

# 7 Pillars of Core Subjects for Yokohama Rubber to Address

With ISO26000 as a foundation, Yokohama Rubber Group set our key performance indicators for carrying out the PDCA cycle. This section details the progress of the activities we have been focusing on in order to achieve our goals by FY 2017, and provides reports from those responsible for each activity giving an overview of the current situation of respective activities, and outlines the domestic and overseas CSR activities of the Yokohama Rubber Group.

**[Self-assessment criteria]** ○ = Target achieved △ = Improved but targets not achieved × = No significant achievement

\* 9 months, from April to December, FY2011

\* Beginning in FY 2014, ISO26000 provides the central framework for our activities



## Organizational Governance

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● Good ethics values based on ISO26000 compliance are well-known throughout our company.</li> <li>● The entire company can visualize the applicable legislations.</li> <li>● BCP support system is being developed as a group unit.</li> </ul>		
<b>KPI</b>	<b>Cases of infringement of legal compliance</b> FY2011 ... 0 FY2012 ... 1 FY2013 ... 2	<b>Number of participants in compliance-training meetings</b> FY2011 ... 558 FY2012 ... 1,477 (Participation rate 85%) FY2013 ... 1,245 (Participation rate 93%) <small>* Participation rate: percentage of all eligible employees who participated</small>	<b>Number of reports issued via whistle-blowing system</b> FY2011 ... 14 FY2012 ... 39 FY2013 ... 27
<b>Self-assessment of achievements</b>	△	○	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Evaluation of respective domestic and overseas companies' risk level in the group</li> <li>● Penetration of CSR among domestic and overseas companies in the group</li> </ul>		



## Human Rights

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● Our workplace is structured so that all of our diversified personnel can perform to the fullest regardless of age, gender, nationality, etc.</li> </ul>		
<b>KPI</b>	<b>Employment rate of people with disabilities</b> FY2011 ... 1.77% FY2012 ... 2.05% FY2013 ... 2.14%	<b>Re-employment rate for retirements</b> FY2011 ... 80.4% FY2012 ... 80.4% FY2013 ... 90.8%	<b>Number of participants in overseas training among new employees</b> FY2011 ... 51 FY2012 ... 49 FY2013 ... 42 <small>(100% of the new employees)</small>
<b>Self-assessment of achievements</b>	○	○	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Promotion of the use of women employees</li> <li>● Development of global human resources</li> <li>● Establishment of human rights policy</li> </ul>		



## Labor Practices

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● We will establish a "zero risk" safety culture.</li> </ul>	
<b>KPI</b>	<b>Average accident rate of all global sites</b> FY2011 ... 1.29 FY2012 ... 1.01 FY2013 ... 0.99 <small>(Total number of accident occurrences: up 17% from the previous year; the target was not achieved)</small>	<b>Regularly scheduled "open work observation"</b> FY2012 ... 9/10 factories FY2013 ... 10/10 factories
<b>Self-assessment of achievements</b>	×	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Establishment of a standard operation procedures through "open work observation"</li> <li>● Fostering of a "Safety Worker" system</li> <li>● Using a "calendar of past accidents" to maintain vigilance about safety (by maintaining memories of past accidents)</li> </ul>	



## The Environment

p.27

<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● We will turn all of our products into environmentally friendly ones.</li> <li>● We will try to achieve a 25% reduction of greenhouse gases.</li> <li>● We will achieve and maintain total zero emissions in both in our domestic and overseas factories and intend to keep this up.</li> <li>● We will enhance the environmental preservation activities in the surrounding areas of both of our domestic and overseas factories.</li> </ul>			
<b>KPI</b>	<b>Percentage of environmentally friendly products among our complete product line</b> FY2011 ... 89% FY2012 ... 91% FY2013 ... 93%	<b>Reduction in the rate of greenhouse gas emissions compared to the base year (domestic group)</b> FY2011 ... 13.2% FY2012 ... 15.9% FY2013 ... 15.9%	<b>Numbers of domestic and overseas factories that achieved total zero-emissions</b> FY2011 ... 21 FY2012 ... 23 FY2013 ... 24	<b>Total water intake at domestic and overseas factories</b> FY2011 ... 8.97 million m <sup>3</sup> FY2012 ... 8.25 million m <sup>3</sup> FY2013 ... 8.28 million m <sup>3</sup>
<b>Self-assessment of achievements</b>	○	○	○	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Improvement of systems at domestic and overseas business locations towards the achievement of our new mid- to long-term environmental goals</li> <li>● Biodiversity study at overseas business locations</li> </ul>			



