

Creating a Diverse and Enjoyable Workplace

Our Basic Objectives Concerning People and Individuals

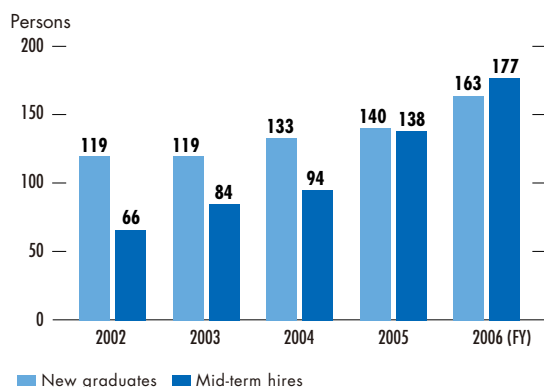
Yokohama Rubber aims to be an organization that nurtures highly motivated individuals, and in which such individuals can work together to produce major achievements. We therefore aim to create an environment in which a diversity of human resources, including older people, women, and non-Japanese, can get the most out of their abilities, leading in turn to the growth of the company as a whole.

Use of Human Resources

Hiring

Adopting a long-range perspective, we combine steady hiring of new graduates with employment of experienced professionals according to business needs from a long-range perspective. Some engineers and other technical personnel working at plants are also hired for specific terms of employment.

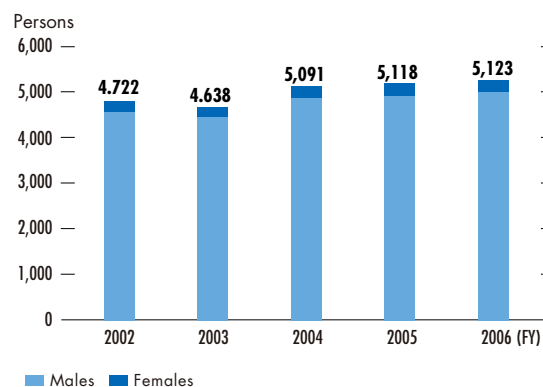
Trend in number of hires



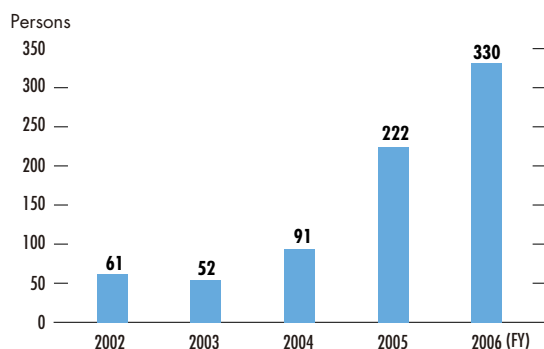
Employment of "Veterans"

In April 2006, we introduced the "Partner Program" to reemploy beyond the age of 60 employees who have reached mandatory retirement age. Yokohama Rubber sees this program not in negative terms as a means of providing stable employment for older people, but rather as an effective means of transmitting skills and facilitating business operations. 74 % of the mandatory retirees in fiscal 2006 were reemployed under this program.

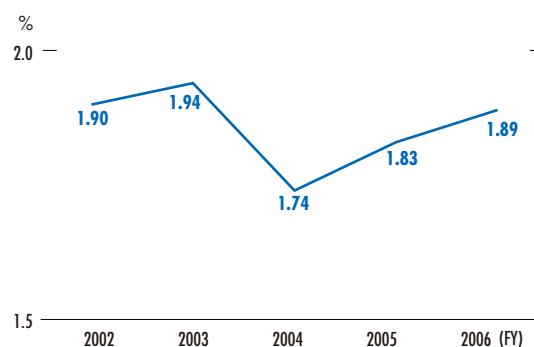
Trend in number of employees



Trend in number of workers reemployed



Trend in proportion of persons with disabilities



Creating a Diverse and Enjoyable Workplace

Developing the Working Environment

Childcare Leave Scheme

Rules on childcare leave were established in 1992, basically providing support for employees with children under the age of one. Reduced working hour arrangements have also been put in place for parents of preschool children, and employees with children up to the third grade can take advantage of staggered working hour arrangements.

