, breaks, seats and other automobile components, also in rooftops, multi-pane windows, floors, and other parts of buildings. We are also proactively developing products that are easily recycled and free of solvents that may pollute the atmosphere, and also any suspected agents that may negatively affect human health.



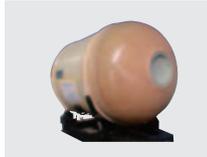
Seismic Isolation Rubber

This is a seismic isolation rubber that absorbs the seismic magnitude alleviating the gravity of the repercussion by the earthquake onto the entire standing structures. This is typically used underneath the houses and the pillars that support highways.



Water Tank for Aircrafts

This is a tank to retain drinking water in aircraft. Because of its lightweight material, and due to being manufactured in a special process that hardens resin fibers, it helps to improve aircraft fuel efficiency.



Lavatory Module for B737

This is a washroom unit to be installed in aircraft. Being mainly focused on easy maintenance, LEDs with low electricity consumption and excellent durability are used as indirect lighting. By realizing its lightweight module, this contributes to the fuel efficiency of the entire aircraft.



Aircraft

Oil Tanker

Marine Hoses

These are hoses to transport crude oil to tankers that are anchored offshore. We have achieved superior durability to prevent oil leaks in the water.



Golf Products PRGR

Golf Products

We offer an extensive line of bold, distinctive, and comfortable products for golfers. They utilize Yokohama's very own advanced design technologies as well as state-of-the-art materials developed by the Aerospace division.



Hydrogen Gas Station

High-Pressure Hydrogen Gas Hose

This is a dispenser hose used for refuelling hydrogen gas to fuel cell vehicles, which are drawing attention as the next generation of automobiles. Jointly developed with Iwatani Industrial Gasses Corp., the hose is flexible and lightweight, and most notably, it will surely make transportation and refuelling operations easier.



Automobiles

Tires

Tires for Passenger Cars

We have extensive line-ups of tires catering to various types of motor vehicles such as sport cars, sedans, SUV, and RV cars to meet today's drivers' needs, which are becoming ever more diversified.



Tires for Trucks and Buses

We have extensive line-ups of these not just with basic performance like economic benefits, durability, and safety, but also well adjusted to the conditions for usage such as seasons and/or road conditions.



Tires for Construction Vehicles

These are tires to be used for super-jumbo dump trucks, scrapers used to level the ground, wheel loaders to transport sediments from mining field or dam construction site, and dozers for earth removal.



Corporate Philosophy and Yokohama Rubber Group's Approach to CSR

» Corporate and CSR Philosophies

Yokohama Rubber established its corporate philosophy in 1990. It consists of the Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan; the Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities. The Management Policies outline basic administrative principles for upper-level management to commitment themselves to. The Action Guidelines are the code of conduct for each employee to comply with.

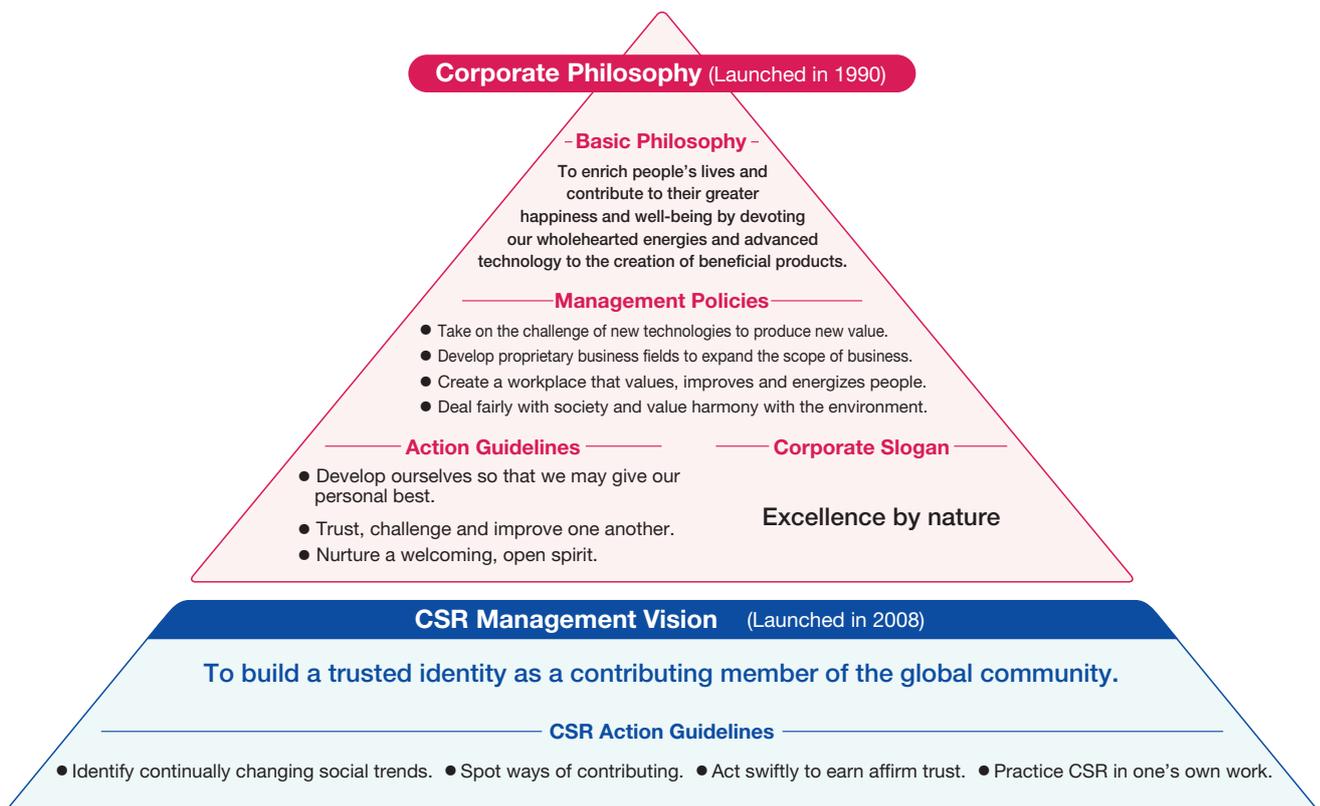
In 2006, we drew up a medium-term management plan, the Grand Design 100 (GD100), and set a clear target of becoming a global company with one trillion yen in net sales by FY2017. Also, since our Basic Philosophy has been compiled based on the strong awareness of the expectations and needs arising from the international community, the plan places a strong emphasis on CSR by adopting these two basic points; to become a top level corporation in terms of our contribution towards the environment, and fostering a customer-oriented corporate culture as our first

priority by respecting higher standards of corporate ethics. In 2008, we reformed our corporate structure by establishing the CSR Division, followed by announcing our vision of CSR management both internally and externally. Our vision, to build a trusted identity as a contributing member of the global community, incorporates our desire to change the letter "R" in CSR to "Reliability", instead of the original "Responsibility". By doing so, we are hoping to make the concept more accessible and practical in our daily operations.

Incidentally, Yokohama Rubber still maintains the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration of our Yokohama Plant (located in Tsurumi-ku, Yokohama-shi) in 1929 as our Founding Spirit*. This tale comprises the balancing of both sociality and economic efficiency; it still greatly relates to today's notion of CSR management.

You may wish to refer to our website for further details about our Founding Spirit from:

URL: <http://www.yrc.co.jp/csr/en/outline/group.html>



GD100 Medium-range Management Plan

GD100 Vision and Basic Policy

To Mark the Yokohama Centennial in 2017, we will evoke a distinctive global identity in building corporate value and in building a strong market presence.

Long-Term Financial Targets (in the fiscal year of 2017)

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.

Established in 2006

GD100 and Our Approach to the Environment

Basic Policy

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

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

Established in 2006

» Our Stakeholders

Following the establishment of our CSR Division in 2008, we have organized the social responsibility issues we need to address in our day-to-day and future activities, and also we have appointed our stakeholders as listed below. During our selection process, we consulted the GRI Guidelines, ISO26000, and Nippon Keidanren's Charter of Corporate Behavior, and other descriptions thereto.

Customers

We will enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technologies; this basic philosophy is our declaration to put our customers first. We seek to develop a corporate culture where the customer's interests are the top priority.

Employees

We believe that being considerate to the rights and safety of the workers and providing an environment to maximize their potential are the greatest driving forces for a corporation with sustainable growth. This is clearly stated in our management policies that reads, "create a workplace that values, improves, and energizes people".

Business Partners and Suppliers

We are expanding our businesses by working together with a variety of suppliers and partners who procure raw materials, parts, equipment, and so on. By practicing fair and free trading, we will continue to build relationships of mutual sustainment and being beneficial to each other.

Shareholders and Investors

By taking up on any challenges to develop innovative technologies to generate new value, we will realize our sustainable growth and return of reasonable profits. Also, we will be happy to provide any information in an appropriate manner to meet the expectations of all of our stakeholders and investors.

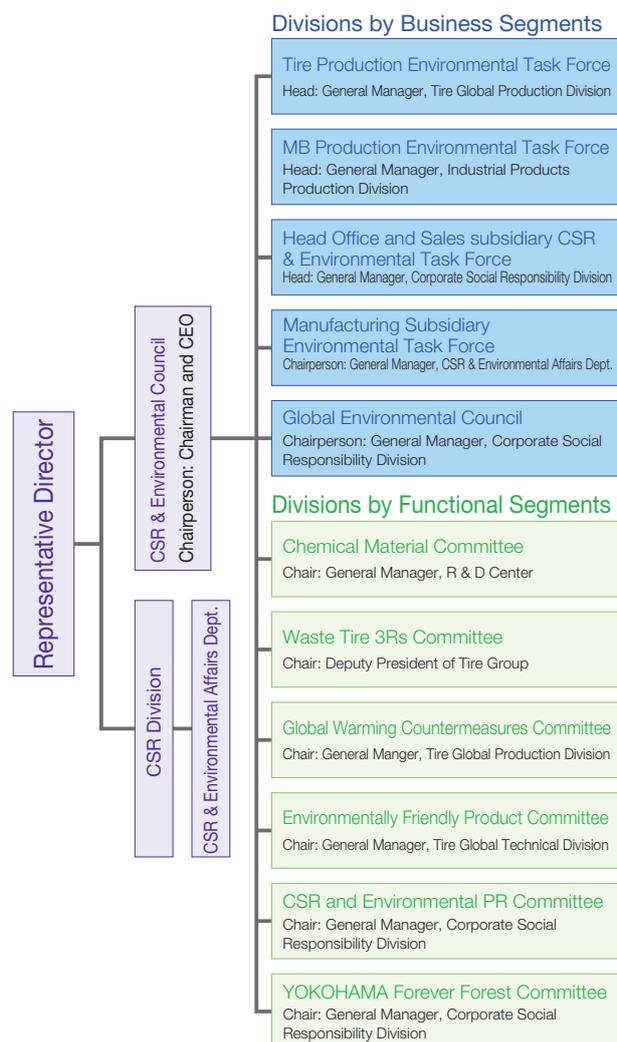
Local Communities

As a globally active business, we relate to local communities in a number of domains – the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

» CSR and Environmental Promotion Framework

Twice a year, we hold a CSR & Environmental Council where our company Chairman and CEO serves as a chairperson. The Council is an organizational framework that was set up to discuss and develop plans for addressing the social responsibility issues currently Yokohama Rubber Group is facing, with the ultimate goal to build a trusted identity as a contributing member of the global community. We have three task forces, six committees, and two sub-councils who promote CSR and environmental activities as sub-bodies within the Council. Every November, the CSR & Environmental Council evaluates the performance of CSR activities carried out by the Group and develops plans for improvement in the subsequent fiscal year.