## Fair Operating Practices

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● Our company is able to enhance various CSR activities on the global stage by co-operating with our partners.</li> </ul>		
<b>KPI</b>	<b>Percentage of raw materials procured locally by overseas factories</b> FY2011 ... 70% FY2012 ... 73% FY2013 ... 75%	<b>Numbers of global meetings held; number of participating groups</b> FY2012 ... Once a year; 8 locations in 5 countries FY2013 ... Twice a year; 7 locations in 5 countries	<b>Numbers of partners that participated in CSR workshop</b> FY2012 ... 177 companies FY2013 ... 298 companies
<b>Self-assessment of achievements</b>	○	○	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Partners' human rights and labor practices</li> <li>● Establishment conflict mineral policy</li> <li>● Sustainable material procurement</li> <li>● Promotion of greenhouse gas emissions awareness in terms of the supply chain (Scope 3)</li> </ul>		



## Consumer Issues

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● Consistent quality assurance system corresponding to the worldwide expansion of production sites</li> <li>● Global comprehensive service system for all products</li> <li>● Quality education for all employees at all production sites, including services</li> </ul>		
<b>KPI</b>	<b>Numbers of employees who newly completed quality training at factories</b> FY2011 ... 73 FY2012 ... 98 FY2013 ... 128	<b>Numbers of newly-qualified service engineers</b> FY2011 ... 111 FY2012 ... 105 FY2013 ... 96	<b>Total number of ISO/TS16949 qualified internal quality auditors</b> FY2012 ... 714 FY2013 ... 826
<b>Self-assessment of achievements</b>	○	△	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Expansion of quality training at overseas factories</li> <li>● Global enhancement of training for service engineers</li> </ul>		



## Community Involvement and Development

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<b>Our Goals</b> (by FY 2017)	<ul style="list-style-type: none"> <li>● A system is in place to apply what stakeholders have to say.</li> <li>● Five hundred thousand trees have already been planted at both domestic and overseas business locations.</li> </ul>		
<b>KPI</b>	<b>Yokohama Forever Forest project, number of seedlings planted during the year</b> FY2011 ... 49,030 FY2012 ... 53,625 FY2013 ... 39,791 (Total 326,000 trees, achievement rate 65%)	<b>Numbers of saplings provided</b> FY2011 ... 26,848 FY2012 ... 29,169 FY2013 ... 55,635 (Total 161,593 trees)	<b>Numbers of social gatherings held with local citizens at factories (per year)</b> FY2011 ... 6 FY2012 ... 6 FY2013 ... 8 * Changed to the total number per year
<b>Self-assessment of achievements</b>	○	○	○
<b>Issues to be addressed</b>	<ul style="list-style-type: none"> <li>● Cooperation with NGOs in our business areas</li> <li>● Development of a system to support employees' volunteer activities</li> <li>● Support for reconstruction of disaster-stricken areas</li> </ul>		



# Organizational Governance

Issue

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## Yokohama Rubber Group Initiative Policy

Yokohama Rubber Group is making every effort to fortify and improve the support system for corporate governance to be established in order to realize management with transparency and fairness under our Corporate Philosophy. Thereby, this is becoming the management body to maintain our ever evolving corporate value in order for our management to continue to win unshakeable credibility.

### Message from the General Manager, Corporate Affairs and Compliance Department

The Yokohama Rubber Group regards fostering a customer-oriented corporate culture as our first priority, by respecting high standards of corporate ethics and understanding the importance of corporate governance and compliance.

In accordance with the principles of internal control, we make use of necessary committee structures to conduct inspections and follow-ups to ensure fair business practices. We also discuss and prepare countermeasures against potential crises, while always remaining careful to efficiently deal with all possible risks.