Nursing Care Leave Scheme

Since 1994, we have provided support for employees with relatives requiring ongoing nursing care, such as reduced working hour arrangements. Child nursing leave for parents caring for sick children has also been expanded to include parents of elementary school

children. (Under statutory requirements, only parents of preschool children need be included.)

Fringe Benefits

In addition to company dormitories, housing, and onsite eating facilities, paid "refreshment" leave is provided for employees who have been with the company continuously for 10 years and 30 years.

Measures against Sexual Harassment

A basic policy on dealing with cases of sexual harassment has been established, steps are taken to raise employee awareness of the issue is raised, and a counseling service has been set up to deal with complaints and requests for advice.

Development of Human Resources

We believe that individual growth translates into corporate growth, and provide full support for the development of the individual. A training program has been put in place to develop "professional human resources" who can display their abilities, are highly motivated, have a broad outlook, and have an impact on those around them.

Training arrangements

Type of training	Program title
Level-specific training	Training for new hires and new recruit follow-up training
	Leadership training
	Training of newly-appointed management-track workers
	Training of general managers
	Senior training
Job-based training	Improvement of workplace problem-solving skills
Skills development training	Global human resource development
	Development of general business skills
	Development of particular and specialist skills
Training for all employees	Training in corporate ethics and compliance
Self-development support training	Language training
	Correspondence training
External study program (individual goals)	Domestic external study program
	Overseas external study program

Development of Core Human Resources

Employees are encouraged to develop the mindset necessary to do business in the global marketplace, and to acquire level-specific leadership, presentation, negotiation, and other skills.

Domestic and Overseas External Study Program

Arrangements have been established to enable employees to undertake postgraduate study at graduate schools in Japan and abroad, and to join outside research institutes on a temporary basis. Two or three employees undertake external study in this way each year.

C2S Development-oriented Personnel Program

"C2S" stands for "Challenge & Communication System." Every six months, employees discuss the challenges that they face and what actions are expected of them with their superiors. They then set targets and objectives for themselves, and meet again six months later to confirm and assess their achievements and growth.

Development and Transmission of Skills and Techniques

High-achieving staff with advanced specialist skills needed to enhance operations are accredited as "advanced specialists" to be focused on technical activities, while technical workers who are capable of making use of their specialist skills and knowledge to provide guidance for junior workers are accredited as "technical Meisters." (As of July 2007, there were

respectively 24 and 32 workers in each category.)

Scholarships for Acquisition of Official Qualifications

In order to encourage more employees to acquire official qualifications that are essential to our business operations and are difficult to acquire, a scholarship program has been established.

State of Labor-management Relations

Recognizing that the growth of the company and stability in workers' lives are in the interests of both labor and management, arrangements for joint labor-management consultations on a wide range of matters concerning employment, working conditions, and fringe benefits have

been established. Works councils include the Central Labor-Management Council, regional labor-management councils at the level of individual business establishments, and also various works committees, which deliberate on and confirm numerous important issues.

Creating a Safe Workplace

Basic Policy on Health and Safety Management

Basic Policy

Safety is a fundamental concern that underlies everything, and every individual shall always put safety above all else to create a safe, accident-free workplace under the firm leadership of managers and supervisors.

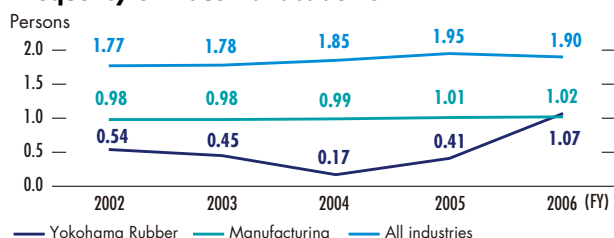
Key Measures

1. Development of safe human resources
2. Making of equipment fundamentally safe
3. Creation of a comfortable workplace
4. Health and fitness in mind and body
5. Prevention of road accidents

Occurrence of Industrial Accidents

The rate of lost-worktime injuries in fiscal 2006 was 1.07, which was considerably higher than in the previous year. There also occurred a fatal accident in August at the Onomichi Plant. In order to prevent a recurrence, full checks were made of similar equipment, improvements made to all potentially unsafe spots, and a company-wide review made of high-risk locations.

