

CSR Report of Hiratsuka East Plant

Business activities: Hose assemblies for hydraulic hose assemblies and passenger vehicles
Total site area: 16,000m² (building area 12,500m²)
Number of employees: 233 (as of December 31, 2012)
Location: 4-6-40 Higashi-Yawata, Hiratsuka City, Kanagawa 254-0016, JAPAN

Contact for consultation and complaints:
 Plant Management Division
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Message from the General Manager



Masaya Senda

The Hiratsuka-East Plant is an assembly plant mainly of hoses manufactured by the Ibaraki Plant and fittings manufactured by the Nagano Plant. Major products assembled are high pressure hose assemblies used for construction machinery, etc., and air conditioner power steering hose assemblies for automobiles. More than 90% of the energy used in the plant is supplied by electricity and greenhouse gas emissions are the smallest among all plants. The plant develops business activities being aware of CSR management in order to aim at being "a top level contributor in terms of the

environment" posted in GD100.

For the environment, as posted in the Environmental Policy, we recycle resources and waste as much as possible and aim at realization of a recycling and low carbon society by preventing of global warming, energy savings, resource savings and resource recycling and also make efforts at biodiversity conservation.

The plant acquired OSHMS certification in July 2010 and by running the PDCA cycle, we aim at forming a safe and healthy workplace environment. We receive customer responses via the sales department, our contact, and connect them to improvements of safety and quality of products and services and reflect these improvements in the field of manufacturing. We make efforts to formulate a system which fulfills together the responsibility for supplying to markets in the supply chain circle with cooperating companies which supply materials and parts to us. We place priority on compliance and aim at becoming a trusted company through thorough compliance with laws. For employment, we give consideration to eliminating discrimination based on gender and enabling disabled persons to work at the same workplace as physically unimpaired employees. Through such contribution activities as monthly cleanups around the plant, Shonan Coast cleanup activities in June and Forever Forest project activities and informal meetings with local residents, we maintain communication with companies and people in the region. We aim at being a plant kind to people and the environment through such activities.



Safe and Healthy Workplace Environment

Occupational Safety and Health

We set out a "Policy for Safety and Health Management of the Hiratsuka-East Plant" and operate safety and health activities based on OSHMS under the Policy and we confirm the appropriateness at the Safety and Health Committee between labor and management once a month in compliance with the laws. We put safety fences around equipment in order with high risk not to enter into dangerous areas. In terms of personnel and equipment, we conduct confirmation and promote improvement by open work observation once a week by all managers to confirm whether danger in work exists. In FY2012, a total of two accidents occurred: one accident without suspension of work and one minor accident. We are carrying out activities aiming at complete zero accidents in FY2013.

Education and Training for Employees

Based on the idea that growth of employees leads to growth of a company, we place focus on employee education. The main contents are new employee training, Kaizen (Improvement activity) by TPM (Total Productive Maintenance) and TPS (Toyota Production System), and supervisor training, etc.

For safety awareness, person-to-person education by managers and supervisors are continued and specific education is advanced for each individual. We diligently perform "KYT touch and call" (danger anticipation activity) at the every morning meeting and confirm safety awareness at the beginning of the day by all employees.

For 5S activities, we prepared the "Hiratsuka-East Plant Rule Book" comprised of 50 pages and use it for education as needed so that every employee fully complies with the rules in work at the Plant.



FY2013

Hiratsuka East Plant Safety and Health Policy



Slogan

**Our workplace - safety first Protect colleagues
Protect family**

(Annual motto of the Japan Industrial Safety & Health Association)

Basic Vision for Health and Safety

(Policy of the Central Health and Safety Committee Chairman)
 Health and safety underpins all that we do.

Through the leadership of managers and supervisors and the cooperation of all employees in the Yokohama Rubber Group, we strive to prevent workplace incidents and create a healthy and pleasant workplace.

Objectives

Overall objectives

- (1) Eliminating both LTI (Lost Time Incidents) and minor workplace incidents (not involving lost time)
 "Stop, Call and Wait"
 "Full horizontal deployment"
- (2) Eliminating traffic accidents
 No personal injuries, no work-related traffic injuries
- (3) Operation of OSHMS (Occupational Safety and Health Management System)