Even within this corporate culture, in FY 2013 we received a correction advisory notice and guidance from the authorities concerned due to inappropriate responses to disaster at our domestic factories. In order to achieve thorough legal compliance, we rebuilt our management system to enable all offices to carry out appropriate disaster response and conduct prompt rescue activities, and also implemented additional employee training programs.

It is essential that we further improve governance and compliance not only at our domestic business locations but also at our overseas business locations, in order to operate our business under our goal for FY 2017 that “we will evoke a distinctive global identity in building corporate value and in building a strong market presence.”

To achieve this goal, we strive to promote information-sharing with overseas business locations while also supporting and revising, as necessary, the activities detailed below. We will continuously engage in enforcement and transparency in fighting against corruption such as bribery and complying with competition laws.

Hisao Uchida,

General Manager, Corporate Affairs Department and Corporate Compliance Department,  
Corporate Social Responsibility Division



### Compliance awareness raising through the NO DRUG campaign

YOKOHAMA TIRE MANUFACTURING (THAILAND)

We have conducted regular drug tests on our employees since 2010, in order to improve the health and quality of life of our employees and their families. In FY2013, we administered drug tests to a total of 1,994 employees (96%), and 60 of them (3%) tested positive for drug use. In order to minimize drug abuse, employees who tested positive for drug use were required to participate in a drug dependence prevention program at a hospital. Although Thailand faces great difficulties in eradicating drug-dependency and related problems, we were certified as “White Factory” (Grade C) on March 21, in cooperation with the government-led “White Factory Project”. We will continue to promote the PDCA cycle including conducting drug testing, offering support, and reporting the results.



White Factory Certification Ceremony

#### Drug test results

2013	January	February	March	April	May	June	August	September	October	November	December
Number of employees	1,861	1,835	1,862	1,852	1,846	1,843	1,939	1,965	1,964	1,970	1,994
Tested Number of people (%)	124 6.66%	135 14.11%	131 20.95%	149 29.10%	127 36.08%	122 42.76%	151 48.43%	280 62.04%	237 74.13%	245 86.35%	223 96.49%
Number of people tested positive for drug use	4 3.23%	1 0.74%	10 7.63%	3 2.01%	0 0.00%	2 1.64%	5 3.31%	10 3.57%	15 6.33%	6 2.45%	4 1.79%



### To Counter Corruption Making commodities, information, and money more visible

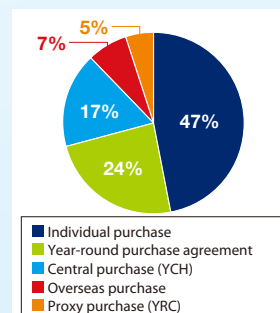
Suzhou Yokohama Tire Co., Ltd.

As a general rule, we obtain competitive quotes before purchasing any goods. For consumable supplies used on a regular basis, we obtain competitive quotes based on the past year's consumption, in order to increase year-round purchase agreements. The procurement result for such competitive quote agreements for FY 2013 was 24%.

We also proactively promote central purchasing via YCH (purchase control company), which maintains the stable performance and purchase price of goods by centrally controlling common purchases among all offices in China. In FY 2013 central purchasing accounted for 17% of purchasing.

We employ the separation of purchasing duties between ordering, inspection, and payment, as well as the rotation of said duties. We also share the number of urgent purchases and unchecked purchases at monthly cost meetings so as to decrease unplanned purchases.

In order to prevent corruption, we insist on the transparency of the flow of goods, information, and money by publishing lists of purchase orders.



Purchase breakdown (FY 2013)



Purchasing staff



## Policies for Human Resource Management

We will create an environment in accordance with our management policy of creating a workplace to value, improve, and energize people, where each of our ever-diversifying personnel can equip themselves with the necessary skills and perform by utilizing their capabilities to the fullest. Also, we aim to create a workplace where our employees can realize a work-life balance.

As an urgent need, we will continue to focus on fostering personnel who can perform on the global stage, in order to deliver the business strategy of GD100 and various technical strategies.