To pursue our effort on practicing consistent and high-level environmental management in all our operations worldwide, we also annually hold a Global Environment Council, which is a gathering by managers from all of our overseas production operations. Twenty-one people, including those from all overseas production operations and core distribution subsidiaries, attended the FY2010 event held on December 21. On that day, all the attendees engaged in a discussion focusing on environmental policies and initiatives. In FY2011, the Council will push forward such efforts to promote CSR activities and put into practice consistent and high-level environmental management.



■ CSR and environmental management and promotion framework (as of June 29, 2011)

Here are

Pillars of Critical Issues for Yokohama Rubber to Address

Yokohama Rubber Group has decided to facilitate all of our activities based on our seven critical issues in order to go about our CSR activities in a desirable manner.

Seven pillars of critical issues have been set out through internal discussion based on the concept of ISO26000 issued in November 2010, in the light of considering what are the crucial items for Yokohama Rubber Group and what should we focus on regarding the effect on the society?"

This section features on our company's guidelines for each pillar of the issues (pages 10-11) and actual cases (pages 12-30) of those matters.

From now on, in order to strengthen every action of those pillars, we will continue to facilitate the supervision by our entire group and strategizing of relevant action plans.

Guidelines

1

Advancement of
Environmentally
Friendly Management



In line with one of our Management Policies to deal fairly with the society and treasure harmony with the environment, we will become a top level corporation in terms of our contribution towards the environment.

2

Safe and Healthy
Workplace Environment



Safety sanitation is the basis of all our activities. We aim to prevent any occupational injuries, create a pleasant workplace and overall health for our workers under the strong leadership of our managers and supervisors, along with our entire group's employees' cooperation of this matter.

3

Safety and Quality of our
Products and Services



It is our sincere desire to continue to provide quality products for our customers all over the world so that they always feel safe when purchasing our products and have a good sense of satisfaction. This way, in addition to achieving customer satisfaction, we can also expand our businesses and contribute to society by maintaining our proper profit through winning our customers' unshakeable credibility.

4

Human Rights and
Labor Practices



We will create an environment according to one of our Management Policies, to create a workplace to value, improve, and energize people, where each of our ever-diversifying personnel can equip themselves with the necessary skills and perform by utilizing their capabilities to the fullest. Also, we aim to create a workplace where our employees can realize a work-life balance. Also, we will continue to raise the awareness of our personnel so that they can perform on the global stage and are capable to deliver the business strategy of GD100 and various technical strategies.

5

Credibility with our
Business Partners



In order to realize GD100, we will conduct our procurement activities in accordance with below-mentioned guidelines:

- Procure optimum raw materials, equipment, and construction.
- Trading with fairness and impartiality Reasonable selection of our partners
- Partnership
- Compliance
- Harmony with the environment

6

Stakeholder
Communication



We will continue to enhance mutual understandings and credibility by reflecting our stakeholders' feedback onto our corporate activities by conducting two-way communication with both of our internal and external stakeholders while providing information in a timely manner.

7

Corporate Governance
and Compliance



Yokohama Rubber Group is making every effort to fortify and improve the support system for Corporate Governance to be established in order to realize management with transparency and fairness under our Corporate Philosophy. Thereby, this is becoming the management body to maintain our ever evolving corporate value in order for our management to continue to win unshakeable credibility.

Our Activities	Our Goals (by FY2017)	Our Targets in FY2010	Evaluation
<ol style="list-style-type: none"> 1 We will contribute to the realization of a low-carbon society by development and marketing of our products to contribute towards the environment. 2 We will realize a society with resource recycling by utilizing the natural resource to the fullest and minimizing industrial waste. 3 Continue to enhance our activities related to biodiversity both in our domestic and overseas offices. 	<p>We will try to achieve a 25% reduction of greenhouse gases by turning all our products into environmentally friendly ones.</p> <hr/> <p>We have achieved total zero-emissions both in our domestic and overseas offices and intend to keep this up.</p> <hr/> <p>We will enhance the environmental preservation activities in the surrounding area of both of our domestic and overseas office.</p>	<p>All our newly developed products are with 100% environmental consideration and will be maintained as such.</p> <hr/> <p>We will increase in number of total zero-emissions from both of our domestic and overseas group's production plants.</p> <hr/> <p>We will commence observation of the surrounding natural environment of both our domestic and overseas offices.</p>	<p>Passed</p> <hr/> <p>Passed</p> <hr/> <p>Passed</p> <p>P.14</p>
<ol style="list-style-type: none"> 1 We will establish a platform of safety sanitation based on the Occupational Health Safety Management System (OSHMS). 2 We will nurture people with overall safety. 3 We will ensure the safety of all of our facilities. 4 We will create a pleasant workplace. 5 We will prioritize our people's health both physically and mentally. 6 We will prevent any traffic accidents. 	<p>We will establish our safety culture aiming for Zero Risks.</p>	<p>We will switch our existing notion of safety equipment from Risk Detection to Safety Confirmation (eg. the machine will stop running once you open the door the door will not open unless the machine operation is stopped).</p> <hr/> <p>We will turn into Safety Confirmation by thoroughly ensuring Stop, Call, and Wait.</p>	<p>Passed</p> <hr/> <p>Passed</p> <p>P.16</p>
<ol style="list-style-type: none"> 1 We will establish a system to reflect in our next product development by gathering and analyzing customer feedback and market evaluation. 2 We will improve the level of quality at all our plants by conducting education and training by focusing on quality at every hierarchy of our plant workers. 3 We will make every effort to improve our product quality at every step; from product planning, design, and production. 	<p>We will leverage our support system for various global services.</p> <hr/> <p>We will establish our Global Training Facilities (for Tire sectors).</p> <hr/> <p>We will level up our customer credibility by continue to provide quality products all the time (for MB sectors).</p>	<p>We will fortify our support system for various global services.</p>	<p>Passed</p> <p>P.18</p>
<ol style="list-style-type: none"> 1 Steady number of employees. 2 Framework to facilitate the growth of our human resources. 3 Realization of work-life balance. 4 Creation of a workplace so that all our diversified personnel will be utilized. 5 Respect for the human rights with zero tolerance for harassment. 	<p>Our workplace is structured so that all our diversified personnel can perform to the fullest regardless of age, gender, nationality, and so on.</p>	<p>We will propose the training goals for our young employees by deploying a new system of human resources.</p> <hr/> <p>We will allocate mental health counselors to our newly established offices.</p>	<p>Passed</p> <hr/> <p>Passed</p> <p>P.20</p>
<ol style="list-style-type: none"> 1 Co-development of CSR activities by deploying CSR guidelines. 2 Promotion of the green procurement in cooperation with our partners. 3 Thorough compliance of various procurement activities. 	<p>Our company is able to enhance various CSR activities on the global stage by working hand-in-hand with our partners.</p>	<p>We will explain about our guidelines to our domestic partners and conduct feedback as to their own self-evaluation.</p>	<p>Passed</p> <p>P.22</p>
<ol style="list-style-type: none"> 1 Conducting dialogues with our stakeholders. 2 Reduction of any environmental risks such as complaints over the environment from local communities. 3 Facilitation of the YOKOHAMA Forever Forest Project. 	<p>The system is in place to apply what stake holders have to say.</p> <hr/> <p>Five hundred thousand trees are already planted both in domestic and overseas offices.</p>	<p>We will conduct dialogues with independent experts.</p> <hr/> <p>No accident related to the environment will be caused.</p> <hr/> <p>We will nurture our own seedlings and promote them externally.</p>	<p>In Progress</p> <div style="border: 1px solid black; padding: 2px; font-size: small;"> It had to be suspended due to the great earthquake, thereby the BCP roundtable was conducted in April. P.29 </div> <hr/> <p>Passed</p> <hr/> <p>Passed</p> <p>P.24</p>
<ol style="list-style-type: none"> 1 Internal enhancement of CSR guidelines. 2 Development of this compliance system to our overseas offices. 3 Establishment of BCP system and reorganization. 	<p>Good ethics value with ISO26000 compliance is well-known throughout our offices.</p> <hr/> <p>The entire company can visualize the legislation about to be effected.</p> <hr/> <p>BCP support system is being developed as a group unit.</p>	<p>We will develop CSR guidelines internally.</p> <hr/> <p>We will increase the number of our overseas offices with this compliance support system.</p>	<p>Passed</p> <hr/> <p>Passed</p> <p>P.28</p>

Our Next Stage is not just Consideration for the Environment – Aiming to Pursue Gentleness towards People and Society

BluEarth-1 series are equipped with the various latest technologies being developed by Yokohama Rubber all the while in order to improve various performances by taking a good level of environmental friendliness into consideration. For example, Orange Oil, an extraction from orange peel, is Utilized, when previously it was discarded as industry waste. It is not just to utilize the natural resources to the fullest; it also helps to improve the wet grip part to contribute to the maintenance of braking force. Also, by placing numerous dimples from the shoulder part to side part of the tire, which is totally a new idea called Dimple Side Design, air resistance itself while driving a car will be reduced. Another concept is the deployment of AIRTEX Advanced Liner, which is the inner liner made of our very own material by blending rubber and resin to prevent air failure, a cause of inefficient fuel consumption. Also, while being considerate for the environment, another major feature of BluEarth-1 is to pursue Gentleness towards

People and Society as well. Our Silent Rings offer a pleasant space in the car to reduce various tire noise echoing inside the car and also, reduce noise outside of the vehicle, hopefully this is considerate for the outer environment as well. Also, Maintenance-Reducing Technology is deployed during the development phase to measure in quantitative form comfort and stress people may feel while driving. Deployment of AIRTEX Advanced Liner is not just to curve inefficient fuel consumption due to air leaks; it also assists with maintenance work such as the adjustment of air pressure and so on. This explains our fundamental posture to thoroughly pursue gentleness towards people and society.

Manufacturing Quality Products Comes from Safe Working Sites

Safety sanitation is the very basis of manufacturing every product. Yokohama Rubber has established a Safety Management Support System for each office to aim for zero occupational injury or any potential risks, thereby all our production plants are about to obtain Occupational Health Safety Management System (OSHMS). Also, we will get to know each office's strengths and weaknesses to take actions to make improvement on their current situations in terms of safety sanitation; we shall therefore execute the internal safety audit both in domestic and overseas offices by defining the auditing items all common in our entire corporation.

In the Close Up from P16 to 17, you may wish to refer to the actual case of our Suzhou Yokohama Tire Co., Ltd., which has achieved significant improvement of their plant's condition of safety sanitation through various aspects of approaches.



BluEarth



<http://www.yrc.co.jp/csr/en/report2011/environment/commodity.html>



Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address



Yokohama Rubber Group's CSR through BluEarth

Yokohama Rubber will enhance our CSR activities with our Seven Critical Issues as the pillars in order to build a trusted identity as a contributing member of the global community through our products. Here, we introduce how we go about our critical issues of CSR through BluEarth.