Health and Safety Policy

1. All employees in the Yokohama Rubber Group understand that safety is the number one priority. Through the participation and actions and cooperation of employees of all ranks and positions, we shall strive to improve safety activities.
- (1) All workers shall observe the rules and regulations of the workplace and implement safe work practices
- (2) Managers and supervisors shall assume responsibility for ensuring the safety of employees and shall not allow unsafe conditions and practices to pass unnoticed. They shall act as models of safe behaviors and practices, and shall have a thorough appreciation of conditions in the workplace, including the status of materials and equipment.
2. We shall comply with all health and safety legislation and government directives.
3. We shall strive to identify and eliminate latent hazards associated with work procedures and equipment using the PDCA cycle in the OSHMS (Occupational Safety and Health Management System) to reduce risks on an ongoing basis.
4. Ensuring 2S with an understanding that "Arrangement and consolidation is a basis for safety & health".
5. Implementing necessary education and training for all group employees noticing the importance of safety & health.
6. Promoting sound environment for our employees to work in comfort and assisting their health
7. As a member of the automobile industry, we shall strive to promote the cause of reducing traffic accidents.

Guide for conduct

All employees should take notice of small changes and abnormalities and return them to normal conditions as soon as possible.

January 1, 2013

Masaya Senda

General Manager, Hiratsuka-East Plant



Responses in case of disasters

Evacuation drills in the plant are conducted every year. We also participate in disaster prevention drills of Kawarakai, held jointly by companies around the plant.

In the case of the Great East Japan Earthquake disaster on March 11, 2011,

all employees were able to evacuate outside calmly and safely as during the drills. By sorting out problems at that time, we added anticipation of a tsunami to evacuation drills to check whether improvements have constantly progressed.



Advancement of Environmentally Friendly Management

Environmental Management

Considering efforts for the environment in the seven tasks of CSR management, we established the "Hiratsuka East Plant Environmental Policy" and operate environmental activities under the Policy based on ISO14001.

Environmental Policy

Yokohama Rubber Co., Ltd. Hiratsuka East Plant Environmental Policy

1. To exert world-class strengths in technologies for protecting the environment, we incorporate measures to reduce environmental impacts into all business stages, from planning and designing products, to production, to service and waste recycling/handling.
2. In order to remain a plant that is trusted, we endeavor continuously to prevent environmental pollution and improve the environment, thoroughly managing our use of environmental-impact substances.
3. We aim at realization of a recycling and low carbon society by preventing from global warming, energy savings, resource savings and resource recycling and also make efforts for biodiversity conservation and sustainable use of living resources.
4. In accordance with CSR management, we observe environment-related laws and regulations applicable to our plant, and other requirements to which we have committed ourselves.
5. We have defined an environmental purpose, set environmental targets (Plan), are working on them systematically (Do), review and correct related activities (Check), and carry out a management review once a year (Action). Through these, we continuously strive to do better. We then confirm our performance through third-party audits. Through strengthening of the management system, we make efforts to prevent environmental pollution and sensory pollution by proactive management.
6. We educate and enlighten our employees and individuals so that they fully understand this environmental policy, and to improve their own awareness and actions.
7. We emphasize dialogue with local communities and actively promote activities to contribute to them, including "YOKOHAMA Forever Forest" project.
8. Our environmental policies are available to the public on request.

January 1, 2013

Masaya Senda
General Manager, Hiratsuka East Plant
Yokohama Rubber Co., Ltd.

Environmental data & comment

Reduction of greenhouse gas emission

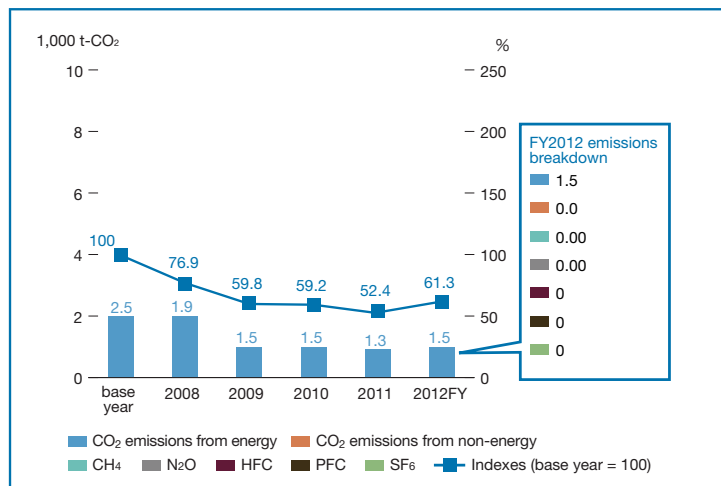
Amount of energy consumption

With respect to electricity, our major energy, we have been reducing usage every year by replacing production equipment, air conditioners and lighting with energy saving equipment. We also promote setting PCs to energy saving mode and improving awareness about energy savings. We coped with power savings in the summer of 2011, which was made mandatory by the Fukushima Nuclear Power Plant disaster in March 2011, where all employees as one united body shifted to holiday work, constraining use, etc., of electric equipment for purposes other than air conditioners and production.