### Message from the General Manager, Global HR Department

The environment around us has been continuously evolving, based on various factors such as the globalization of the business domain and a decrease in the domestic labor force due to the falling birth rate and Japan's aging population. Accordingly, we have developed an environment that caters to diversity, by fostering the talents of women, senior citizens, and persons with disabilities, and supporting and appointing their respective talents in accordance with the aforementioned changes and in consideration of the human rights involved in business expansion. Since 2009, our personnel training program has been sending all new career-track employees to our overseas group companies for a 2-month training session, in order to develop individuals with a global perspective by experiencing diverse cultures first hand while they are still young. The number of employees to have completed this overseas training reached 250 this year. We promote the employment of people with disabilities through regular recruiting as well as with the establishment of a special subsidiary company (Yokohama Peer Support). We also leverage the skills and experiences of retired employees in a company (Yokohama Business Association) that focuses on handing down skills to current employees and supporting the business operations of the current generation.

As a goal for FY 2017, Yokohama Rubber Group pledges that "our workplace will be structured so that all of our diversified personnel can perform to their fullest potential, regardless of age, gender, nationality, etc." Considering our current progress in terms of this goal, we have made achievements in the employment of people with disabilities but we must make more progress in the utilization of global human resources and women.

To address these challenges, we are implementing measures such as "reviewing and establishing an improved personnel system globally and regionally," "developing a successors' education system," and "discovering, recruiting, and educating outstanding human resources in each region." In the area of human rights, we do not tolerate discrimination of any kind, on the basis of race, religion, or any other factors whatsoever.

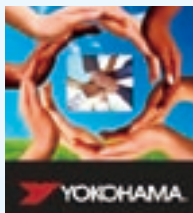
Tsuneyuki Ishizuka, General Manager, Global HR Department, Corporate Planning Department



### Promotion of trading opportunities with minority-run companies

YOKOHAMA INDUSTRIES AMERICAS INC.

We have been working to expand supply lines (both direct and indirect trade) in order to ensure the provision of quality products and services, allowing us to evolve with the community and providing investment and employment opportunities in the community by promoting trade with diverse suppliers, including minority-run companies, such as those operated by African-American and Hispanic people. More specifically, we regularly participate in trade shows held by relevant organizations to seek business opportunities; as a result, we have established business relationships with a delivery company and a repair-parts supplier both run by minorities, and our total transaction value with minority-run companies has doubled from a year earlier.



### Education for the children of employees

Y.T.RUBBER CO.LTD.

Our rubber processing factory employs not only local Thai people but also those from Myanmar. Our employees from Myanmar live in company residences in the factory with their families. The children of our employees from Myanmar have a hard time keeping up with the classes in local schools, so we recently created a place within the factory for them to study and spend the day. Currently, we are hosting teachers from Myanmar, who teach reading and writing skills to children between 4 and 7 years old. The program is highly regarded by our employees from Myanmar, who can work with fewer worries about their children.



### Promotion of work-life balance

On August 1, 2013, we received the "Kurumin mark" as a company offering child-support programs from the Ministry of Health, Labour and Welfare in Japan. The certification was in recognition of our 2-year action plans and achievements between April 2011 and March 2013 to realize the balance between work and child-raising for our employees.

- Promotion of childcare leave system for both mothers and fathers
- Provision of information for those who took childcare leave to comfortably return to work, and publicizing relevant support systems
- Expansion of leave system for childbirth and childcare
- Promotion of using annual paid vacation
- Consideration of other measures to support child rearing



The childbirth and childcare leave system was changed to "up to 10 days before the child turns one-year-old," which led to an increase in both the number of days and the number of people who took advantage of the system.





## Yokohama Rubber Group Safety Policy

1. All employees across the entire group make safety a primary concern, and improve safety activities through their participation, actions, and cooperation with others from all office organizations and job positions.
  - (1) Each member of a workplace conforms to workplace rules and works with safety in mind.
  - (2) All managers and supervisors take responsibility to ensure the safety of their employees, without missing any unsafe conditions or actions. Managers and supervisors clearly express their attitudes towards safety and devote themselves to the "3 Realities Principle" (personally observe the 3 realities: the real place, the real thing, the real situation) and to grasping a complete picture of their respective workplaces.
2. We proactively adapt to laws and government guidelines related to safety and health.
3. We familiarize all group employees with the importance of safety and health, and provide the necessary education and training.
4. We utilize the PDCA cycle and make continuous effort to reduce risks for the elimination of potential hazards related to work and facilities through the Occupational Safety and Health Management System (OSHMS).
5. We strengthen 2S activities (seiri and seiton, or sorting and straightening) based on the idea that "2S is the basis of health and safety."
6. We promote a comfortable working environment where employees can work free from anxiety, and provide active support to promote employees' health.
7. As a company that plays a role in the automobile industry, we contribute to efforts to prevent traffic accidents.

