Environmental Accounting

Efficiently and effectively protecting the environment through quantitative monitoring of activities by environmental accounting

Environmental Conservation Cost

FY2007 saw the launch of the YOKOHAMA Forever Forest project to create woodland on plant sites. As a result, investment in management activities came to ¥46 million and expenses to ¥667 million.

Unit: ¥million

Environmental conservation cost	Principal measures	FY2006		FY2007	
		Investment	Cost	Investment	Cost
Business area		598	1,604	241	1,624
Pollution prevention cost	Cost of deodorization equipment, dust-proofing equipment, and other environmental measures	198	350	84	349
Global environmental conservation cost	Investment in cogeneration facilities, cost of energy-saving activities, etc.	388	105	103	94
Resource recycling cost	Waste sorting and processing costs	11	1,149	54	1,181
Upstream and downstream costs	Furnishing of environmental supplies, additional expenditures on reducing environmental load	3	309	3	76
Management activity costs	Maintenance and operation of EMS, data disclosure costs	0	459	46	667
R&D costs	Cost of research and development to reduce environmental load	190	617	6	1,636
Social activity costs	Activities contributing to the environment in environmental terms	0	14	0	16
Subtotal		791	3,002	296	4,019
Total		3,793		4,315	

Scope: Yokohama Rubber production sites in Japan in the period from April 2007 to March 2008.
Data compiled in accordance with Japanese Ministry of the Environment, Environmental Accounting Guidelines 2005 and Japan Rubber Manufacturers Association, Environmental Accounting Guidelines 2003. R&D costs consist of expenditures on development work to lower environmental load and development of environmentally sound products.Personnel costs were calculated based on man-hours expended on environmental conservation activities. Environmental damage or loss was zero. Depreciation costs are not included.

Economic Effects and Environmental Conservation Effects

An environmental cost effect of ¥1,159 million was registered as a result of activities to cut costs through energy-saving activities, recycling, and gain on sale of waste. A 10.8% reduction in CO_2 emissions compared with the base year was achieved.

Economic effect

Unit: ¥million

Category of effect	Details of principal measures	FY2006	FY2007
Income	Income from recycling of waste generated in the course of business activities	143	189
Cost reductions	Reduction of costs due to energy savings	1,254	1,398
	Reduction of costs due to use of recycled products	541	540
Total		1,938	2,127

Environmental conservation effect

Category	Reduction compared with previous year	Page in this report
Reduction in greenhouse gas emissions (1,000 t-CO_2)	1	P30
VOC emissions (t)	100	P34
Waste disposed by landfill (t)	Continuation of zero emission	P32
Waste generated (t)	3,247	P32

Environmental accounting of group companies

Unit: ¥million

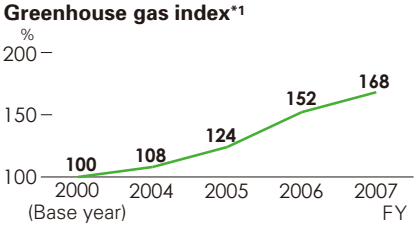
Category	FY2006		FY2007	
	Investment	Cost	Investment	Cost
Business area cost	17	59	3.7	57
Management and social activity costs	0	6	0	5.9
Subtotal	17	64	3.7	63
Total	82		67	

** Scope: Yokohama Tire East Japan Retread Co., Ltd., Sanyo Retread Co., Ltd., and SC Kingflex Corporation.*

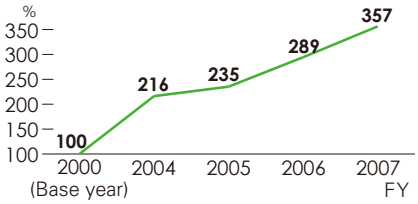
Environmental Efficiency

Environmental efficiency is a measure of whether business activities are undertaken efficiently while limiting the impact on the environment. It is calculated by dividing sales by environmental load, with a higher index meaning that improvements are being made. Yokohama Rubber uses three key indices as indicators of environmental load. In FY2007, the greenhouse gas index continued to improve dramatically compared with the previous year.

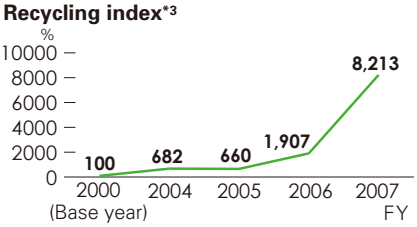
Greenhouse gas index*1



VOC index*2



Recycling index*3



**1 Sales/greenhouse gas emissions: Base year (FY2000) = 100. *2. Sales/VOC emissions: Base year (FY2000) = 100.*
**3. Sales/final disposal: Base year (FY2000) = 100. (For the definition of final disposal, see p. 32.)*