In FY 2012, we thoroughly reduced peak power consumption without changing ordinary work and by producing "wind flow" in the Plant without using air conditioners at production site, we generated cool air with minimum energy, which contributed to a reduction in power consumption by 5% from FY2011.

Greenhouse gas emission

We try to reduce greenhouse gas emissions every year by minimizing use of fossil fuels and reducing electricity usage through improvements in energy savings every year.

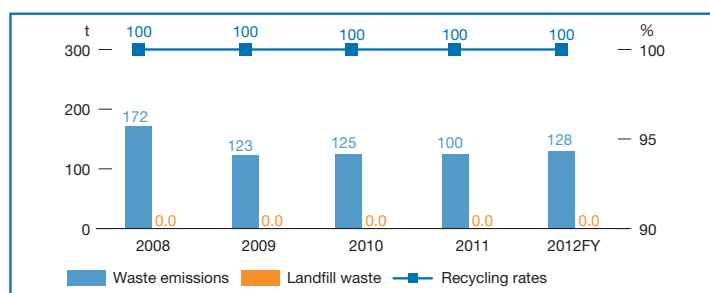


* Base year is defined as 1990 except for HFC, PFC and SF₆, where the base year is 1995 as per the Kyoto Protocol.
* Greenhouse gases (GHG) calculated in accordance with the Calculation and Reporting Manual for Greenhouse Gas Emissions (Ministry of the Environment, Ministry of the Economy, Trade and Industry). Note that GHG emissions associated with purchased power in FY2009 were calculated using the table of Emission Coefficients by Power Company (Ministry of the Environment).
* In FY2011, as the closing of accounts period was April to December, it is counted for January to December, by duplicating the data for January to March.

Effective use of resources/ Reduction of waste

Waste Output

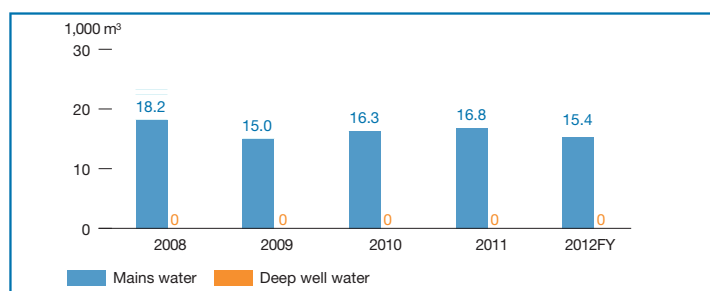
Zero emission has been continued since FY2005.



Use of water

Water use in FY2012 amounted to 15,403m³.

In Forever Forest project activities, we produce seedlings, rainwater storage tanks for watering by ourselves and make efforts to reduce use amounts of water by utilizing nature's gifts from the heavens.





Advancement of Environmentally Friendly Management

Measures for discharge into water, air and soil

• Data related to water contamination

We conduct water quality inspections twice a month for water treated by wastewater treatment facilities and once every three months for general wastewater to prevent discharge of water exceeding the standard targets. We set autonomous regulation targets stricter than the regulation targets required by laws and operate so that the targets do not exceed these.

Substance	Regulation	Self-imposed control value	FY2012 result		
			Average	Maximum	Minimum
PH	5.7~8.7	6.2~8.5	8.0	8.4	7.6
BOD density (mg/l)	300	150	41	64	18
SS density (mg/l)	300	150	26	42	15
Oil density (mg/l)	30	20	5	11	1.2

*In accordance with the Hiratsuka Sewage Ordinance.

• Soil Contamination

We monitor the impact on water by soil contamination by conducting water quality inspections of underground water sampled from observation wells once a year.

Report on the Status of Management of Chemical Substances (Response to PRTR Law)

Under the PRTR Law, we measure and record the usage of subject substances every year. As the absolute amount is small, the standard targets have not been exceeded, which is required for filing with the government, by FY2012. We will continue to make efforts to minimize usage.