### Message from the General Manager, Safety & Health Management Department

Based on the recognition that "safety and health are the foundation for everything else," we aim to prevent workplace injuries, promote a comfortable workplace, and encourage healthy lifestyles, under the strong leadership of managers and supervisors and the cooperation of all group employees. As a step towards reaching our goal to "establish a zero-risk safety culture" by FY 2017, each office has already acquired OSHMS certifications and implements the PDCA cycle of safety activities. However, there is still room for improvement in the areas of systems, human resources, and facilities. Our challenges going forward are to enhance people's awareness and improve the safety of our facilities.

Unfortunately, in FY 2013 8 accidents resulting in lost-time injuries occurred. One of them was a serious accident resulting in the loss of the hand (at the wrist) by the extruder. Furthermore, in two additional accidents, we mishandled initial measures and ultimately exacerbated the damage caused.

Therefore, in the area of systems, we are working to establish appropriate and feasible rules. Specifically, we are developing Standard Operation Procedures(SOP) through open work observation. A good SOP will ensure safety at work as well as product quality, and will also improve productivity. In the area of human resource development, we are focusing on training each and every employee to avoid injuries and comply with rules as a "Safety Worker." We use a "calendar of past accidents" to maintain vigilance about safety (by maintaining memories of past accidents), and we review the calendar each year. At the same time, we also raise risk awareness by reconfirming the efficiency of both our safety measures and our involvement of peer groups in our safety measures. In the area of facilities, we promote the improvement of our facilities through risk assessment.

Kenji Suehiro, Safety & Health Management Department, CSR Division

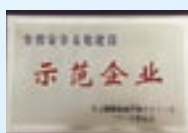


### Certified as a model company for building a "culture of safety"

Hangzhou Yokohama Tire Co., Ltd.

In September, we were recognized by the Zhejiang Production Safety Committee, and were certified as a "Zhejiang model company for building a 'culture of safety.'" This certification recognizes the outstanding companies that promoted proactive safety measures and achieved a satisfactory level of performance. Only 3 companies in Hangzhou City, and a total of 26 companies across Zhejiang Province, received the certification.

Our emission reduction activities to install sewage treatment facilities and deodorization facilities at mixed/vulcanized zone, and environmental conservation activities including the YOKOHAMA Forever Forest project, received accolades from the local government. In October, we were certified as the first environmental education base in the Hangzhou developmental zone.



### Green Day Activities

YOKOHAMA TYRE VIETNAM INC.

Based on the idea that the maintenance of a comfortable working environment is essential in creating a safe working environment, in November 2011 we began suspending factory operations on the first day of every month in order to use that time to clean the factory buildings, work spaces, and equipment. In our morning meetings, we recognize employees who have followed the rules and have worked hard, made contributions to personnel training or process improvement, proactively engaged in demonstration activities, and/or proactively reported near misses.



Awards for outstanding employees



Children also participate in cleaning activities around the factory



Education on proper separation of garbage and recycling



## Yokohama Rubber Environmental policy

Following the principle of dealing fairly with society and valuing harmony with the environment, we shall assert our world-class strengths in technologies for protecting the environment.

1. Yokohama Rubber will globally initiate environmentally-conscious measures in all of its activities, and will make all of its manufactured goods environmentally-friendly products.
2. Yokohama Rubber will deepen communications with stakeholders and will strive to make contributions to local communities and to society as a whole.
3. Yokohama Rubber will strengthen its environmental management system and will continually strive to help improve the environment by using preemptive approaches to mitigate its impacts on the environment, prevent environmental pollution, and reduce sensory nuisances.

