

## MESSAGE FROM THE PRESIDENT

**Making "globalization" and "diversity" the new normal.  
We will aspire to be a company like no other in the world where each and every employee thinks for themselves and takes the initiative.**



Message from Our President

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More than one year has passed since the massive earthquake and tsunami struck Eastern Japan in March 2011. Immediately after the disaster, employees at our Mie Plant quickly took the initiative and arranged for a truck to transport relief supplies to the area most affected by the quake and tsunami. I was very happy to see that our frontlines quickly took the initiative without first confirming what to do with our corporate head office. This also made me realize once again that the role of senior management is to help foster a culture where such initiative is not only possible, but a daily occurrence.

Following this, Yokohama Rubber continually sent relief supplies and donations to the affected areas, while urged employees to take part in the relief effort as volunteers. At the same time, we also revised our business continuity plan to include tsunami drills at each of our plants. As the next phase of our assistance, we will be actively involved in the construction of "Forest That Protect Lives" along the seashore of the affected areas by leveraging the know-how we have gained from the Yokohama Forever Forest Project to fill in land and plant forests.

### Aspiring to be a Global Company with a Distinctive Presence

2012 marks the first year of the Phase III in our medium-term management plan, the Grand Design 100 (GD100). As part of our efforts, we will once again make the GD100 vision, evoke a distinctive global identity in building corporate value and in building a strong market presence, known to our employees and continually push forward with new initiatives.

As for our Tire Group, first we will build a sufficient mass production system and strive to fix tire supply shortage around the world. Following this, we will focus on developing products that fulfill the needs of differing countries and regions around the world. No matter how high performance it may be, we cannot call a product a good tire if not bought by customers. In this regard, we will revisit our global concept BluEarth and pursue technical development that results in "Gentle for the environment, people and the society"

In addition, from the perspective of reducing our dependence on fossil fuels, we believe one long-term challenge will be ensuring a stable supply of natural rubber to be used as a raw material alternative to synthetic rubber. In this regard, going forward, I believe tire manufacturers around the world will need to consider working together to help support rubber farmers.

As for our Multiple-Business Group, we will promote its global expansion further and aggressively expand into new fields to become a leading company in each respective market, with a focus on core technologies covering the three key words of transport, connect and cushion in which we maintain a competitive advantage. Already we have begun product development on components used in photovoltaic and wind power systems as well as nursing care products. Going forward, I would like us to focus on cultivating our ability to propose solutions that include new products and performance qualities, taking into account the end user and all of society, and not just our direct customer.

We have also made a significant change in our human resource policy for cultivating the people that will help make these initiatives a reality. I believe the key to this will be enabling people from different business sites to learn about each other's strengths, instead of training employees at a single mother factory of our choosing. Of course, to accomplish this we need leaders that will gather information on each business site and lead the way forward for all of our training programs. I believe the synergistic effect of developing such leaders and providing advanced training across our plants will help us to build up a solid foundation for the entire company.

▲ [Go to Page Top](#)

### Promoting Initiatives Under Our 7 Pillars of Critical Issues

Last year we considered our acquisition of ISO26000 certification as a license for obtaining credibility as a

corporation in global society, and implemented CSR programs under the seven pillars of critical issues that are based on this philosophy. This year we became a signatory to the United Nations Global Compact, and as such, no matter what country or region our employees may work in I fully expect them to recognize and abide by this set of behavioral principles.

As for our environmental initiatives, we began investigating the ecosystem surrounding our Mie, Mishima and Shinshiro plants in an attempt to help conserve biological diversity. We have started a preliminary study for a similar initiative in Thailand and we plan to expand the scope of this study to other regions going forward. Communication with our stakeholders will form an important part of these activities with local communities. We are building solid relationships of trust with our stakeholders through plant visits organized for people living in the local community and the Yokohama Forever Forest Project. These efforts will greatly change the way our company is viewed by the surrounding community, as what once were complaints will now take the form of feedback provided from members of the local community.

In terms of production, we have changed the focus of our plant operations from QCD to SEQDCH. This acronym indicates that safety is of the utmost importance, and only with safety can we improve our environmental impact, quality, delivery and cost. We have established company rules based on this philosophy and by making these rules known to employees we will be able to cultivate the human resources that will form the heart of our operations.

As for human rights, everything starts with the acceptance of diversity. How do we communicate with people from different cultural and religious backgrounds with totally different values? How do we recognize and accept each other's differences? This will undoubtedly become an even more important issue as globalization advances. I also recognize that going forward we will need to expand our vision and take measures to improve human rights throughout our entire supply chain. We have begun implementing measures based on specific targets set for each of the seven critical issues. This is because by doing so we will be able to more clearly see pressing issues that need to be addressed to achieve these targets. During this process we may need to reform or innovate, rather than simply make improvements, and I believe continually pursuing this process will be critical to the future of the company.

▲ [Go to Page Top](#)

## Enhancing Our Frontline Strengths to Make Strides Toward Becoming an Irreplaceable Company to the World

The year 2017 stands as the final year of GD100. Yet, looking further into the future we find that the words "globalization" and "diversity" will have become the new normal for companies around the world. At the same time, I would like us to make strides toward becoming an irreplaceable company to the world where Yokohama Rubber products have become indispensable to both customers and consumers alike.

Each and every one of our employees thinking and taking action aimed at this future vision will become our frontline strength and enhance the corporate value of Yokohama Rubber in the process. In turn, I believe this will provide new value to society as a whole.

I would greatly appreciate if you could reach through this report, which introduces our progress and challenges, and I welcome your frank feedback so that we may improve the content of future reports.

President and Representative Director



▲ [Go to Page Top](#)

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