» Basic Stance of Production is Consideration towards the Environment and Pursuit in Comfort.

What Yokohama Rubber aims for is production which is gentle for the environment, people and the society. The crystallization of such a notion is our new tire launched in 2010 called BluEarth, which is being developed based on the rounds of surveys from our numerous users. By putting together various technologies uniquely developed by Yokohama Rubber, promoting fuel efficiency, and utilizing non-oil materials, we were therefore able to significantly reduce the environmental burden. At the same time, we have developed this product through unwavering pursuit of comfort for users such as improved safety, reduction of noise outside of the car, and less

Leveraging our Company Value together with our Business Partners

Yokohama Rubber has a very important notion in terms of manufacturing products not only within our own Group to promote CSR towards the entire supply chain, i.e. the partners we purchase the raw materials from. In March 2010, we conducted a seminar for our partners by defining CSR guidelines by elaborating our CSR activities. We requested them to fill in The CSR Self-Evaluation Form, which is for them to evaluate by themselves items such as Compliance, Environment, Human Rights, and so on. Based on their results, we are conducting workshops or providing technical assistance by visiting their sites to fill in for any areas not being up to standard. Because we believe that we can grow together in terms of our corporate values by sharing information and working on various CSR activities hand-in-hand.

Maintaining Product Safety through our Stringent Quality Standards

Maintaining quality tire products is our extremely important role as this will directly affect the safety of our customers all over the world. This is why we conduct Design Reviews for each stage such as planning, development, production, and distribution. We conduct our stringent quality controls through screening for product planning and another screening for designing. Also, we promote to obtain the certificate of ISO/TS16949 which is the standard for quality management both in our domestic and overseas offices. Furthermore, we will promptly relay to our relevant department any feedback from our agents, retailers, customer service centers, and so on, in order to continue to keep improving with our activities on quality assurance by reflecting our customers' perspectives.

Voices from our Stakeholders

I get the impression that BluEarth is a tire deploying Universal Design (UD) for the very first time in the industry. What is called UD in Japan refers to "Design for all" in Europe, which means the design for everybody. It may sound simple but actually this is extremely challenging to realize, personally, I hardly know any other products which were able to realize this. In other words, this means to satisfy all the people regardless of being professional, amateur, or an avid racer; I would say it must have been such an innovative challenge totally out of the box of conventional ideas.



Mr. Masahiko Nagahama
Associate Professor
Design Department, Tokyo University of Art

Tires are such an important factor when you think about the fuel efficiency of your car. I truly commend BluEarth for being meticulously designed through Yokohama Rubber's unwavering pursuit of the reduction of resistance when rolling. Not just that, it came to me as a surprise that Yokohama Rubber also paid attention to tire's air resistance. I think it is awesome to come up with placing dimples on the tire. I have tried numerous types of eco-tires in my striving for the utmost fuel efficiency, and I ended up taking BluEarth as my final choice.



Mr. Takuya Yura
Racing Car Designer



frequency of maintenance work.

We will launch this product in Europe in the spring, followed by China in the fall of 2011. After that, it is officially confirmed that this product will be developed in the USA as well. We will from now on continue to provide our products by catering to each country's situation and various needs.

Also, in the light of growing demands of future electric vehicles (EV), we have been trying to participate in car races with EV under the theme of Team Yokohama EV Challenge from 2009. Amid various drastic changes of the society, we are hoping that more people will enjoy driving cars comfortably while co-existing nicely with our environment on the earth.

Based on such thoughts, we will continue to explore and challenge without ceasing to provide optimum products and services for our customers all the time.



Three types of products; BluEarth-1 with the latest technologies incorporated, RV-01, a premium tire dedicated for mini vans, and AE-01 dealing with a wider range of customers, are currently available.

Vehicle for Team Yokohama EV Challenge





Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address

Advancement of Environmentally Friendly Management

Addressing the Preservation of Biodiversity Explored by Yokohama Rubber

In order for Yokohama Rubber to confirm the effect on biodiversity through our business activities, we have started preliminary exploration in the surrounding areas of our offices. Here, we would like to introduce the case study of the area surrounding our Mie Plant, in Japan, conducted from April to June in 2011.

» Yokohama Rubber's Various Efforts Addressing the Preservation of Biodiversity

Our business activities will surely have various impacts on the biodiversity in our local communities, including utilization of biological resources primarily for natural rubber, metal and mineral resources, and so on, also, water withdrawal and discharge, etc., at our production sites. Based on this recognition, in the light of long-term global perspectives and in order to preserve biodiversity within the range of our company's impacts, we set out Yokohama Rubber's Guidelines on Biodiversity in the fiscal year of 2010. From the same year, we started our preliminary exploration in the areas surrounding our offices for 15 production sites in Japan and another 15 overseas. After confirming the natural abundance surrounding each office, we can select an office located to a great abundance of nature. After the round of selection process, we will study the impact on biodiversity in the surrounding area, make our objectives clear, identify what kind of preservation activities are feasible, and go about further studies of the actual sites to set out our exact schemes.



For further details about Yokohama Rubber's Guidelines on Biodiversity, you can refer to our website at: <http://www.yrc.co.jp/csr/en/report2011/environment/biodiversity/html>

» Relationship between our Mie Plant and Biodiversity

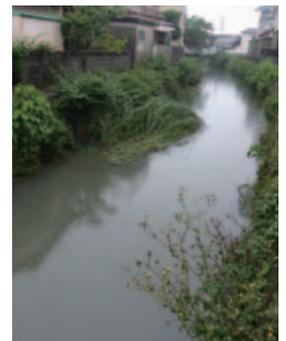
What we have discovered through our preliminary exploration in June 2010 was that so many of our plants turned out to be the beneficiaries of an ever so rich ecosystem called Water from the Valley. Especially, since our Mie plant is located adjacent to Miyagawa Valley, which has one of the clearest streams in entire Japan, we came to know that our Mie plant had a lot to do with the biodiversity there, which is generating water circulation of Miyagawa Valley (blessings from the ecosystem). This is the reason we have decided to start from our Mie Plant with our environmental studies.

The Miyagawa River cascading around the Mie Plant is the biggest river in Mie Prefecture. It runs through Odaigahara to Ise Bay; the entire length is approximately 90 km and its basin area is about 920 km². Our Mie Plant is withdrawing groundwater from Miyagawa Valley and discharging it into Hinokijiri River, which is the subsidiary stream of Seta River.

The sewage system for the residential areas near Hinokijiri River is not completely established yet; we have noticed that there were some outlet conduits of organic sewage directly discharged into the river. This is the reason why in the daytime of sunny days we saw a number of oil films floating on the surface of the river, which makes the water looked cloudy and white.

Henceforth our Mie Plant has established oil filtering equipment in their industrial sewage treatment facility.

After making sure there is no oil through the oil filtering sensor; about 350 tons of water per hour per day is discharged into the upstream of Hinokijiri River with water quality as 1.1mg/l on the average for BOD. In the event such water discharge were to stop, the density of organic sewage from households would rise and deprive the upstream of Hinokijiri River of oxygen; this explains how our Mie



■ Midstream of Hinokijiri River

Plant's water discharge is contributing to the preservation of quality water.

Now, by understanding the relationship between water discharge and Hinokijiri River, plus inhabitation of biota and rare species in Miyagawa River as the riverhead



■ Japanese Killifish habitant in Hinokijiri River (midstream of Hinokijiri River)

area, we have proceeded with Biota Studies in Miyagawa River in order to explore any future possibilities for the activities to safely preserve Miyagawa Valley and some other activities to preserve rare species under the cooperation of local environmental NPOs as well as the Agencies for Education and Research.

» The Result of Biota Studies in Miyagawa River

During our studies conducted in June 2011, due to Typhoon No. 2 approaching at the end of May, massive floods occurred and raised its river water level. Even though we were unable to dig up inside the river stream, we were able to understand the overall condition of biota therein instead.

In Hinokijiri River, we were able to observe the habitat of young killifish and mullet, plus Southern Atyidae in the upstream and midstream. We have measured EC (Electrical Conductivity) and COD (Chemical Oxygen Demand); and both upstream and midstream read 91 μS/cm (micro siemens per centimeter: a unit to express electrical conductivity). As for COD, it read 2.9 mg/l for upstream, 2.4 mg/l for downstream; whereas BOD showed 1.6 mg/l for upstream and 1.1 mg/l for downstream. Generally for the river, less than 2 mg/l as BOD is equivalent to the water quality standard as Fishery Class 1, where the fish like trout, etc. can inhabit it. Also, EC under 100 μS/cm is considered as low contamination rate. For the studies in June, due to potential dilution of contaminated water comes from the raised water level owing to typhoons and heavy rain, we are planning to conduct the same nature of studies in August one more time.

For studies on the mainstream of Miyagawa River, we have conducted the exploration of plants, birds, and benthic fauna, in midstream, downstream, river outlet, and bay areas. Midstream area is surrounded by series of River beach, straits, and brink; forest is still remaining nicely beside the river bank terrace on. You may wish to refer to the table compiled of the plants, birds, benthic fauna confirmed through our studies in June; we came to know that each location is still blessed



■ Our Exploration on Aquatic Organisms in Miyagawa River Area

	Clusters	Clusters Plants	Birds	Benthic fauna
Midstream area	Reed Vine cluster and River Tansy cluster	Reed Vine, River tansy, Polyantha, Butterweed, <i>Mematsuyoi</i> Weed, Deutzia, and so on	Grey Heron, Common Sandpiper, Black Kite, Japanese Wagtail, Oriental Greenfinch, and Carrion Crow 	Long-Barbed River Caddice-Worm, Young White Valley River Dayfly, Young <i>Dabido</i> Sanae, Young White-Tailed Sanae, Young Psephenidae, and Southern Atyidae Long-Barbed River Caddice-Worm
Downstream area	Reed Vine cluster, <i>Ogi</i> cluster, and <i>Futoi</i> cluster	Reed Vine, <i>Ogi</i> , <i>Futoi</i> , Water Pepper, and so on	Grey Heron, Little Egret, Grey-headed Lapwing, Common Cormorant, Little Ringed plover, House Swallow, and Siberian Meadow Bunting	<i>Oaoito</i> , Young Dragonfly, and Young <i>Noshime</i> Dragonfly
River outlet (mud flat)	<i>Yoshi</i> cluster and <i>Fukudo</i> cluster  Clusters of <i>Yoshi</i> and <i>Fukudo</i>	<i>Yoshi</i> , <i>Yoshi</i> Vine, <i>Fukudo</i> , Sea Bells, Beach Peas, Beach Radish, Beach <i>Saji</i> , <i>Onishiba</i> with Long Coat, and so on	Large Egret, Grey Heron, Common Cormorant, Spotted Duck, and Great Reed Warbler	<i>Ashihara</i> Crab and Black <i>Benkei</i> Crab  <i>Ashihara</i> Crab
Bay area (sand beach)	Sea Bells cluster, <i>Kobo</i> Wheat cluster, Cogon cluster	Sea Bells, <i>Kobo</i> Wheat, Cogon, <i>Komatsu</i> <i>Yoigusa</i> , and so on	Black Kite, Fan-tailed Warbler, Skylark, and Siberian Meadow Bunting	

with richly diversified species inhabiting it.