4. Yokohama Rubber will comply with all related laws, regulations, and agreements as well as endeavor to continually implement activities that help improve the environment.
5. Yokohama Rubber will strive to prevent global warming, conserve energy and resources as well as promote resource recycling aimed at the fulfillment of a recycling-oriented and low-carbon society.
6. Yokohama Rubber will strive to conserve biological diversity and use organic resources sustainably in its business activities.
7. Yokohama Rubber will promote harmony with local communities as part of its commitment to work with and become a company that is trusted by local communities.
8. Yokohama Rubber shall publish this policy and make it known to all.

## Message from the General Manager, CSR & Environmental Affairs Department

We consider the “realization of a low carbon society,” the “realization of a resource-circulation society,” and “biodiversity conservation” as environmental challenges, and address those issues in parallel with the “homogenization and advancement of environmental management.” To realize a low carbon society, we set middle- and long-term goals for GHG emissions, and began by conducting surveys of emissions across the value chain, including Scope 3, so as to decide how to deal with these issues. In the project to realize a resource-circulation society, we have already reduced the amount of industrial waste and increased the number of zero-emissions production sites. In our activities to conserve biodiversity, the Mie factory held the first debriefing meeting on our biodiversity conservation activities with local NPOs, government officials, and community residents. We also continue our tree-planting initiative. In the homogenization and advancement of environmental management activities, we held the first area environment meeting as a means of initiating global environmental management, and are planning to expand such area meetings across Asia and North America this year. We will seek to enhance our environmental management by promoting these activities.

Mitsuo Sakurai, Associate Director CSR Division, General Manager, CSR & Environmental Affairs Department



## Yokohama Rubber Group GHG emissions in Scope 1, 2, 3

We assessed GHG emissions in Scope 1, 2, 3. In FY 2013, our GHG emissions totaled about 24 million tons, and 97% were Scope 3. Among Scope 3, 83% came from “usage of products.” We will strive to promote the dissemination of eco-friendly products to reduce GHG emissions.



## Biodiversity conservation activities in the Amata area

YOKOHAMA TIRE MANUFACTURING (THAILAND)

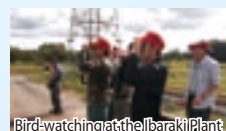
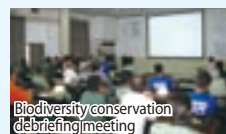
We participate in activities for “living in harmony with the environment.”

In cooperation with local companies, NGOs, and residents, we built a dam to prevent flooding in order to provide security in daily life for the residents of the Kao maikew area. In June 2013, 77 volunteers (486 total participants) participated in the activities, which were held on a holiday, creating a great deal of excitement.



## Biodiversity conservation activity at production sites

Based on the “biodiversity conservation guidelines,” we have initiated biodiversity conservation activities at 7 domestic factories, under the theme of “protection of the water environments around the factories.” Regular water quality surveys of the river we use for water intake and discharge for production, and regular monitoring of aquatic organisms, vegetation, and avian species, are conducted. We utilize the results for our conservation activities. We held the first biodiversity conservation debriefing meeting at the Mie plant (Ise city, Mie) to exchange opinions with our stakeholders.





# Fair Operating Practices

Issue

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## Basic Guidelines of Yokohama Rubber's Procurement

- **Procure optimum raw materials, equipment, and construction.**

In order to provide better products, we will continue to procure optimum raw materials, materials, and construction.

- **Trading with fairness and impartiality**

We will conduct fair and equal trading based on the notion of free competition. Also, we source all our business partners from all over the world through global perspective.

- **Reasonable selection of our partners**

As for the selection of our partners, we will determine them based on economical reasonability under consideration of comprehensive perspectives; their quality, price, stable supply, ability for technology development, and environmental friendliness.

- **Partnership**

We will establish an equal and fair cooperative relationship through healthy trading with our business partners; we will enhance mutual understandings and credibility to achieve growth with one another.

- **Compliance**

During our procurement activities, we will abide by all the related regulations and social standards in addition to not disclosing any confidential information we came to know during trading. Also, we will try not to conduct any misleading behavior by reflecting onto our socially accepted ideas.

- **Harmony with the environment**

We will try to purchase raw materials with a lesser burden to the earth environment.