(Unit: tons/year)

Designated No.	Specified chemical substance	Amount to treat ^{*1}	Emission ^{*2}	Transfer ^{*3}	Safety Evaluation: VI-5 ^{*4}			
					Toxicity Rank (effect on people)	Annual Converted Emissions (effect on people)	Toxicity Rank (effect on ecosystem)	Annual Converted Emissions (effect on ecosystem)
80	xylene	0.009	0.009	0.000	C	0.086	C	0.086
87	chromium and chromium(III) compounds	0.001	0.000	0.001	A	0.000	B	0.000
186	dichloromethane	0.280	0.280	0.000	B	28.000	C	2.800
300	toluene	0.023	0.023	0.001	B	2.288	C	0.229
374	hydrogen fluoride and its water-soluble salts	0.004	0.004	0.000	D	0.004	—	0.000
405	boron compounds	0.030	0.030	0.000	D	0.030	—	0.000
	Total	0.347	0.346	0.002		30.408		3.115

*1: Amounts of 1 ton or more are listed (excluding dioxin). As for substances designated as Class 1 Specified Chemicals such as benzene, amounts of 0.5 tons or more are listed.

*2: Emission = Air + public water + soil

*3: Transfer = Waste + public sewage

*4: For the standards of the safety and health impact evaluation, please refer to the "Table of Safety Evaluation of Domestic Production Bases."
(<http://www.yrc.co.jp/csr/data/pdf/16kokunaikyoten.pdf>)

Noise, vibration, and odor

We have no equipment accompanying noise, vibration or odor, but considering the impact on people in local communities, we regularly measure once a month and record them at eight points at the border of the premises. Measurement is conducted at night to which a stricter standard is applied.

The standard targets were not exceeded by FY2012 and we will continue to make efforts to minimize usage.

Response to complaints

In FY2012, we received one complaint. It was about noise from a truck to which we consigned transportation. It was parked in our parking lot at night while the engine remained idling. We checked the fact with the transportation company and also provided education and training for the transportation company as well as other companies to prevent a recurrence.

We also made employees aware of the fact and informed them not to park their cars with the engine idling on the premises when driving official cars and when commuting to work.

We will seriously respond to complaints and opinions from local residents and customers.



Safety and Quality of our Products and Services

Communication with customers

We have visitors to the plant and auditors look around the plant and directly receive opinions about our efforts regarding quality, safety and the environment.



Human Rights and Labor Practices

Ideas about Human Rights and our efforts

Employees attend compliance education by e-learning to acquire knowledge such as human rights violations and not associating with anti-social organizations.

We ask for diligent performance of basic manners such as "greetings" and "appearance" in the plant, regardless of regular employees or cooperating employees and promote building up of a comfortable business site without discrimination.

Promoting diversity of employees

Out of 233 regular employees and cooperating employees who work at the plant, there are fifty female employees (female percentage of 21.5%) and we provide a forum where employees with ability and willingness can fully play their roles. We actively promote employment of people with disabilities and now the employment percentage is 3.02% as compared with 2.0% required by law (as of December 2012). We give consideration to the work of disabled persons so that they can work in a similar manner as employees that are physically unimpaired.



Credibility with our Business Partners

Communication with business partners

Through the Materials Procurement Department, we communicate with our business partners and collect requests and opinions and make their references for proper improvements.



Stakeholder Communication

Working with local communities

We carry out cleanup activities around the plant jointly with other companies in the same region on the final Monday of every month.



Every June, employee volunteers carry out cleanup of the Shonan Coast, which celebrated its eleventh year in 2012.



Meetings with local residents

We keep communications with the local autonomous associations to allow for smoother flows of communication and as a means to reflect opinions we receive in meetings with local residents on regional contribution activities.



YOKOHAMA Forever Forest Project

In planting activities, we have planted 2,131 trees across a 432m² area of our plant.

In seedlings for planting, we furnished 400 seedlings for the Otsuchi-cho Planting Festival and we have been growing 3,725 seedlings, mainly Japanese chinquapin, *Machilus thunbergii* and evergreen oak. This year, we expect about 300 seedlings will grow from seeds and acorns planted last year.



Factory tour and workshop

We accept plant visits by school students and employees of corporations from time to time.

Contact: Hiratsuka-East Plant, Plant Administration Section +81-463-23-0336

Holding Day: Day when the plant is in operation: from Monday to Friday(Except for year end and the New Year, consecutive holidays in May and August)

Hours: 9:00 to 15:00



Corporate Governance and Compliance

Corruption prevention

Yokohama Rubber Group Employees "Code of Conduct"

1. Provision of goods and services useful to society and capturing satisfaction and trust of customers.
2. Fair, transparent and free competition and appropriate business dealings
3. Fair disclosure of corporate information
4. Realization of comfort and affluence of employees
5. Active efforts toward environmental problems
6. As a "good corporate citizen"
7. Protection and management of corporate assets and information
8. Contribution to international cooperation and local development

Any act leading to corruption is a crime even if it is very minor and should never occur. We provide compliance education and raise awareness by workplace so that all employees understand and shall not commit any unjust act.