



# For 2017 and Beyond

What is needed for evoking a distinctive global identity in building corporate value and a strong market presence?

Yokohama Rubber's medium-term management plan GD100 calls for the establishment of a distinctive global identity in building corporate value and a strong market presence. How should we contribute to the future of society as a multinational corporation with an eye on its centennial in 2017 and beyond? To answer this question and more, President Hikomitsu Noji and Head of the Corporate Social Responsibility Division Kinya Kawakami sat down with three experts in their respected field for a candid discussion.





### Expert Profiles



**Ms. Mariko Kawaguchi**  
 Chief Researcher  
 Research Division  
 Daiwa Institute of Research Ltd.

Ms. Kawaguchi has advised countless corporations on how to achieve a sustainable society from the perspective of corporate social responsibilities (CSR) and socially responsible investments (SRI).



**Mr. Masao Seki**  
 Associate Professor, School of Business  
 Administration, Meiji University  
 Senior Adviser on CSR, Sampo Japan  
 Insurance Inc.

Mr. Seki was involved in the creation of ISO26000 as a representative of Japanese business. He also participates in various discussions on the topic of sustainable development at various international conferences.



**Ms. Sook Ja Pak**  
 Representative  
 Appassionata, Inc.

Ms. Pak is an expert in strategies for getting the most out of a diverse workforce, including work-life balance, diversity and telecommuting. She often conducts training and gives lectures at multinational corporations.

### Yokohama Rubber Attendee Profiles



**Hikomitsu Noji**  
 President and Representative  
 Director



**Kinya Kawakami**  
 Director and Managing  
 Corporate Officer  
 Head of Corporate Social  
 Responsibility Division

(As of March 2014)



### Maximizing the Use of Resources and Fulfilling Responsibilities as a Supplier

**Kawaguchi:** I was really shocked when I heard about the procurement of rubber materials at last year's stakeholder dialogue session. Yokohama Rubber attendees talked about how synthetic rubber is made from oil-based raw materials, which face the problem of future depletion, and the fact that endlessly increasing the number of production sites for natural rubber is impossible from the standpoint of biodiversity.

**Kawakami:** You are exactly right. As solutions to these challenges, we are currently researching ways to manufacture natural rubber ingredients using water, carbon dioxide gas, water, and light, and ways to produce butadiene, a type of raw material for synthetic rubber, from garbage. Our goal is to successfully develop the former by 2020 and move on to mass production. As another part of our efforts to get the most out of resources, we are also crushing used tires and using these materials to produce new tires. Currently about 1.9% of the raw rubber we produce is recycled rubber.

**Kawaguchi:** As a tire manufacturer, I would like us to fulfill our supplier responsibilities, while also actively sharing information with regards to the growing difficulty of sourcing raw materials. This will make it easier for consumers to better understand and visualize the need for recycling.

**Seki:** Yokohama Rubber is already manufacturing wonderful products, such as the Eco Tire series, but it will also be important to more actively share information on the background behind these issues, raise awareness among consumers and also involve consumers.

**Pak:** I believe people need to be educated further on these issues. I think it would be a great idea to provide opportunities for children to learn about this from an early age through plant tours and other means. This will encourage these same children to want to purchase environmentally-friendly products when they grow up and become consumers themselves.

### Proactive Involvement in the Creation of International Standards

**Seki:** In getting the message out, I believe it would be a good idea to take full advantages of the platforms afforded by the U.N. Global Compact and World Business Council for Sustainable Development (WBCSD) as a multinational corporation. For example, Yokohama Rubber should get involved in the process behind creating official action plans and share its message as a corporation and member of the business community.

**Noji:** I agree. Our industry organization, the Japan Automobile Tyre Manufacturers Association, or JATMA, discusses a variety of important industry themes, such as the environment, resources and labor. I hope to share the details of these discussions with the WBCSD and other platforms.

**Seki:** Thanks to the U.N. Global Compact and other

platforms, companies today are strengthening their policy recommendation efforts. Companies should not view international standards as something that inhibits business; instead, they should actively get involved in the creation of standards and policies and make proposals not only for business, but also the betterment of society and the planet as a whole. This new form of engagement will likely be necessary in the future.

**Noji:** Corporations should not only be bound by international standards, but also get involved in the creation of these same standards to have a greater impact on society.