### Message from the General Manager, Raw Materials Procurement Department

Our Procurement Policy is based on "co-development under fair and equal trading, by establishing a sense of trust, to realize co-existence and co-prosperity." We think that true CSR should expand business relationships with partners who assent to and accommodate our policies in the areas where our production sites are located, and should realize co-prosperity not only with partner companies but also with each locality impacted by our business (with each partner). We aim to source all raw materials locally (with the exception of unique or rare materials), and strive to work on CSR activities together with our local partners. As a part of these approaches, we have held "Partners Workshops" and "CSR/Environment Contributor Recognition" activities. As a result, our local procurement rate reached 75% (up 2% from the previous year) in FY 2013. To further ensure stable local procurement, we have developed human resource by rotating duties among entry- to mid level employees, including overseas assignments. We have held Global meetings with procurement staff to ensure legal compliance and fair and equitable business practices. We have organized our global procurement system by establishing procurement sites all over the world and will promote local production for local consumption together with the education of local staff members.

As a part of our CSR procurement practices in consideration of human rights and the environment, we do not intentionally use any minerals (conflict minerals: tantalum, tin, gold, tungsten) from the disputed region of the Congo. We ask our partners to investigate and confirm that no conflict minerals have been used.

Osamu Fukutani, General Manager, Raw Materials Procurement Department, Global Procurement Division



### Partners workshops and recognition

At all of our business offices, we held partner workshops on the topics of "human rights (harassment)" and "information control and security." We aim to improve each other's CSR level by learning about recent example cases and discussing the risks and solutions to those cases together with our partners. In FY 2013 we also started a CSR/environmental activities recognition program, and recognized 3 partners who made significant accomplishments in the first year.



CSR/environmental activities recognition, workshop at the Onomichi Plant



Workshop at the Onomichi Plant



### Global procurement staff meeting

We have held domestic material procurement meetings every other month with staff members from all of the domestic business plants, and global procurement staff meetings twice a year for overseas procurement staff, in order to study cases regarding to the code of conduct for procurement. 15 material procurement staff members from different countries including the Philippines, Thailand, Vietnam, Singapore, China, and Russia, participated in the most recent global procurement meeting to learn about the Subcontract Act and a case of compliance violation.

In 2014, we will hold the second global meeting for overseas procurement staff on topics such as "partner self-assessment" and amendments to the global standards for procurement.







## Quality Policy

We contribute to society by planning, designing, producing, and selling attractive products for the satisfaction of our customers while maintaining a quality assurance system in all of our processes, including service. To this end, we will conduct systematic activities to ensure that all the basic steps in our quality assurance activities function properly.

### Message from the Head of the Tire Quality Assurance Division

As a contributing member of the global community, quality control is an essential element of our pledge to give first priority to customer satisfaction and to build a trusted reputation in society. According to our corporate philosophy, it is our responsibility to establish a stronger, more functional quality control and service system. We will promote quality control at our ever-expanding overseas production and sales sites, which we will continue to expand and enhance even further.

In FY 2013, we voluntarily recalled our tires for lightweight trucks in the US in order to appropriately address quality control issues. For further quality improvement, we have identified some key performance indicators (KPI) to measure our progress, and among them are “number of employees who newly-completed quality training at factories,” “number of newly-qualified service engineers,” and “total number of ISO/TS16949 qualified internal quality auditors.” We have implemented training programs for service engineers who can serve from the customers’ point of view, workshops at our sales bases, and have been upgrading our education materials and programs in a systematic manner, as shown below.

Atsunori Agari, Head of the Tire Quality Assurance Division



### Training for service engineers

Our Tire Service Training Center in Thailand was established in October 2011, and since that time has been conducting training programs for service engineers, to enable them to provide more practical service from the customer’s perspective. Participants are able to deepen their understanding of basic knowledge and learn the latest information about the production of tires, while also experiencing various issues in an actual car on test drive courses so as to learn how to improve those issues.



### Company-wide debriefing session for the prevention of recurring quality issues

We held a company-wide debriefing session, which included relevant overseas divisions, on the prevention of recurring quality issues, overseen by Global Quality Assurance (company-wide quality and technology service).

We will continue to develop our global activities to improve customer satisfaction by sharing quality information.



