

MESSAGE FROM OUR PRESIDENT

The Yokohama Rubber Group's Commitment Protecting the Environment and People Around the World



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Accelerating Our Global Expansion aimed at Robust and Responsive Growth

Yokohama Rubber's medium-term management plan GD100 calls for evoking a distinctive global identity in building corporate value and in building a strong market presence by FY2017. For Phase III, which began in FY2012, we have established a vision for robust and responsive growth that will enable us to strengthen our operating base, while also flexibly responding to changes in the external environment at the same time. The year 2012 was marked by a series of major changes in external environment. First, the European sovereign debt crisis deeply affected the economies of not only China and other exporters that supply products to Europe, but also Brazil, Australia and other resource-rich countries. At the same time, 2012 was a year of great political change around the world, with a number of new government administrations being borne in the world's major powers. Democratization was also firmly taking root in Myanmar, Southeast Asia's newest growth economy. In order to respond flexibly to worldwide tire demand which is expected to see significant growth over the medium to long-term, we have sought out robust and responsive growth and focused on growing our operations globally. As of March 2013, we owned and operated subsidiaries in 25 countries around the world.

▲ [Go to Page Top](#)

Utilizing the UN Global Compact as Our Action Guidelines to Pursue Business Operations Cognizant of Human Rights

It is extremely important to accept differences in values and to build relationships of trust while being considerate of human rights, when engaging in business activities in countries with different languages, cultures and religions. To that end, we became a signatory to the UN Global Compact in May 2012 and now use this as our Action Guidelines, ensuring that each and every employee fully complies with this important set of principles in their daily work duties. Starting in 2012, we invited CSR managers from our overseas business locations to Japan to share potential compliance issues and learn from one another as part of a new CSR training program. Our goal through this is to ensure that we adhere to the same level of CSR-oriented management in each of the countries and regions in which we operate.

Another ambition we have is to become a company that is capable of continually contributing to the development of local communities through our business operations. For example, although it takes time from the start-up phase to the actual harvesting of the natural rubber that we use as a raw material in our core products, this crop offers farmers a stable source of income and can improve the living standards of people in the surrounding community. Our commitment to continually purchasing natural rubber ensures that farmers have a stable source of income and that we can steadily procure high quality raw materials. Furthermore, we are mindful of the ecosystems surrounding rubber plantations, as we perform field studies on potential environmental impacts and we are also actively involved in local infrastructure development projects and children's education programs.

▲ [Go to Page Top](#)

Leveraging Diversity in Our Workforce to Help Grow the Company

Hiring at our overseas sites has predominantly focused on mid-career employees with a certain degree of professional experience, but in 2012 we began hiring new graduates outside of Japan, with an eye on developing them to become future contributors to the company. Our goal is now to develop local human resources and train them on the necessary technologies and skills for their work. In this manner, I believe we are also making contributions to the local community.

A two to three month long overseas training program has been established for new employees hired at the Yokohama Rubber head office to develop a pool of human resources that can play a key role in the continued globalization of our business operations. After taking part in this training program, more of our people now would like to seriously consider working overseas in the future, which has been a major achievement that has lowered the so-called hurdle to overseas postings. We would like nothing more than to have more of our employees motivated to work for us outside of Japan. Especially with regards to manager class employees, we hope to build a truly cross-border personnel system where, for example, an American manager can work at one of our business locations in Thailand in much the same way as a Japanese manager would work at one of our sites in the United States.

Human resource diversity extends far past nationality. We are focused on creating workplaces where our people can take full advantage of their skill set, regardless of age or disability. Following the establishment of Yokohama Peer Support Co., Ltd. in December 2011 to provide a workplace for people with disabilities, we set up Yokohama Business Association Co., Ltd. in April 2013 to take advantage of the Yokohama Rubber Group's pool of retired talent. This company re-hires retired employees as full-time employees to assist with routine tasks, help train human resources and take part in volunteer activities as part of our social contribution efforts. At the moment, we are considering setting up a framework at this company so that motivated and skilled retirees can have a place to work until they reach the age of 70. Unlocking and actively leveraging the advanced skills and broad experiences of retired workers will not only expand employment opportunities, but also help us to address labor shortages that are expected to occur in the future. Until now, there have been many instances where one of our leading engineers took a job with an overseas company after retirement. Therefore, we need to retain this talent to help us address the future globalization of our business and develop high value added products.

Looking within the company we find there are many employees with unique professional experience, such as those actively involved outside the company as authorities in safety activities and those that have acquired a truly professional knowledge of forestry through the Yokohama Forever Forest Project that we implement as part of our CSR activities. I believe that better utilizing these people in a variety of different ways will help Yokohama Rubber to grow as a company.

▲ [Go to Page Top](#)

Protecting the Environment and People Around the World **Enhancing Corporate Value while being Mindful of this Commitment**

The message of protecting the environment and people around the world used for our core BluEarth tire represents the same message Yokohama Rubber would like to share with greater society.

To that end, we are manufacturing products needed by consumers around the world using more efficient methods, less materials, and with less energy. Our vision is to become a company that is continually needed by society because it produces products of value for both people and the environment. Therefore, we will emphasize communication with our stakeholders, continually monitor society's expectations, and build relationships of trust with the ultimate goal of enhancing corporate value.

President and Representative Director
Hikomitsu Noji



▲ [Go to Page Top](#)
