

CSR Report of YH AMERICA, INC.

Business activities: Production and sale of hose assemblies for auto air-conditioners, power steering units and oil and water coolers, brake lines, hydraulics, & other fluid conveying products

Total site area: YH America, Inc. (Versailles plant) 100,000m²
YH America South Carolina LLC (Easley plant) 78,510m²

Number of employees: 429 (as of June 2010)

Location: Versailles plant 105 Kuhlman Drive, Versailles, KY 40383, U.S.A.
Tel: +1-859-873-2188
Easley plant 109 Gillespie Dr., Easley, SC 29640 U.S.A. Tel: +1-864-855-2025



President's Message



Ed Behn

YH America was founded in Bluegrass, the world-renowned home of thoroughbred horses. The Company has always been committed to fostering a reputation as a reliable and environmentally responsible enterprise respected by the local community, in line with the Environment Policy goal of creating an environmental enterprise in partnership with local residents. To this end, our Environment Policy requires that we minimize the environmental loads associated with production activities, particularly through improved

management of production processes and input materials and employee education and training programs, under the EARTH* slogan.

* Environmental Excellences is Achieved and Realized Through Heightened Awareness: The best environment can be obtained by attaining goals and realizing targets based on high-quality self-awareness.

Main products and production processes

Our company manufactures and distributes hose assemblies for auto air-conditioners, power steering units and oil and water coolers, as well as associated hydraulic hoses, metal fittings and adhesives. Auto air-conditioner hose assemblies, one of our flagship products from the outset, have been used in the Nissan Sentra and Maxim models and will be fitted to Nissan pick-up trucks from 2012 onwards. The hose assembly process is shown here.



Cutting tubes to length Finishing the ends Adding fittings (with solder) Final assembly

Environmental Initiatives

Environmental Policy in FY 2010

Under the ISO14001 environmental management system, we have been working to boost awareness of environmental issues and improve our environmental outcomes. Employees now have a much greater appreciation and understanding of environmental issues. Key outcomes during FY2009 are listed below.

- (1) We set ourselves ambitious targets in FY2009, as in FY2008, and we were able to achieve those targets.
- (2) We held monthly Environment Meetings to monitor progress on the Action Program and generate genuine outcomes.
- (3) We expanded our recycling program to include collection and reprocessing of steel, aluminum, plastics, wood scrap, paper, cardboard, batteries and printer cartridges.
- (4) We continued to encourage the use of environmentally friendly green products.
- (5) We set up a unique Environmental Testing program for employees, with tests conducted every month following the Employee Meeting. The program aims to boost environmental awareness and understanding of environmental issues throughout the Company.

We began preparations for obtaining ISO14001 certification during FY2010 at the Easley plant, which opened last May. To this end, we set out environmental data targets and launched environmental monitoring.

Environmental data (Fiscal Year: From January through December)

Item	FY2007	FY2008	FY2009	
Waste emissions (t)	668	888	391	
Proportion sent to landfill (%)	—	61.9	36.5	
Energy use (oil equivalent: 1,000 kl)	Electric power	2.91	2.66	2.15
	Fuel	0.42	0.51	0.90
	Total	3.33	3.17	3.05
Greenhouse gas emissions (1,000 t-CO ₂)	7.60	6.83	6.76	
Water use (1,000 m ³)	37.0	24.2	12.6	
Waste organic solvent output (t)	—	20.7	13.4	

* Greenhouse gas emissions in FY2009 were calculated based on the Calculation and Reporting Manual for Greenhouse Gas Emissions jointly published by Japan's Ministry of the Environment and the Ministry of Economy, Trade and Industry (METI).

Environmental Initiatives

Environmental performance improvements

Dedicated teams implement target-oriented improvements in each area under ISO14001.

Solid Waste Reduction Team
Water Reduction Team
Hazardous Waste Team
Paper Reduction Team
Environmental Awareness Team
Electricity Reduction Team
Notice of Violation Reduction Team
Waste Oil Reduction Team

Waste output

Waste output in FY2009 was down 56% from FY2008, while the proportion of waste sent to landfill fell by 41%.

Greenhouse gas emissions

GHG emissions fell 1.02% in FY2009.

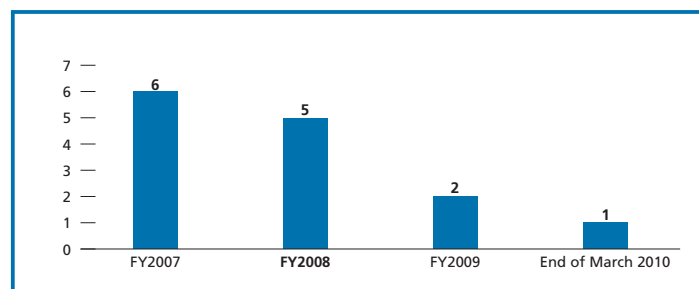
Water usage

Water consumption in FY2009 was 66% less than in FY2007. This was achieved by eliminating the manual washing line, one of the most water-intensive processes in the plant, along with unused equipment and valves.

Safety Initiatives

Employee Meetings are now held monthly rather than quarterly in order to better promote safety awareness and understanding. The monthly format gives safety officers the opportunity to deliver a variety of thought-provoking presentations and discussions, and these have been successful in raising awareness of safety issues and reducing the number of LTI (Lost Time Incidents) year on year. Our safety program was praised by the Kentucky OSHA (Occupational Safety and Health Administration). Safety officers from the Easley plant also attend the monthly meetings to discuss safety initiatives and exchange ideas about working towards zero workplace incidents. Meetings are sometimes held at the Easley plant.

Lost Time Incidents



Working with local communities

The workforce is split into ten teams, with each team given responsibility for organizing its own fund-raising campaign. In 2009, the teams raised a total of \$20,000 which was donated to the American Cancer Society's Relay for

Life. The Company also sponsors a number of local youth sports teams in Bluegrass, including soccer and baseball teams.



Cake stall: employees baked their own cakes and biscuits and donated all the proceeds.



Presenting a check for \$20,000 to the American Cancer Society's Relay for Life. The target for FY2010 is \$25,000.



Thank-you plaques received from Relay for Life and local soccer teams



After a series of delays due to the Lehman Shock and other developments in the business world, the YOKOHAMA Forever Forest project finally got underway with the Green Wave planting on May 22. Some 2,000 trees were planted over an area of 1.5 acres (around 6,000 m²) by 150 employees together with local residents and children from nearby elementary schools. The event was supervised by Kentucky Division Forestry, since tree planting is subject not only to the rules of the industrial estate but also state-based regulations on water pollution, environment and landscaping, and forest fire prevention.



Editorial Team for YH America CSR Report

My name is Carla Lacefield, and I'm responsible for administering ISO14001, environmental management and the Forever Forest project at YH America. I believe that when employees work together towards the common goal of creating a more pleasant living environment, this makes our Company a

genuine environmental contributor, in turn improving the lives of Bluegrass residents, our neighbors and our employees. I plan to do even more for the environmental improvement in the future.