### Complaint handling and training for agencies

YOKOHAMA EUROPE GmbH (YEU) Technical Service

We have opened an online contact window on the YEU website to accept queries and claims about our products, including tires. We also have a division to handle quality-related claims from European agencies, which manages, aggregates, and analyzes all of the complaints. Also, aiming to provide the best products and to prevent troubles by providing appropriate advice to our customers, we proactively provide training programs at various levels, from basic training for sales representatives to advanced training for technical staff in Europe.



### Lectures at sales bases and enhancement of the global quality assurance system

In our Multiple Business Group, we hold lectures on product knowledge and handling by experienced engineers who have been appointed in a sales company or sales base. They work to enhance communication for human resource development and to develop activities for prompt customer service. We held 34 such lectures in FY 2013.

We have determined a quality assurance rule to clarify responsibilities and authority, from product planning to the after-sales quality assurance system, at factories in North America, Europe, China, Taiwan, and Thailand. In order to realize universal quality, the rule has been utilized as an educational tool for quality assurance for both appointed and local staff.







# Community Involvement and Development

Issue

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## Stakeholder policy

With referred to such materials as the 10 principles from the UN Global Compact, the GRI Guidelines, ISO26000, and Nippon Keidanren's Charter of Corporate Code, we appointed our stakeholders as listed below.

### • Customers

We will enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technologies; this basic philosophy is our declaration to put our customers first. We seek to develop a corporate culture where the customer's interests are the top priority.

### • Employees

We believe that being considerate to the rights and safety of the workers and providing an environment to maximize their potential are the greatest driving forces for a corporation with sustainable growth. This is clearly stated in our management policies that reads, "create a workplace that values, improves, and energizes people".

### • Business Partners

We are expanding our businesses by working together with a variety of suppliers and partners who provide us raw materials, parts, equipment, etc. By practicing fair and free trade with business partners, we will continue to build relationships of mutual sustinment and being beneficial to each other.

### • Shareholders and Investors

By taking on any challenges to develop innovative technologies to generate new value, we will realize our sustainable growth and return of reasonable profits. Also, we will be happy to provide any information in an appropriate manner to meet the expectations of all of our stakeholders and investors.

### • Local Society

As a globally active business member, we relate to local communities in a number of domains – the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas business locations.

## Message from the General Manager, CSR and Environmental Affairs Department

We are expected to identify and deal with our challenges through communication with our stakeholders in order to balance our social responsibilities and business, and to create sustainable values as a global company. To meet these expectations, we will continue to work with local communities while establishing cooperative relationships with the local communities where we have business and with our stakeholders. We have been working to make social contributions through our core businesses including not only reconstruction support from disasters but also donations for local communities, educational support, enhancement of communication with local communities, utilization of plant tour opportunities, and promotion of planting and biodiversity conservation activities. We are striving to become a company with well-established trust from the local communities through these activities.

Mitsuo Sakurai, General Manager, CSR & Environmental Affairs Department Corporate Social Responsibility Division



### Otsuchi Town Planting event

Tohoku Sales and Marketing Division, Yokohama Tire Japan

Tohoku Sales and Marketing Division, which was certified as an environmentally-responsible business in Sendai in 2008, has been conducting business and supporting activities with a strong awareness of the "importance of resources" resulting from the experience that the majority of their employees were affected by the Great East Japan Earthquake in March 2011, and that it was difficult for them to obtain daily necessities including gasoline.

We were impressed by the passion toward the reconstruction of Otsuchi town, a devastated town on the Pacific coast, and many of our staff participated in the "Heisei no mori\*" planting event organized by Yokohama Rubber. In 2012, 33 staff members participated, and 55 staff members participated in 2013. 42 staff members joined the third event, held on April 19, 2014. The planting in Otsuchi town uses an eco-friendly method of planting seedlings on a bank made with recycled earthquake debris. We will continue to have an active involvement in such volunteer activities.

\*Heisei: the Japanese name of the Current era, Mori: Forest



### Provision of relief supplies and volunteer activities in flood damaged area

YOKOHAMA TYRE VIETNAM INC.

As a result of the October 2013 Typhoon Nari, a devastating flood occurred in Central Vietnam in November. We provided relief supplies including rice, oil, and sugar to flood victims, and cleaned affected towns in the area. 11 volunteer staff members brought aid to more than 180 households and delivered the supplies to their homes.