Also, we have conducted hearings from the residents of local communities in Hinokijiri River area. We had distributed questionnaire forms to ten individuals residing in the area of Hinokijiri River as to the impression of Hinokijiri River, the situation in the past, and any requests in the future, followed by our visits to hear from them in person.

The result showed that the majority of them had responded they think The current Hinokijiri River is dirty. As for Hinokijiri River until 35 years ago, it used to be rich in flora and fauna such as the golden-ringed dragonfly, black-spotted pond frogs, and Japanese firefly; but it started to be contaminated since about 25 years ago. As for the requests for Hinokijiri River, respondents expressed such comments as "I wish all the sludge in it will be removed", "I wish the river will be restored to transparency again", "I wish the river will become a place for our children to play", "I wish the river can be a place for our physical and mental healing", and so on.

» The Roadmap for our Future Exploration

In the fiscal year of 2011, we are planning to conduct our exploration mainly in Miyagawa River and Hinokijiri River both in summer and autumn. As for Hinokijiri River, we shall explore the possibilities for the preservation of water quality and aquatic organisms by understanding the water quality of drainage destination and the condition of biota. As for Miyagawa River, we will continue to study on the biota in midstream, downstream, river outlet, and bay areas to consider our approach methods and so on as to how to preserve biota therefrom.

We are planning to conduct such exploration in two of our overseas offices in the fiscal year of 2012. It is our sincere desire to proceed proactively with such exploration work in order to build a trusted identity as a contributing member of the global community.





» Improvement of Safety at Suzhou Yokohama Tire

Suzhou Yokohama Tire is located in Suzhou National New & High-Tech Industrial Development Zone of Suzhou in Jiangsu Province, an eastern part of China. This is an industrial zone with constant rapid development taking place. The company was established in 2006 and the actual operation commenced in August in 2008. The company deals with manufacturing and distribution of tires for trucks and buses for the Chinese market. At the time of inauguration, an occupational accident was reported every month at this Suzhou Yokohama Tire factory. According to the internal audit as to safety evaluation conducted in June, 2009, they scored only 3 points out of 100 points; their low motivation as to safety was the major issue for them. Therefore Yokohama Rubber set out the next one year from August 2009 as the training period as to their safety. To begin with, we made it a compulsory for managerial personnel of every process to attend training in Japan, followed by regular status checking in order to achieve their improvement over safety.

One of the personnel in charge of this promotion was Wang Wei Feng. Looking back, he said that “At that time, our factory was hardly conducting safety activities per se. Honestly, I did not know what to do even after I was assigned for this role. Even when I was at home, I was having insomnia over the sense of fear that an accident might happen again”.



■ Wang is meticulously communicating with an employee by explaining points one by one (upfront).

» Improvement of Safety Awareness with their Own Strategy

Even so, Wang continued to take various actions for the improvement of safety right after he came back from Japan for training. What he took note at that time was, considering the difference over culture or way of thinking between Japan and China, to always deploy various methods uniquely workable in Suzhou, instead of copycatting what he learned in Japan. One of the examples is the deployment of Safety Activity Board. They place their own personal folder beside each employee’s work table; the folder contains standard work instruction and the record of the training over safety each personnel member has taken. The aim is for the employees as a team to follow up each other to avoid any mistakes by managing the safety activities in visual form. Once in a while, they award a prize to the line doing an outstanding job, followed by the entire organization getting together to share their commendable mechanisms. Also, it was an important attempt to conduct a “Safety Chorei (morning meeting)” once a month involving all the employees. Wang and Ichiro Nakajima (then President), as the leaders, explained over the news from Japan about occupational accidents happening at other plants. By showing the pictures of

Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address



Safe and Healthy Workplace Environment

Establishment of Safety Culture from Suzhou Yokohama Tire Co., Ltd.

Safe workplaces will not be achieved overnight; it will be realized through the changing mind set of every single one of our personnel and accumulation of humble efforts on a daily basis. These pages introduce our case from Suzhou Yokohama Tire.

actual occupational accidents, they give their employees an opportunity to think together by asking why this thing happened and what they could do to prevent this.

Wang went on to say, "By sharing the same goal of zero accidents to protect our safety, I

thought maybe our employees want to know it will also lead to the happiness of each employee him/herself, their family members, and everybody else around them."

And it was all those senior employees dispatched from Japan who had supported Wang's efforts all the while; they were the employees with rich experience and knowledge on safety systems of the factory, also some professionals with high technical skills in charge of training and guidance for their successors, and also technical transfer to other factories including to overseas. They greatly assisted Wang, who used to say "Initially I did not know how to go about my jobs as I was not confident with the industrial knowledge I had", by emphasizing the importance of consistently improving themselves without giving up. Through persistent and continuous guidance over the employees, he was able to succeed in the notion of Occupational Health Safety Management System (OSHMS) totally being ingrained into the entire factory.

» Good Awareness of Compliance with the Rules and Regulations by Everyone

It was about spring of the next year when a major change took place. The teamwork between Wang, the supervisor of the entire operation and the personnel of managerial class from each process had started to improve significantly and noticeably. At the same time, the number of accidents or injuries all of a sudden was reduced. Scenes often witnessed such as attempting to deal with any abnormality of the machine without stopping its operation, or moving the trolleys by dragging them without pushing properly are now hardly to be seen anymore. According to one of the employees, "I used to think that any occupational accident had nothing to do with me, also I did not take seriously about the importance of complying with the rules. But by addressing various safety activities, I came to know that the danger of accidents is hiding everywhere, and now I start to think that thorough compliance with the rules and regulations will form the foundation of my happiness."

As a result, the number of accidents and disasters has been zero since August, 2010. According to another audit which took place in November 2010, the factory's safety evaluation had scored at 82, which is a proof of truly commendable achievement. In September of the same year, the factory went through a preliminary screening by the Central Association of Occupational Disaster Prevention to obtain the certificate of OSHMS. The Vice



■ Employees checking their personal folders

Center Director who was in charge of the screening had commented that "They are eligible to pass the certification anytime. Factories in Japan wish to learn from vibrant activities like this." Wang says, "Since I started to work for this factory, I came to realize that Yokohama Rubber is truly treasuring the safety of Chinese staff in a nice way. This is why we cannot help but keep upgrading our awareness of safety. It is my unwavering commitment to ensure not to let any of our Chinese staff get injured whatsoever."

» Vigorous Progression with Activities toward Safety as an Entire Group

Nakajima, who was initiating this project together with Wang, says, "Through various discussions and training programs, I think all of our employees came to realize clearly that what they should do under their own circumstances in order to protect their own safety and for others as well." He went on to say, "From now on, our next challenge is how every single one of our employees will walk the talk with a sincere manner without fail. And I'm going to focus on this area when proceeding with our actions."

To address this matter, they are currently preparing to establish A Safety Sanitation Subcommittee by each business unit, such as each process and each division, to act as the cell groups of the committee operating throughout the entire factory. The aim is to make known and get everybody fully to understand the PDCA cycle of safety area by each division.

Nakajima also says, "The goal is that we will become a factory where our competitors, our customers, and our employees are personally attached to it. To do so, I would like to establish a support system like we can tackle any problem-solving cases by getting all our employees involved all the time, also, the PDCA cycle can be enforced by the entire factory. Also as for our various addresses towards safety, I would like to see they continue to take various actions in such a manner."

Of course, Safety is the eternal theme to be addressed by the entire Yokohama Rubber Group without ceasing. Our target is to achieve Zero Risks by 2017 to eradicate even a potential cause for the risks, instead of feeling like "It was fortunate that it did not lead to a disaster." In order to achieve this, we are about to put even more emphasis as to the establishment of safety culture by keep enlightening our employees.

There is no shortcut for safety like "You can be rest assured by doing this"; instead, it can only be achieved through the accumulation of humble efforts by every single one of our employees.

The case of Suzhou Yokohama well exemplifies this matter. Yokohama Rubber will from now on as well, by always keeping that basic fact in mind, continue to strive for the realization of a safe workplace environment.



■ Nakajima attending the safety meeting of the workplace.





» Sugizaki Transport Meets their Customers' Needs with a Wide Range of Vehicle Types

Sugizaki Transport Co., Ltd. is one of Yokohama Rubber's major customers, a corporation with a long history of trading with us. They are a logistics company headquartered in Odawara-shi, Kanagawa prefecture, with 11 offices nationwide such as Osaka, Wakayama, Hamamatsu, and so on. It has been more than a half century since their establishment in 1958. With "Efficient transport, and gentle transport for the cargoes" as their motto, they have been expanding their business with flexible approaches and customer-oriented attitudes by arranging a wide range of transportation vehicle types and specifications to meet their customers' diversifying needs. Currently they possess 112 vehicles, meanwhile, Sugizaki Tourist Bus Co., Ltd., their affiliated company, is providing chartered buses for bus tours as well. Mr. Naoshi Sugizaki, the second president of the company, is leading approximately 180 employees. He was once a racing car driver, a unique individual with the experience of the development of racing tires.

» Providing Safety and Environmental Design in the Light of Comprehensive Perspectives

Yokohama Rubber has been providing optimum tires for Sugizaki Transport, not just trailers for general cargoes, but vehicles for motor sport, and other diversified types of vehicles for the past decades. Currently, our Kenji Asai, Director of Atsugi Center of Yokohama Tire Truck Service Kanagawa Co., Ltd. is in charge of Sugizaki Transport. He says, "When it comes to the quality of tire, recently, people tend to think of environmental design such as fuel efficiency at first. Without a doubt, this is truly important. However, the most important thing for our customers other than anything else is to never cause an accident, therefore I think our very first priority is to provide absolute safety for them."

In order to do so, maintenance is also an important factor not just in providing quality products. Sometimes we may rush to their site for immediate repair, bringing our equipment such as compressors upon being notified that "something is wrong with the tire en route". Also, we conduct tire inspections for all the vehicles Sugizaki Tire possesses every quarter. We meticulously check the condition such as scratches and abrasions along with air pressure, creating inspection check lists, followed by proposing the right timing for tire replacement. Asai went on to say, "I will proceed with my work while assisting the primary



■ Kenji Asai says, "Our very requisite is to propose safety".

Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address

Safety and Quality of our Products and Services

3 Providing Services Considering Safety and Quality as the First Priority

Here, we are introducing Yokohama Rubber's approach to assist in safety on tire, consideration for environment, and cost saving through close communication with our customers in our daily operation. We are hoping to contribute to the solutions for various challenges as to business operation our customer may face.

person-in-charge. Sometimes I'm unable to check the entire items when the vehicle is outside, so we carry on the work in the following week.



■ Hand in hand to check tires carefully

We conduct thorough inspections

one-by-one. Safety and environmental design cannot be achieved by simply selling products. By including a range of services like such maintenance work, I strongly feel that we must continue to serve our customers from comprehensive perspectives."

» **Becoming a Partner who is Able to Solve various Challenges of Business Operation for our Customers**

Other than inspection dates, Asai would accompany with the personnel in charge about once a month to visit the headquarters of Sugizaki Transport to have a dialogue with their president and other employees. This is to confirm the condition of products already delivered and their future needs; also this is a precious opportunity for them to have some candid feedback as to their services.