Frequency of industrial accidents



Lost-worktime injuries = (number of work accidents / total hours worked) × 1,000,000 hours
Data on manufacturing and all industries are from Survey on Industrial Accidents.

Health and Safety Management Framework

Below the Central Health and Safety Committee, which oversees safety throughout the company, there are site health and safety committees at each business establishment, and departmental health and safety committees in each department and workplace (more commonly referred to as "health and safety subcommittees"). In January 2007, the health and safety framework was further strengthened by the establishment of the Safety & Health Management Dept., which is responsible for health and safety throughout the company, and health and safety sections at each plant.

Organizations responsible for health and safety

Central Health and Safety Committee (meets twice per year)

Chair: General Manager, Tire Production Div.
Management members: Corporate Officers in charge of MB Production and Corporate Personnel, site general managers, facility and material general manager, General Manager of the Corporate Personnel Dept.
Labor union members: Members of labor union's central executive committee members

Site Health and Safety Committee (meets once per month)

Chair: Site general manager
Management members: Officials designated by site general manager
Labor union members: Officials elected by labor union
Observer: Official from company involved with site

Departmental Health and Safety Committees* (meet once per month)

Chair: Department general manager
Management members: Workplace supervisors
Labor union members: Labor union workplace members
Observer: Official of company involved with department

Employees

*Commonly referred to as "Health and Safety Subcommittees."



Used clothing that is no longer required is collected and used as cleaning rags ((1) and (2)). Unnecessary purchases of expendable supplies are reduced by tidying drawers to make their contents more easily visible (before (3) and after (4) tidying). Posters to raise employee awareness of global warming are displayed near electrical switches.

Raising Awareness of Energy and Resource Conservation through the MD Campaign

In order to eliminate wastefulness at head office and administrative offices at our plants, we launched the MD Detection Squad in February 2006. Through its activities, the MD Detection Squad ("MD" stands for muda-dori, which means "waste-reduction"), which consists of around 40 female clerical workers, is raising awareness of energy and resource conservation within the company.

■ "Don't Do at Work What You Wouldn't Do at Home!"

Noticing that workers quite happily do things at work that they would not do at home, such as leaving lights on and taps running, the MD Detection Squad hunts out waste in the workplace from a simple view like this. Even office supplies are purchased wastefully, with some sections having shortages while a neighboring section may have a surplus. A system was therefore established for bringing together surplus supplies from each section in one location for disbursement when required. An internal site called "YRC*FleaMart" has also been launched to enable employees to swap things such as old desks and lockers between sites. By thus eliminating wasteful purchases of office supplies, savings of at least ¥30 million a year have been achieved.

■ Environmental Consciousness Becomes Widespread

Thanks to the MD Detection Squad

The MD Detection Squad's ideas cover a wide spectrum, including switching off lights in lavatories and offices during lunchtime, stopping people from forgetting to switch off printers and whiteboards, and donating calendars and notebooks that were received as gifts to outside organizations. They have also trained their sights on the production floor, encouraging the collection of old clothes for use as rags to clean grease off machinery, and washing cotton work gloves for reuse which used to be discarded after the use. The discovery and elimination of such seemingly minor instances of wastefulness have led to rapidly rising awareness in the company of resource recycling and energy conservation.



What are MD Activities?

Recognizing that wasteful work consumes extra resources and energy, not only increasing business costs but also increasing the impact on the environment, Yokohama Rubber has been taking steps to eliminate wastefulness (muda-dori) since November 2005, and the MD Detection Squad is a highly visible player in these activities. A prime example of the type of progress made is the reduction of waste space. In fiscal 2007 at the Hiratsuka Factory, in order to reduce energy for transportation, use of vacant space will be led to lower spending on outside warehouses.

MD Detection Squad member sorting stationery for recycling at the company