The company was incorporated in January 2006 as a joint venture between Shandong Rubber Co., Ltd. and Yokohama Rubber (China) Co., Ltd. in Linquan County, three hours by car from Qingdao City, almost at the center of Shandong Province, China. It is a production and sales company of conveyor belts. For the environment, although interest in environmental measures has been increasing in China year by year, we cannot deny that environmental measures have not caught up with development of the economy and industry, for example, as shown by air pollution observed in every part of China. Under such circumstances in the Chinese market, the company, as a leading contributor to the environment, first carried out air pollution measures for reducing environmental impact in addition to an upgrade to high efficiency boilers, by introduction of discharged smoke desulfurization equipment. For products, we make efforts to sell environmentally friendly belts in the Chinese market such as pipe conveyors and eco-belts. As a result of such activities, the company is positioned as the most advanced, cleanest and highest quality Japanese joint venture in the belt industry and became a company that has becomes a focus of attention, to which government officials often visit. In FY2011, we carried out the 1st planting in August to promote the “YOKOHAMA Forever Forest” project. For safety, as a result of vigorous promotion of an accident elimination campaign through activities of a small group by workplace, we could completely eliminate the occurrence of accidents. We will further strive to become a top-level company contributing to the environment and local communities.

Environmental data

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste emissions (t)</td>
<td>681</td>
<td>639</td>
<td>777</td>
<td>129</td>
</tr>
<tr>
<td>Proportion sent to landfill (%)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Energy use (oil equivalent: kL)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric power</td>
<td>895</td>
<td>1,188</td>
<td>1,433</td>
<td>1,495</td>
</tr>
<tr>
<td>Fuel</td>
<td>34</td>
<td>3,235</td>
<td>4,388</td>
<td>3,819</td>
</tr>
<tr>
<td>Total</td>
<td>929</td>
<td>4,423</td>
<td>5,821</td>
<td>5,309</td>
</tr>
<tr>
<td>Greenhouse gas emissions (1,000t-CO2)</td>
<td>2.1</td>
<td>13.9</td>
<td>18.5</td>
<td>16.6</td>
</tr>
</tbody>
</table>

* FY: January to December

Report on the status of management of chemical substances (Response to the PRTR law)

In FY2011, we achieved zero serious environmental accident and zero environmental near-accident.
Safe and Healthy Workplace Environment

Occupational safety and health
(Engaged safety and health policy and safety and health)

Safety and Health Policy in FY2011

1. Basic Philosophy
   Safety has top priority (Safety First).

2. Objective
   Complete zero accidents (zero injuries)

3. Focused Measures
   (1) Buildup of Occupational Safety and Health Management System
   (2) Safety awareness
   (3) Improving the workplace environment
   (4) Mental and physical health
   (5) Traffic safety

4. Basic Actions
   A. 25 (Sorting: Seiri and Setting-in-Order: Seiton) is the basis of safety.
   B. Utilization of risk assessment
   C. Compliance with the basic rules of the workplace
   D. Preclusion of danger by “Hiyari Hatto Activity”
   E. Actions based on 3 real principles (real site, real thing and real situations)

We hold a Safety and Health Meeting every month and carry out reports of accident cases in other plants, plant patrols and environmental reports, etc. We launched a total of 40 teams of safety sub-committees from November 2011 and each sub-committee picks out a near accident (Hiyari Hatto) and unsafe work situations every week and through development of countermeasures, safety awareness of each employee has significantly increased.

Education and training for employees

We held the 2nd YRSC Company-Wide Safety and Disaster Control Meeting on November 2, 2011. Twenty teams of safety sub-committees presented their daily safety activities. In order to carry out initial fire extinguishment in case of fire, we conducted education on operation of movable fire extinguishing pumps on March 15, 2012.

Responses in case of disaster

As Shandong Province in general is said to have no occurrence of earthquakes or floods, we have no particular earthquake countermeasures.

For disasters, we may generally think of responses in case of lightning and fire, and for lightning, we conduct every year a function check of conductor rods installed at several places of the plant building. For fire, we made a full review of the emergency disaster response manual, equipment with movable fire extinguishing pumps and added more fire hydrants. We are planning company-wide fire drills now.

Communication with customers

Our products are all manufactured based on custom orders and we can grasp up to the final user of the products, so we respond individually.

Response to complaints

For complaints about the environment and quality, countermeasures are developed by the Environmental Meeting and Quality Meeting respectively and carried out.

Human Rights and Labor Practices

Respect for human right

We naturally do not use child labor or forced labor and for acts in violation of laws (compliance violation), information exchange is closely made with the General Affairs Section Manager for particular attention.

Promotion of gender equality

We have no cases of discrimination between men and women in treatment, etc.

Credibility with our Business Partners

Corruption prevention

We have a policy of regular rotation of duties mainly in the purchase and sales departments and most recently, as of June 1, 2011, we significantly changed duties. We prevent unjust acts at the time of placing orders by competitive quotes, installation of an order placement gatekeeper (mechanism in which orders cannot be placed without confirmation (signature) from another department (accounting section, executive), etc.

Stakeholder Communication

Major opinions and complaints we previously received and the response details

We received no particular comments or complaints in FY2011.

Factory tour and workshop

If customers visit the company, we plan a plant visit and carry out as needed.

YOKOHAMA Forever Forest project

We held the 1st the YRSC Planting Festival on August 20, 2011 and 390 persons participated, including employees and their families and persons from local municipalities and 2,280 trees were planted (about 1,800 trees were provided by the plant). We are planning the 2nd Planting Festival in FY2012.