Asai also says, "President Sugizaki always has an enormous number of ideas as he himself has an experience of development. He says 'I wish your team could come up with performance like this' or 'I don't think that will work.' My team therefore relayed such feedback to our product development department, and it ended up a great direction for our new product development. That our casual chatting has led to such a great opportunity is nothing but thanks to our predecessors accumulated the sense of trust by having devoted enormous time to it. So it really hurts me when we were unable to deliver on-time for urgent request for tire replacement. The sense of trust consists of the accumulation of small things, in other words, a small thing may negatively affect our sense of trust as well. This is why it is always my desire to treasure every single one of our daily operational work."

"Instead of just selling the tires, we are hoping to be a good partner who can solve the challenges of the management for our customers through our comprehensive consulting about tires". Asai's remark is our entire Yokohama Group's wish as well.



■ Replacement, removal, air adjustment work of tires using a machine for tire replacement work for trucks and buses.

Testimony from our Customer

Quite often I receive feedback that our vehicles are well taken care of and look cleaner compared to our competitors. Since we are transporting our customers' precious cargoes, instead of just transporting them safely, I always remind myself to deliver with a cleaner vehicles.

What is required for tires is nothing but Safety. In addition to that, sturdiness of tires used to be required in the past but thanks to the various advancements of road infrastructure condition, now the market rather requires fuel efficiency and low environmental burden. In the light of the reduction of environmental burden, also cost concern, I think improvement of fuel efficiency is our continuous challenge which we are unable to go without.

I'm personally attached to Yokohama Rubber's excellent services as they are very receptive to any of our inquiries on top of their range of quality and diversified products being provided to us. Maybe because of our long trading history, we are more like family rather than "company and customer"; our relationship is not just buying and selling products, I feel the strong sentiment of "let us continue to manufacture better products together as a team." We are grateful that now they come for tire inspections on regular basis. From now on, I am hoping that they can contribute to our employee training and so on. Of course, I believe that our company is providing sufficient training as to vehicle maintenance and so on to our employees but the personnel from Yokohama Rubber are all professionals in tires. Hopefully, they can enlighten us with inspection methods and tips once in a while.



Mr. Naoshi Sugizaki
President and Representative Director
Sugizaki Transport Co., Ltd.

Overview of Sugizaki Transport Co., Ltd.



- Establishment ▶ March 12, 1958
- Business Scope ▶ Land Transportation Business for General Cargo Forwarding Business Special Cargo Handling Business Warehousing Business Packing Business Industrial Waste Collection and Transportation Temporary Staff Arrangement Number of Vehicles
- Number of Vehicles ▶ 112





» Sustaining the Atmosphere not to Discriminate on Nationalities

I am in charge of supporting tire distribution for overseas Yokohama Rubber offices as Operational Group Leader of Tire Overseas Business Planning Department at Tire Overseas Sales & Marketing Division. This includes order management from more than 90 countries outside of Japan, and also creating production and supply plan together with production and distribution related departments. My greatest motivation to join Yokohama Rubber was that our tires are products for which we can freely conduct marketing activities based on the users preference, also, I was so attracted to the technological advancement of Yokohama Rubber and their Slogan, "Excellence by Nature". Since I started working in here, there is no discrimination over the employees with foreign nationality so I was given various opportunities equally; this way, I was able to give it a try for so many projects so far.

From now on, in order for Yokohama Rubber to enhance globalism and promote diversity with their employees, I think we need both culture and system in place. As for culture, I hope that the company will continue to nurture the current atmosphere not to discriminate any employees over their nationalities. As for the system, I believe that the vigorous enhancement of global human resource system currently under progress is going to be one of the important processes.



Li Qiang
then Operational Group Leader,
Tire Overseas Business Planning Department

Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address

Human Rights and Labor Practices

Aiming for a Corporation where all our Personnel with Different Values can Perform Together

A Corporation where all our Personnel with Diversified Values can Work with Passion. In order for us to address this important issue, we took some actions to understand the current situation and made clear about any specific areas needing to be reinforced; here are the excerpts from three people representing our employees.

» Creating an Environment so that Female Employees can Continue to Work after Having a Child

I am in charge of the distribution of Lavatory Modules (washroom unit) to be installed in civil aircraft and Water Tanks for aircraft manufacturers and airline companies. I was always in charge of overseas sales since I joined this company; it is such a fulfilling moment when the deal is confirmed with a win-win situation ultimately both for our customer and our company by proposing a strategy, followed by multiple rounds of negotiations. From now on, our market is not only within Japan; GD100 refers to expanding our businesses towards the rest of the world and I feel that the employees of Yokohama Rubber are naturally expected to acquire flexibility and speediness capable of accommodating more changes and diversities. I have been working with overseas offices for so many years and it is very common to have female managers in overseas offices and their nationalities do vary as well. I feel that now the better system is in place compared to the past but I am hoping that the company can promote an environment so that female employees can

continue to work comfortably after delivering a child such as establishing a day care center, and so on. I think the work can be exemplified as marathon. I hope that our female employees can continue to strive by setting their own operational goals; without being preoccupied with short-term results, without giving up for anything, and by seeing things in the long run.



Etsuko Fukano
Deputy General Manager, Aerospace
Marketing Department, Aerospace Division

» Give Support Depends on Individual Disability

I belong to Intellectual Property Department and I am in charge of the application and obtaining rights for our technicians' research and development as patents.

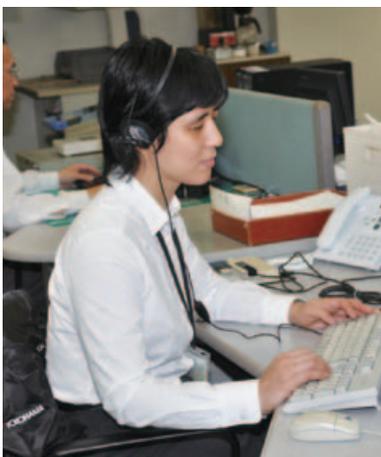
I have a visual disability. The reason why I joined Yokohama Rubber was I was hired at the headquarters, not at the subsidiary as a cushion to absorb disabled persons employment. I assumed my current role after my maternity leave. Right after my transfer, I was very much worried whether I can fit the bill as I am a Bachelor of Arts Degree holder, but in order to overcome this, I had studied very hard by translating any necessary materials such as a textbook of chemicals into braille.

As for internal technologies, I acquired them one by one by learning from my immediate colleagues and some personnel from technology departments.

I am grateful that our company has an atmosphere to help each other all the time when you need any support. In order to advance the employment of disabled persons, I think it is necessary to continually employ more than one disabled person.

The word "disabled person" may mean various types of disabilities and numerous types of situations depend on individuals. But I believe that surely there will be a place for them

to perform as long as there is support accommodating enough for their degree of disability. Finally, I am hoping that the company will continue to give support so that the employees with disabilities can perform their tasks by working with many people both internally and externally.



Mako Mizuno
Patent Group, R&D Center Intellectual Property
Department

Comment from General Manager of Global HR Department

We need to change our old mind set in order for us to achieve various goals of GD100 and stay atop on the global stage. In the light of globalization and CSR, I strongly feel the importance of proactively addressing the utilization of our diversified personnel including non-Japanese, females, and disabled persons. The important thing is how long our hired employees can contribute to the company. Each workplace, including non-Japanese, females, and disabled persons, everybody can work as a team with joy and passion. I am hoping to bring about such a corporate atmosphere as soon as possible, so that everybody can take a notion like that for granted. In order to do so, instead of just initiating proactive hiring processes, it is important for each workplace to be receptive for various types of employees and come up with how to create a comfortable workplace for everyone. For example, employees may need to upgrade their language skills to communicate with their colleagues of a foreign nationality, and we may need to consider establishing a day care center so that our female employees can continue to work comfortably after having a baby. Also, we need to think about barrier-free workplaces for the sake of employees with disabilities. Those are merely a part of the examples and I think we need more new environment to be established.

Gone are the days it was still acceptable just to think seriously about it, but I recognize that they are all major issues must be solved very urgently. Despite having a mountain of challenges, as long as our attitude is ready to go about them, I believe that the mind set and the way of thinking among our employees will drastically improve, thereby we shall be eligible to be a global company being trusted by society in a real sense.



Yasuhiro Kurokawa
General Manager,
Global HR Department

Basic Guidelines about People

Following to our Management Guidelines which reads "create a workplace that values, improves, and energizes people", we will create an environment so that our personnel with diversified values can acquire the necessary skills and tap into their capabilities to the maximum. Also, we aim to create an environment where our employees can realize a work-life balance as well. This way, we will continue to nurture our human resources so that they are capable of realizing the business strategy of GD100 and technical strategies on the global stage.





» Trial to Utilize the Raw Material for Natural Rubber under Medium and Low Quality

In May of 2010, Yokohama Rubber has inaugurated a processing factory of natural rubber in Surat Thani Province, the southern part of Thailand. There are a number of rubber farms nearby which play a major role for our company's procurement of raw materials. Generally, the natural rubber used for tires comes from solidifying rubber solution (latex) extracted from rubber trees, pressing and spreading it like a sheet, finishing by smoking. This is the typical type of natural rubber with visual grade rubber (RSS*1), another one is the rubber with technical grade (TSR*2) based on the technical standards. For USS, non-smoked rubber which is the raw materials for RSS, we conduct tapping; we must scratch the tree bark very early in the morning, extracting the tree sap, followed by its collection before sunset. It must be blended with acid to freeze it within the same day, and to be used for production after drying it for about several days.

Like this, the good thing about extracted natural rubber is it can be completely used up without generating any waste. However, since this is such a complicated and demanding work for producers, realistically, it is getting difficult to secure USS these days.



■ Rubber tree (tree sap is being extracted)

Meanwhile, the cup lump, the main raw material for TSR, will be naturally solidified inside the cup without collecting the rubber solution from the rubber tree immediately. However, it may be easier for the producers to generate the raw material under low quality such as Tree Lace being solidified on the tree surface leaking from the cup, or another type is called Earth Scrap which is solidified on the ground.

Conventionally, TSR to be used for tire production was not just through cup lumps, but in general, used to be blended with USS at a certain ratio to maintain tire performance; however, we came across the above-mentioned difficulties. We would like to contribute to the improvement of the labor condition of natural rubber producers and utilization of natural resources. In the wake of such thoughts, we have started to try to develop TSR with minimal usage of USS, or without using it at all.

*1 Ribbed Smoked Sheet: produced after drying with smoke for about one week after washing USS, the raw material, by using water. It will be mainly classified by its appearance, color, and the amount of waste under the international standard called the Green Book. There are five grades from No. 1 with high quality (RSS #1) to No. 5 with low quality (RSS #5), typically, RSS#3 is used for tires.

*2 Technically Specified Rubber: Typically cup lump as raw material, produced with a short drying time using hot blowing like with synthetic rubber after repeating the process of crushing, grain refining, and washing with water using machines. The grade will be determined by the amount of waste, ashes, nitrogen content, degree of plasticity, residual percentage of plasticity, and other standard rate. Depending on the country of origin, it is called SMR (Standard Malaysian Rubber) in Malaysia, STR (Standard Thai Rubber) in Thailand, SIR (Standard Indonesian Rubber) in Indonesia, SCR in China, SVR in Vietnam, and so on. Typically STR20 or SIR20 which is of medium quality will be used for tires.

Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address



Credibility with our Business Partners

Exploring the Possibility of New Natural Rubber Together with our Raw Material Supplier

We can develop natural rubber contributing well to the environment and society precisely because of our long history of research on raw materials; we are currently collaborating with Prince of Songkra University on this theme.



■ A pile of rubber under low quality.
It may become valuable raw material if our research turned out to be successful.

» Alliance with the Local University

In January of 2011, Keisuke Chino, Y.T. Rubber, Chief of Research and Development, who is one of the specialists with many years of experience in the research on natural rubber, visited Dr. Jutarat Intapun (Ju) and Dr. Suwaluk Wisunthorn (Noi) at Surat Thani campus of Prince of Songkra University. As the first step, we had proposed for our co-research with the purpose of full utilization of rubbers under low quality and they had gladly agreed on this. Chino talks about the background of the proposal of co-research with Prince of Songkra University by saying, "For new development of natural rubber, I thought it would be essential to conduct research at the production site of the raw material and with the cooperation of a local research agency. This is because natural rubber is an agricultural product, and also a perishable material. This is why there is no point of evaluating the material other than right after extraction, or else we would miss the crux of this process. In the past, we used to research on latex being filled with a lot of stabilizers such as ammonia, followed by sending it to Japan; now I came to know that we were researching on totally different materials. Also, Surat Thani province is the central part of natural rubber production so there is a lot of information available on natural rubber in general. Prince of Songkra University, having a campus in Surat Thani, is one of the leading universities in the southern part of Thailand, they are also the research agency with the highest standard in terms of the raw material of natural rubber, they are possessing not just academic information, but also an extensive range of knowledge and insight from planting to processing. Also, we have once worked on another co-research before."



■ From right, Dr. Jutarat Intapun (Ju), Chino, Yoshio Amano, President of Y.T. Rubber, Dr. Suwaluk Wisunthorn (Noi) and Ms. Ratreè Pintong (Kae), QA Manager

» Aiming for the Development of Natural Rubber Considering the Environment as well

The current challenge as to our co-research with Prince of Songkra University is, how to develop TSR with high-physicality by using cup lumps under relatively low quality and reducing the blending ratio of USS blend at the same time. USS will solidify with acid, but by focusing on the fact that cup lumps will solidify naturally without using acid, we have conducted our research by gathering some ideas from both parties. After that, the University mainly focused on the extraction of basic data; meanwhile, Yokohama Rubber took the part of the measurement of physicality with composition and also the confirmation of the physicality of upgraded products from mass production at the factory, followed by several rounds of regular meetings.

Through knowledge and insight gained by gradually accumulating our cooperative relationship, we have discovered that the basic physicality of natural rubber derived will significantly vary depending on whether or not to use acid when solidifying, and also the physicality will greatly differ when it turned into rubber composition. We were able to make a great advancement with the development of TSR without deterioration of physicality even by reducing USS and increasing cup lumps. Presently, we are considering the utilization of cup lumps under even lower quality, and addressing the utilization of the raw material for scrapping under low quality which was unable to be used for tire in the past. "In the future, we would like to produce natural rubber together through our contribution to the residents of Surat Thani province, a precious production region of rubber." Our challenge aiming for the common goals by Prince of Songkra University and Yokohama Rubber will continue on.

Voice from the Personnel at Prince of Songkra University

Surat Thani campus of Prince of Songkra University is a rare university conducting a research related to raw material; we are also providing various support as to the challenges with natural rubber. Surat Thani region is the center of rubber plantation in Thailand with numerous number of processing factories; we possess rich knowledge and insight from plantation to processing of natural rubber. Yokohama Rubber has hired so many of our graduates, these days they even hire intern students so we are maintaining a very good relationship with each other.

Our school possesses a slogan that "Our soul is for benefit of mankind"; we already have our culture to treasure contributions to society. We are hoping to contribute to society through our environmentally friendly co-research with Yokohama Rubber as we think that our role to play is to maintain education, research, and culture. And I believe this will be beneficial to the interest of Thailand as well.



Dr. Suwaluk Wisunthorn (Noi)
Lecturer





Province of Pampanga



Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address

Stakeholder Communication

Growing together with local communities: Yokohama Tire Philippines, Inc. Initiatives

What do our stakeholders expect of us?
 Are we satisfying their expectations?
 By maintaining constant communication with all of our stakeholders, Yokohama Rubber Group is striving to live up to the expectations from our society. Through these initiatives, we hope to increase the vitality of local communities, our employees, and our company.

» Helping local communities achieve sustainable growth

Yokohama Tire Philippines, Inc. (YTPI) is located in the province of Pampanga in the Central Luzon region of the Philippines. This subsidiary, established in 1996 as Yokohama Rubber's first tire production and distribution center in Asia, set as its goals delivering the best products on time and at competitive prices to customers, implementing the best environmental measures in the Philippines, and helping local communities achieve sustainable growth. From the very beginning, we have been taking action to achieve these goals. Angelina Casasola, Manager of CSR Activities at YTPI, explains, "Our goal is to make YTPI a model company in terms of both environmental measures and community contribution, and we want to offer our help mainly to the marginalized members of the community. We think that kind of attitude is essential in order to achieve sustainable growth in the community."

Many regions of the Philippines are still economically poor and lack adequate medical care and educational facilities. Many members of the local communities have asked YTPI for help in making medical care more available and improving schools. In response to these requests, YTPI has been operating a wide variety of programs to help solve the various problems faced by the local communities, incorporating the opinions of various stakeholders such as the government and private institutions.



Angelina Casasola
 Manager of CSR Activities

» Implementing a wide variety of support programs

One of the main areas of YTPI's focus is education. We believe that educating the children, the leaders of the future, will be the most important factor in eliminating poverty, one of the biggest social problems in the Philippines.

To assist the public elementary school located nearby, YTPI established a program called Adopt A School, providing comprehensive support that includes repair and maintenance of school facilities, teacher training, and environmental programs that educate the children and teaching staff together. In FY2010, YTPI gave the gift of an outdoor stage that can be used for various events and held a tree-planting program to help the children gain hands-on experience in appreciating and caring for the environment.

Furthermore, in collaboration with Holy Angel University, a prestigious university in the region, YTPI established a scholarship program, which currently provides scholarships to ten students.

YTPI has also been running a program called Give a Share,

Show You Care, which collects donations from company employees, to be given to economically underprivileged children. The collected funds are used to support the hospitals and elementary schools in the province of Pampanga. In FY2010, a total of 87,315 pesos (equivalent to approximately 165,000 yen) was collected and used to provide benches, IV stands, and ceiling fans to hospitals. YTPi is also running an outreach program, through which employees volunteer to visit elementary schools and orphanages during holiday seasons such as Christmas and give presents to the children.

To communicate the importance of their rich natural environment to the people of the local region, especially the younger generations, and to ensure that it is passed on to future generations, YTPi is also focusing on environmental initiatives. For the past three years, YTPi has been implementing the YOKOHAMA Forever Forest Project, promoted by the Yokohama Rubber Group at all company sites inside and outside Japan. Our tree-planting events are attended by company employees, their family members, local government employees, and the media. A total of 1,094 people participated in the tree-planting event held in December 2010, with a cumulative total of 16,311 trees planted so far.

» Activities expanding through employee participation

The most remarkable aspect of these programs is the voluntary and heartfelt involvement of our YTPi employees, who, beyond just donating money, actively participate in actual activities. In addition to taking part in tree-planting events as part of the YOKOHAMA Forever Forest Project, many employees volunteer to participate in presenting gifts to schools or hospitals, performing the actual installation work, and mingling with the children all the while. When the outdoor stage was presented to the elementary school last year, it was employee volunteers who drew the colorful illustrations highlighting the importance of the environment. Last year, a cumulative total of 800 employees, nearly half our total number of employees, participated in at least one of our support programs.

“The children and their parents were extremely grateful, not only for the materials we brought, but also for the fact that so many employees were participating in the volunteer activities,”

smiled Sheena Len Policarpio who participated in the Medical Mission program to deliver medical supplies to areas with inadequate hospitals and clinics. She added, “After participating in the



■ Sheena Len Policarpio while planting a Tree

actual program activities, I was really impressed that our company would pour so many resources into helping economically poor regions, and I felt that our activities could actually make a difference and help these communities advance. My coworkers and I used to think that YTPi was just a company making tires—just the place we earned our living. But now, after participating in these activities, we’ve started to feel proud of our work and being a part of this company.” The participation of so many employees has nurtured an awareness of these activities and YTPi’s CSR efforts, and established them as vital parts of its corporate culture.

» Growing with the community

YTPi plans to continue and to enhance these various types of initiatives. For programs such as scholarships, YTPi is also considering the possibility of expanding the range of potential candidates and increasing the number of recipients. We also believe it essential to identify means of verifying the efficacy of our initiatives in helping people and communities.

The activities YTPi has been carrying out over the years have earned high marks from the local communities, and the name “YTPi” has come to stand for environmental protection and assistance projects. Local communities and the business world are now paying closer attention to YTPi, as well as to the CSR activities of the entire Yokohama Rubber Group. To continue as a corporate group determined to meet such expectations, the Yokohama Rubber Group, including YTPi, is committed to maintaining our strong ties with local communities.

Third Party Comments

Thank you for so precisely understanding our needs!

YTPi has tremendously helped our school. It’s not an overstatement to say that YTPi has provided us with everything necessary for improving our school environment.

Before beginning the assistance program, people from YTPi first came to our school to assess our needs. I was very impressed by how carefully they listened to everyone at our school. I am also so grateful that they are still continuing to assist us. The assistance provided so far has primarily involved infrastructure such as school facilities. Of course I hope that will continue, but it would also be wonderful if they can eventually start helping us with learning materials and equipment, such as books and computers for our students.



Mr. Nelson Buan
Principal of the Siñura Elementary School

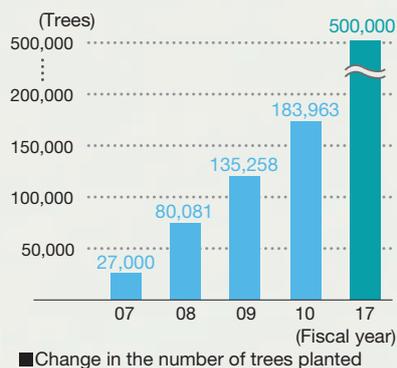


YOKOHAMA FOREVER FOREST PROJECT

Here, we are introducing our YOKOHAMA Forever Forest Project expanding all over the world thanks to our employees and numerous numbers of local residents.

Purposes and Plans

The YOKOHAMA Forever Forest project aims to plant 500,000 seedlings mainly in both our domestic and overseas production sites by the fiscal year of 2017 to commemorate our 100th anniversary of our establishment. We have completed our planting work with 68,000 trees in domestic sites along with 115,000 trees overseas by the end of the fiscal year of 2010. Thirty-seven percent of the target has been achieved so far. We are planning to plant about another 50,000 trees in the fiscal year of 2011, hoping to achieve 230,000 trees, which is 46 % of the target by then. This project was initiated in 2007 when our Hiratsuka Factory started planting trees. By creating a forest at our factories located all over the world, we are aiming that our sites themselves become entities which are contributing to the preservation of the global environment by absorbing CO₂, air purification, and creating a desirable environment for birds and insects to live. Also, through this project, we hope to raise the awareness of the participants for the environment, the formation of fire prevention and forests to preserve the environment, contributing to deter global warming, and maintenance of biodiversity.



