Yokohama Rubber (China) Co., Ltd. CSR Report

Business activities: Business administration of 6 tires and MB product production companies and 9 sales companies and branches.
Management of investment in Chinese projects

Number of employees: 54 (As of December 2012, Y-CH employees: 33, YCTC employees: 21)

Location: 10th Floor, Gubei International Fortune Center, 1452 Hongqiao Road, Changning District, Shanghai, China

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President's Message

Yokohama Rubber (China) Co., Ltd. was incorporated with a 100% investment by Yokohama Rubber Co., Ltd. in November 2005. The Company carries out business administration for a total of 9 companies, including 6 production companies and 2 sales companies and manages project investments, etc. in China. The Company has invested more than RMB 400 million in China and will subsequently expand business in China. Yokohama Rubber (China) Co., Ltd. and its affiliated subsidiaries carry out various environmental protection activities in China based on the concept of “becoming a company having world-class technologies for environmental protection” one of the basic policies of its “Grand Design 100 (GD100),” the Medium-Term Management Plan. From 2008 to 2012, Yokohama Rubber (China) Co., Ltd. held several planting festivals, “Forever Forest” at each production subsidiary in Hangzhou, Suzhou and Shandong in China and we have planted 38,000 trees as of 2012. Also, in order to reduce waste discharge in the process of production, each company promotes “zero emissions” and in particular, the Hangzhou Yokohama Tire Co., LTD. has introduced a solar power generation system. All production companies have achieved “zero emissions” as of the end of 2011.

In addition, from 2011, the Company started cooperation in the “Sustainable Development and Environmental Protection Project for Lijiang Laojun Mountain Heyan Village” and through activities to support economic autonomy of ethnic minorities under the theme of environmental protection, we cooperate in sustainable economic development of inhabitants while balancing the protection of the local natural ecology with regional economic development. Through these activities, forests of over 30 million m² have been protected. In 2013, we will donate to the region agricultural products processing equipment to facilitate development of ecological industry in the region.

Yokohama Rubber (China) Co., Ltd. will continue not only to support protection of a green public environment, but also promote corporate activities, from development and production of products to operations engaged by each employee, considering the philosophy of environmental protection. We will continue to make efforts to “become a company that truly offers world-class technologies for environmental protection” which is trusted by society.

Advancement of Environmentally Friendly Management

Sustainable Development and Environmental Protection Project for Lijiang Laojun Mountain Heyan Village

Origin and Results of the Project
Sustainable development and environmental protection project for Lijiang Laojun Mountain Heyan Village (hereinafter referred to as “Laojun Mountain Environmental Protection Project”) is a natural ecosystem protection project, which was started in 2010 by Beijing SanSheng Environment and the Development Research Institute. Unlike old environmental protection projects sacrificing the “interests of the people,” which have been frequently advocated, the concept of the project proposed by SanSheng was to realize sustainable development of the village, while balancing environmental protection with economic development by successfully resolving conflicts between the environmental protection and villagers living in the village. Accordingly, villagers living in the village autonomously protect the environment in the region and also gain profits.

Yokohama Rubber (China) Co., Ltd., always focuses on environmental protection activities called “green public interest” endorses the concept of environmental protection projects and started cooperation in the Laojun Mountain Natural Ecosystem Environmental Protection Project.

1. “Village Bank”
In order to facilitate economic activities of local inhabitants, companies have supplied support funds and established a “Village Bank” in Heyuan Village in 2011. “Village Bank” loans funds interest free for 1 year to villagers who promise to actively cooperate in the protection of the ecosystem. Villagers carry out economic activities with loaned funds and stop activities that destroy the environment. However, if a villager has committed a destructive against the environment in breach of promise, the villager will be disqualified from the loan. By this system, economic development and environmental protection will be able to constrain each other. Establishment of the “Village Bank” facilitates the establishment of “nature protection area by villagers” and Heyuan Village has already established twelve “villager nature protection areas” and effectively protected forest space extending to 30,246,681m².
Advancement of Environmentally Friendly Management

2. Natural Ecosystem Industry Cooperative
In order to effectively use natural resources which are abundant in the region, including medicinal herbs, wild fungi and wild bees, in late May of 2011, Laojun Mountain Heyuan Natural Ecosystem Industry Cooperation was established and training in the growth of agricultural products and a study tour on growth technologies in other areas have been held several times.

3. “Ecosystem Study Support (Education Support)”
In July 2012, Yokohama Rubber (China) Co., Ltd. started the "Yokohama Ecosystem Study Support Plan (education support). After the source of income was changed to economic crops from cutting down of forest trees, the period for growing economic crops is long and several cases of illegal cutting of trees occurred because some families could not pay educational expenses for children. In order to prevent illegal cutting of trees and promote environmental sustainability, we selected households which actively cooperate in environmental protection, and Yokohama Rubber (China) Co., Ltd. started to support 15 households for the initial period.

Support Plan of Agricultural Products Processing Industry
In 2013, we started two new natural ecosystem industry projects. In order to support new projects this year, Yokohama Rubber (China) Co., Ltd. has been planning the “Agricultural Products Processing Industry Cooperation Project.” In order to facilitate economic development activities in the region, Yokohama Rubber will donate processing equipment for agricultural products. From August 2011, we recruited volunteers to strengthen development of working people through projects.

Stakeholder Communication

“Forever Forest” Project
Yokohama Rubber (China) Co., Ltd. held the 1st planting festival in October 2012 and over 200 people, including employees, their families and officials of the regional environmental protection bureau participated and planted 5,000 trees in the Plant. In order to build up “forever forest,” with which people and nature and the Plant and the region live together by raising awareness of environmental protection of the regional environment, we will continue the “Forever Forest” Project in China in 2013.

Corporate Governance and Compliance

Compliance Education
1. <<Instructions on Contract Execution Model>> Training
   Conducting Date: August 2011
   Place: The Company
   Participating employees: Employees of each department of Y-CH and CTSY Planning Department, Logistics Department and Sales Department, etc.
   Training Content: Model of content of execution of contract and prevention of related risks

2. Compliance Training
   Conducting Date: July 2013
   Place: The Company
   Participating employees: Employees above CTSY assistant manager of promotion section
   Training Content: Review of laws and regulations related to business (e.g., unfair competition, prevention of commercial bribery and embezzlement, etc.)