**Kawaguchi:** Japan's tire industry is very competitive globally, and as a member of this industry, Yokohama Rubber's commitment to create international standards and get actively involved in environmental and social issues is very a positive.

### Getting the Most Out of Human Resources as a Multinational Corporation

**Pak:** I believe global human resource development and diversity will be important perspectives for Yokohama Rubber's ambitions as a multinational corporation. What are your thoughts about this?

**Noji:** As part of our efforts in human resource development, we offer an overseas training program for new employees lasting between two and three months. All new employees take part in this program.

**Kawaguchi:** That's really extraordinary that all new employees participate.

**Noji:** The before-and-after change is quite remarkable. I feel this experience is invaluable early in their careers, even if it costs a little extra.

As for management at our overseas sites, I would like to have board members at the very least made up of our local human resources. To accomplish this, we will need to clarify the extent of their authority and clarify standards for governing there work. By local, these human resources don't necessarily have to be from that particular country. For example, a person from the United States can work in Thailand for us. That is, we will be free of hurdles to hiring in terms of nationality, race or religion.

**Pak:** Going forward, forecasts show that by 2030 nearly one quarter of the world's population will be Muslim. This change will make it more important than ever before to have intercultural understanding.





**Noji:** The key above all else will be to understanding the other person instead of excluding them. This is an ideal I would like to impart on all of our employees.

**Pak:** On the other hand, the percentage of Yokohama Rubber's female managers is less than one percent, which is still a rather low figure. This is perhaps the remnants of when the company would not hire females as comprehensive staff, but you may have to take measures such as momentarily increase the quantitative target for the hiring of women, in order to catch up.

**Kawaguchi:** I also believe it would prove very effective to share the message that women can continue their career after childbirth by providing examples of women who have already achieved a work-life balance and ensuring supervisors and colleagues provide support.

**Kawakami:** I agree. Yokohama Rubber's Research Division has a lot of female researchers that have been able to balance their career with raising a child, so I would like to get the word out more.

### Building Mechanisms to Prevent Human Rights Violations

**Seki:** Another important factor behind the global expansion of corporations is the issue of human rights. The one aspect of human rights being emphasized the most around the world today is due diligence. That is, building mechanisms to ensure human rights violations never occur and carrying out continual verifications and improvements.

Another important element is the presence of positive initiatives for improving the human rights situation locally. Companies often donate money for the construction of schools, but this doesn't help encourage children to actually attend the school once it's finished. This is because an environment for children to attend school needs to be established.

**Kawaguchi:** I see. Instead of just helping to make something, you also need to create a framework so that local people can actually use it and also follow up.

**Seki:** Therefore, I think it's effective to work together with a local NGO or other organization to carry out activities closely rooted in the community.

**Noji:** Yokohama Rubber may have focused predominantly on improving labor and living environments. For example, we make sure that the children of employees of our natural rubber production processing plant in Thailand living in company housing attend school locally. However, there may have been aspects of our initiatives where we didn't carry out sufficient due diligence.

**Pak:** Education is an important factor behind the future of children. This is why I believe it is important to build frameworks that enable children to attend school and study in a proper and sustained format.

### Leveraging Advanced Technologies to Resolve Social Issues

**Pak:** I would like Yokohama Rubber to actively pursue other avenues of use for its advanced rubber technologies. For example, I hope that can use your technological prowess in the nursing care business or other areas fields where social issues will need to be addressed in the future

**Kawaguchi:** For example, cushions for wheelchairs have a major impact in changing the lifestyle of wheelchair users. I feel these products have great potential in Japan and Asia, where society is aging. This may not be a profitable business at the moment, but I would like us to pursue a balance with other businesses in order to resolve social issues precisely because these products can make a positive different in people's lives. From the perspective of achieving a balance, we should pursue product development and marketing by building a network of industry NPOs, consumers and local governments, and sharing this knowledge.

**Noji:** Yokohama Rubber is still very much a domestic company and I would like to employ opportunities based on a correct understanding of the counterparties involved. Today, we were able to receive a great deal of important feedback about human rights and diversity that we were not fully aware of until now. I would like Yokohama Rubber to become a company that reflects such feedback in our future activities, closely monitors the happenings in the world, and promotes CSR with a future-oriented approach. Thank you for your conversations and time today.