Features

The features of YOKOHAMA Forever Forest Project are as follows.

▶ Miyawaki Method

We are conducting this project under the guidance of Dr. Akira Miyawaki, Plant Ecologist and Emeritus Professor of Yokohama National University. The Miyawaki method is different from general tree planting; its uniqueness is to plant thickly as close as possible to natural forest by nurturing tree species or a wide variety of seedlings peculiar to the land. Both our domestic and overseas offices have taken up this method to grow forest in their respective areas.

▶ Creating their own Forest

Starting from nurturing soil, collection of acorns, creation of seedlings in a pot, and so on, most of the work is done by our own employees and the ratio of our own seedlings has become 70% so far. Also, the seedlings nurtured on our own are not just to plant around the production sites but are also provided free of charge to municipal governments, schools, other companies, and many more. We have provided as many as approximately 40,000 trees in the fiscal year of 2010.

▶ Forest Creation by our Employees and Local Residents

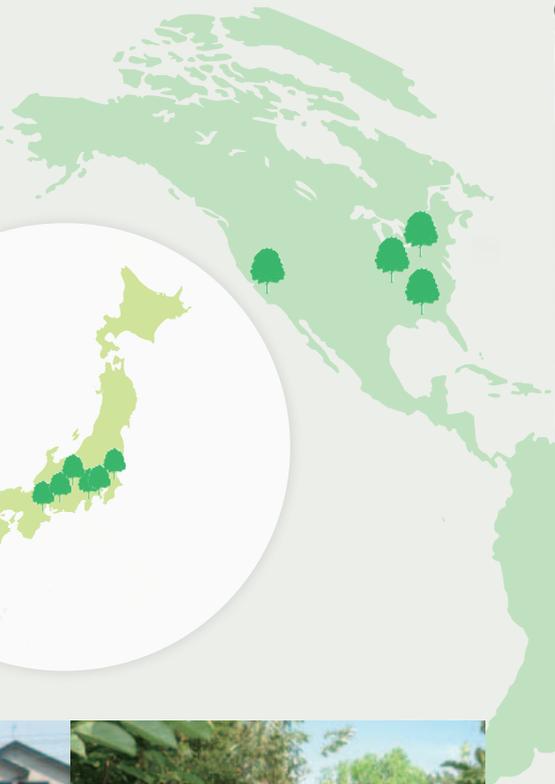
This project has been expanding at our various production sites located all over the world being conducted by our employees and local residents. In the fiscal year of 2010, a total about 5,600 people, including our employees, their family members, and local residents participated in this tree planting session.



Tree Planting in Shinshiro Plant with the Miyawaki Method



Participants of Yokohama Tire Corporation Salem Plant



Orientation by Dr. Miyawaki prior to Tree Planting



Dr. Miyawaki is explaining by incorporating some humor to get across the intention of tree planting to the participants.

Providing our own Seedlings



Five thousand three hundreds seedlings were donated to a social welfare corporation (Hiratsuka Factory).

Monitoring of CO₂ Absorption



By measuring the thickness and the height every half year since April 2009, we monitor the amount of CO₂ absorbed by the trees.

Observation of Wild Birds



A baby kogera bird (a kind of woodpecker) being born in our Hiratsuka Factory observed by our Wild Bird Observation Club.



The planted seedlings have grown into about three meters in three years

Evaluation after Tree Planting

Our Hiratsuka Factory is conducting the monitoring of CO₂ absorption and fixed amounts, and also the observation of various wild birds.

Since trees by their nature fix CO₂ inside in their trunks, we can obtain data on CO₂ absorption and fixed amounts by measuring the diameter or height of the trunk and its condition of growth. We conducted four surveys by the end of November of 2010 to observe its absorption and fixed amount.

Also, for the observation of wild birds we are conducting once a month from the perspective of the preservation of biodiversity, we have invited an expert from Komatan, a bird watching group, as an instructor under the initiative of the voluntary member of our employees Wild Bird Observation Club. Currently, the number of species of wild birds flying in the area has increased to 41 (12 species in September of 2008); our employees are enjoying conducting this observation together with their local residents.

Imparting Yokohama Rubber's Know-hows to the World by Turning Risks into Opportunities



Dr. Akira Miyawaki
Plant Ecologist

I am strongly reminded that technology does come with various risks through the recent Great Earthquake. The highest technology refers to how to reduce such risks to zero. Yokohama Rubber is conducting creation of forests for our lives both in its domestic and overseas sites, which must be inherited in our future by preserving all our precious residents' lives. I expect from the bottom of my heart in 2011, not just their further forestation, but that they continue to manufacture products surely with the highest technology with zero risks, so that every single one of their plants will develop into a role model among manufacturing industries all over the world.

Note: The entire description is contained on our website.





» Yokohama Rubber's Risk Management

Yokohama Rubber has a Risk Management Committee to consider general guidelines and support systems against various risks such as Safety Sanitation, Earthquake / Fire, Legal Compliance, Environmental Accidents and so on; we also have some specific Committees and Councils who deal with the actual risks. Our Risk Management Committee's main role is raising awareness during normal situations and specific procedures in place during emergencies. It prepares for the procedures and support systems in place by conducting an extraordinary meeting when an emergency occurs, considering how to respond to the media, what effect on the related departments and understanding of their activities to deal with it, develop information to the management team, communication to the employees, labor unions, local communities, partners, public offices, and so on. Specific Committees and Councils hold not just regular meetings, but also hold an extraordinary meeting when an emergency occurs to deal with the situation. Examples of recent extraordinary meetings held were to deal with the bird flu case in 2009, a declaration of state of emergency in Thailand in 2010, and so on. We think it is important to examine the contents of the action items for such situation on a later day for further improvement.

» In the Wake of the Great Eastern Japan Earthquake

Since the majority of our production sites are located in the Kanto Tokai region, the impact on our factories from the Great Eastern Japan Earthquake were minimal and the restoration work was not too much, however, our distribution channel of Tires and MBs in the Tohoku region was badly affected.

Right after the earthquake broke out, the first priority was to make sure all our employees were safe and sound, understand the situation of the damage, and how to have the employees of Tokyo Headquarters go home safely. As for the issue of going home, an Emergency Meeting for Central Disaster Handling Division took place in the evening on the 11th decided to have them wait in the premises of the headquarters until the transportation system goes back to normal operation, followed by notifying our employees.

Our handling for the emergency situation is mainly led by the Central Disaster Handling Division, progressing from by 1) making sure our employees are all safe and sound, 2) understanding the situation of the damage, and 3) material support and restoration work for the affected areas, followed by informing the situation externally in timely manner. The meeting by Central Disaster Handling Division took place seven times in total by March 31.

In the wake of this earthquake, the initial action for disasters, etc. entails proper actions per physical location or business office; in order to do so, it is important to obtain accurate information promptly and make it clear about the decision-making protocol, and we were strongly reminded that it takes the entire company's support for the restoration work of our affected offices. From now on, we are about to realize our BCM by understanding the situation of the damage with our partners (supply chain), creating our cooperation support to deal with production quantity fluctuation, and have a support system in place in the event that our headquarters and main factory were significantly affected.

Up Close Seven Pillars of Critical Issues for Yokohama Rubber to Address

Corporate Governance and Compliance

Realization of BCM* - Bracing for Emergencies

Here, we are introducing Yokohama Rubber's risk management such as its vision, support system, and addressing of such risks. Also in the wake of the Great Eastern Japan Earthquake, in regards to what to review and what to focus on, here are some reports on our discussion being conducted beyond their divisional restriction, and also our activities right after the earthquake.

*BCM: Business Continuity Management

Roundtable Discussion

In the Wake of the Great Eastern Japan Earthquake

What can we do as a corporation from now on?

On April 28, 2011, about one month and a half after the Great Eastern Japan Earthquake, there was a discussion held at the headquarters of Yokohama Rubber attended by relevant personnel. After sharing information on how various situations were dealt with, the topics were whether our company was prepared enough or had sufficient supporting systems in place for the earthquake, and what areas have to be reviewed from now on.

About Emergency Handling Right after the Earthquake

The discussion started by reflecting on their activities on the very day of the earthquake on March 11.

The first priority was to make sure our employees were all safe and sound right after that. During this earthquake, even though the system to make sure of their safety through text messages on mobile phone was operating normally, there was no connection with text messages systems at all at that time. After that, Fukui of CSR Division had pointed out that "I felt that we must think about alternative communication tools as well without totally relying on text messages." Also, a number of attendees have expressed that "This time was fortunate as most of our employees are staying in the office on Friday afternoon, but we must think how to get in touch in the event that the disaster occurs at a different time."

Also, the majority of them commented that our experience of emergency drills were useful when a real emergency suddenly happened like this. However, some said that the magnitude of this disaster was too great and, very honestly, we did not know how to react to it. Kurokawa of Global Human Resource has stated that "I was having some difficulties to make judgment

upon numerous questions such as whether people could be reimbursed under the Workmen's Compensation Scheme in the event of an injury while going home even among the Disaster Handling Division. I think it is necessary to create a manual by incorporating how to deal with such a case as well." Yokohama Rubber MB Japan Co., Ltd. Tohoku Company who was affected by the earthquake had some water and food for emergency for one day; they had distributed an emergency bag for each employee when they went home. Saito of Tohoku Company who came from Sendai says, "Like this time, lifelines may be cut off for a long time. I felt that we may need to keep water and food to last for about one week."

How to Maintain Continuous Business Operation

After that, the discussion developed into the establishment of continuous business operation required after such emergency handling. Osada of General Affairs Department said by reflecting on the situation this time, "As for the information of our partner factories, distributors, and companies to supply, we were able to start gathering on the following day, based on that information, we had a good supporting system in place like we import necessary parts from overseas, or change our production system temporarily, and so on. However, the judgment over whether those actions were really appropriate may take some time to decide." Based on this, someone pointed out that it

Attendees:

Takashi Fukui, Director and Managing Corporate Officer, in charge of Global HR Department. General Manager of Corporate Social Responsibility Division (then)
Atsushi Kanazawa, General Manager. CSR & Environmental Affairs Department
Yasuhiro Kurokawa, General Manager. Global HR Department
Minoru Osada, General Manager. Corporate General Affairs Department
Koichi Tsuruno, General Manager. Corporate Planning Department
Ryoji Saito, President of Yokohama Industrial Products Japan Co., Ltd. Tohoku Company



is necessary to have multiple options as to parts procurement and production method all the time.

Also, Fukui had commended that "I think we were able to act based on top-down instruction in quite an organized way in order to maintain our business operation." Meanwhile, he had analyzed that "Another reason is probably that we were able to act calmly as the effect on the metropolitan Tokyo was not too bad. I think we need to review one more time, whether this is sufficient in the event that the earthquake occurs directly in the center of Tokyo."

There were number of opinions raised as to the transfer of headquarters' functions. Tsuruno of Planning Department said that "We are unable to cease the functions such as accounts, human resources, information systems, and so on related to financial closing in the light of the relationship with our customers and employees, also as an important data management operation of our entire group. However, there is a possibility that we may need to shift such functions to another place very urgently; I realized that we need to consider specifically as to their space and personnel involved. I have neither notified internally nor conducted any preparation work yet, but I am considering about 50 personnel both in Fukuoka and Sapporo."

However, if a major scale of headquarters transfer were to take place, some of them have pointed out that maybe we had not discussed enough as to where to shift to



and at least we need to determine how many employees.” Others stated that even though it may have been discussed among this Central Disaster Meeting, it has not reached the stage to be incorporated properly as a form of BCP.

Also, Kanazawa of the CSR Environment Council participated from Hiratsuka Factory, which was subject to the planned blackout of Tokyo Electric Power Company, emphasized the necessity of the infrastructure to be in place so that our employees can work from home such as by connecting from their PC at home to company server in readiness for an actual blackout. Also, the co-generation system of Hiratsuka Factory is not structured to supply electricity for the entire factory, as such they had no choice but to stop operations; he had pointed this out as room for improvement. Also, some people have expressed that such issues being

made clear by each office should be shared among our offices across Japan.

By Utilizing our Strength of Logistic Functions

In the light of our support for the affected areas, firstly, Kurokawa reported about their employment guidelines. “As for the employment at the factories, we are considering hiring people from the affected areas as the first priority; also for the employment of fresh graduates, we are considering preferential treatment for a certain period for the applicants from affected areas.” Also, Saito from Tohoku Company had the opinion that “There are a lot of factories, and so on which are our customers; it is important to maintain a supporting system in place to deliver necessary goods when required as the first priority.” He went on to express his experience by saying, “In a sense, I am

grateful that right after the earthquake, our Koriyama branch and Hachinohe branch on behalf of our Sendai headquarters of Tohoku Company had greatly supported our communications and logistics.”

Right after the earthquake, the company had also conducted some humanitarian work such as transporting necessary goods for the affected areas such as Sendai. Looking back, some people commented that they were once again reminded that our logistics function is truly working so tremendously. Could the support utilizing such function be authentic CSR based on our core businesses? Harsh conditions may linger for a while, but by making use of our company’s resources to the fullest, everybody there agreed on the same recognition that the next challenge should be what kind of supports can be provided.

Our Company’s Actions since the Great Eastern Japan Earthquake

*Part of the actions under the headquarters as the lead.

March 11, 2011 (Friday)

At 14:46

The earthquake with a magnitude of 9.0 occurred in the entire eastern Japan with the coast of Sanriku as the epicenter. A few window at the headquarters building were cracked; also, there were some cracks on the walls as well. Almost every employee in the building wore a helmet already distributed in advance. Systems to make sure of their safety were operating; however, it was hard to gather information as the system for text messaging on mobile phone was only working on and off.

At 15:10

The Emergency Disaster Handling Division was convened; ensuring no fire broke out in the building and no injury of employees therein was reported. Employees were still asked to stay in the building.

At 15:30

The Central Disaster Handling Division has been established under Fukui, Director and Managing Corporate Officer as Deputy Head of Handling Division. Upon gathering their members, they started taking actions as to gathering information and how to deal with it. They confirmed that there is no bodily injury reported from all other Yokohama Rubber offices.

At 17:00

They decided to ask their employees to remain in the office considering the public transportation system may be badly affected, followed by the instruction to the entire employees at headquarters accordingly.

At 21:00

The subway system started to resume its operation; those who wish, were allowed to go home but in a group by stating their names. Water and emergency food was distributed to everybody else remaining in the building.

March 12, 2011 (Saturday)

At 7:00

JR (Japan Railway Company) resumed their operation. Employees in the building could leave. Breakfast was cooked for everyone.

At 13:20

Under (then President) Nagumo as Head of the Handling Division, including President of the Tire Group, President of the MB Group, all the Directors and assisting Department Heads from Production, Distribution, Technology, Raw Material Procurement, Logistics, Information Technology, Human Resources, Corporate Communications, and General Affairs convened for the first Meeting of the Central Disaster Handling Division with the Head of General Affairs Department as Secretariat.

The situation of earthquake victims such as employees and factories was reported.

March 15, 2011 (Tuesday)

At 15:00

Tire Distribution Company (YTJ) had transported some goods for victims such as water and food for Sendai.

March 17, 2011 (Thursday)

At 15:00

The production quantity of Mishima and Shinshiro Factories had dropped. Due to decreasing raw materials, every factory ends on time punctually without any overtime work.

The goods for the victims were confirmed to be safely delivered by YTJ.

March 31, 2011 (Thursday)

At 15:00

At the 6th Meeting of Central Disaster Handling Division, only one person among our Group, who was with our Sendai Port Office went missing, was confirmed to be dead.

As a part of relief efforts, YTJ has arranged some trucks and so on. MB distribution companies also, including collaboration with YTJ, had delivered goods for victims for seven times in total.

Third-Party Opinion

Continuing from the 2009 CSR Report, we received a third-party opinion from Mr. Hideto Kawakita, CEO of the International Institute for Human, Organization and the Earth (IIHOE).

The description herein refers to the opinions based on this report, a related website (<http://www.yrc.co.jp/csr/en/>), and also some hearings conducted with each personnel from YRC's Raw Material, Human Resources, General Affairs, Corporate Communications, and CSR Division. Suffice to say that YRC's various approaches toward CSR are steadily progressing with PDCA (Management cycle) especially with the reduction of environmental burdens.

Truly Commendable Areas

➤ Regarding the YOKOHAMA Forever Forest project (http://www.yrc.co.jp/csr/en/feature/feature_6-2.html), YRC has planted more than 180,000 trees with sufficient consideration towards the preserving and improvement of biodiversity both in their domestic and overseas offices within four years since its commencement. They nurtured the seedlings on their own, and also not only were 70% supplied internally in the fiscal year of 2010, but also in Japan, they have been providing more than 40,000 trees so far for municipal governments and other companies. I truly commend their program for contributing to society to preserve and improve the forest ecosystem and greeneries; without a doubt they deserve the highest standard of the world; meanwhile from now on, I expect them to establish a portal site called Members of Forever Forest Projects to introduce by incorporating other companies' cases who are engaging in similar approaches.

➤ Regarding Preservation of Biodiversity (<http://www.yrc.co.jp/csr/en/report2011/environment/biodiversity.html>), it is great that they conducted the preliminary studies of surrounding areas of their offices both in their domestic and overseas facilities. From now on, I expect them to continue to work on so that the preservation will progress by introducing their study results widely to employees, partners, and local residents, and also sharing the meaning of the richness of ecosystem.

➤ As for the basic structure of this report, it is also great that they introduce their approaches as their important items based on their seven core subjects of ISO26000. From now on, I expect YRC to introduce more details on various approaches done by both domestic and overseas offices within the Group, and to facilitate the Stakeholder Engagement required by ISO26000 by creating continuous opportunities to have a dialogue with NPO, etc. at primary sites of their businesses.

While Approving of Progression, Areas may need Improvement

➤ Regarding the CSR promotion system (<http://www.yrc.co.jp/csr/en/outline/group.html>), I think it is good that various approaches of a problem-solving-type started to take place by setting up mid-term targets before 2017; meanwhile, from now on, I expect them to facilitate to express specific goals, benchmarks, and policies through bottom-up approach from various sites both in Japan and overseas.

➤ Regarding reduction of environmental burden (<http://www.yrc.co.jp/csr/en/report2011/environment/>), I think it is also good that the reduction of environmental burden is being expedited through their products such as the launch of fuel efficient tire BluEarth, a common brand in the world, and increasing the usage of the ratio of recycled powdered rubber. At the same time it is worrisome that the generation of waste material and the emission of greenhouse gasses have greatly increased due to recovery in their production quantity compared to last year. From now on as well, I strongly expect them to facilitate with that.

川口 英人

Hideto DeDe Kawakita

CEO

IIHOE

International Institute for Human, Organization and the Earth

IIHOE:

The International Institute for Human, Organization and the Earth is a non-profit organization established in 1994 for democratic and balanced development of all the lives on the earth. Although they mainly provide management support for citizens' groups and welfare workers, they are also heavily involved in providing CSR support for leading enterprises.

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



Non-fixation of energy usage adjustable to the fluctuation of production quantity (Just-In-Time for Energy) by going thoroughly about with the visualization of challenges and methods, and also sharing the same support system among their divisions and overseas production sites.

➤ Regarding CSR with their partners

(<http://www.yrc.co.jp/csr/en/report2011/partner/>), I think it is also good with their approaches for the environment and human rights with their suppliers of more than 90% of trading value by implementing their self-evaluation sheet for them to visualize, also their co-research with regards to the usage of natural rubber under low-quality with Prince of Songkra University in Thailand. From now on as well, I strongly expect them to establish a supporting system to mingle with them for sharing, appraisal, and problem solving of actual cases in order to expedite the improvement on various approaches by their suppliers.

➤ Regarding the improvement of workplace to retain employees (<http://www.yrc.co.jp/csr/en/report2011/employee/employee4.html>), the percentage of The Yokohama Rubber Co., Ltd.'s employee who actually took the system for leave or shorter work hours to raise children or take care of the elderly remained at 0.53%. I expect them to establish an environment where everybody can continue to work while taking a break by introducing actual cases by those who have an experience of taking maternity leave. Also, I commend them for having enhanced their company doctors for the area of their mental care, and at the same time, I expect them to progress with their strategy to focus more on the prevention of any recurrence from them.

➤ As for the enhancement of a human resource portfolio as a global corporation in mid-term, I think it is good that they started taking actions on the consistent evaluation process as a group corporation for those who belong to managerial layer, meanwhile, from now on, I expect strongly so that the nurturing of the next generation of executive position shall be accelerated both in the headquarters and overseas offices

Areas Needing more Improvement

➤ Regarding the employment of persons with disabilities (<http://www.yrc.co.jp/csr/en/report2011/employee/employee5.html>), even though in a single month of the fiscal year of 2010 had outgrown its legally set ratio, it has kept declining in the numbers in recent months; in order to fulfill it early and continuously as an entire group, it is strongly encouraged to research how other companies are doing this and expand the positions that may be filled.

Upon Acknowledgement of Third-Party Opinion

Yokohama Rubber has expressed its desire to build a trusted identity as a contributing member of the global community as our management vision since 2008. Mr. Hideto Kawakita, Representative Director of IIHOE (International Institute for Human, Organization and the Earth) has been our great mentor in numerous areas such as the Follow-Up Meeting of the Hearing of the Seven Pillars of Critical Issues under ISO26000 and how to contribute to the society as a corporation as to relief effort of the Great Eastern Japan

Earthquake in the fiscal year of 2010. As for the preservation of biodiversity, we will continue to proceed by sharing the meaning of the richness of the ecosystem with our stakeholders. Following the previous year, we will also take very seriously the areas needing more improvement being pointed out by him. Especially, we recognize that the facilitation of the employment of disabled persons as a critical challenge of CSR and will go about this as soon as possible in a continuous way.



Kinya Kawakami

Director and Managing Corporate Officer, General Manager, Corporate Social Responsibility Division