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An introduction to the Yokohama Rubber Group and our concepts and systems for promoting CSR.

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Company Overview / CSR Management

Yokohama Rubber Group at a Glance

Yokohama Rubber Group at a Glance (as of December 31, 2011)

Company Name	The Yokohama Rubber Co., Ltd.	Number of Employees	19,272 (consolidated)
Establishment	October 13, 1917	Number of Shareholders	15,171
Paid-in Capital	JPY 38,909 million	Number of Shares Issued and Outstanding	342,598,162
Net Sales	JPY 465,133 million (consolidated)	Number of Consolidated Subsidiaries	120
Fiscal Year End	December 31 *	Number of Affiliates Accounted for by the Equity Method	2
Chairman and CEO and Representative Director	Tadanobu Nagumo	Stock Exchange Listings	Tokyo, Osaka, and Nagoya
President and Representative Director	Hikomitsu Noji	Our Worldwide Locations	Japan, the USA, Canada, Australia, Germany, the Philippines, Vietnam, China, Thailand, Russia, etc.
Head Office	36-11 Shimbashi 5-chome, Minato-ku, Tokyo, Japan 105-8685	Website	http://www.yrc.co.jp/english/

*In order to be consistent with our overseas subsidiaries for consolidated accounting, we decided to shift our financial closing date from March 31 to December 31 as of the fiscal year of 2011.

■ Net Sales and Net Income (consolidated)

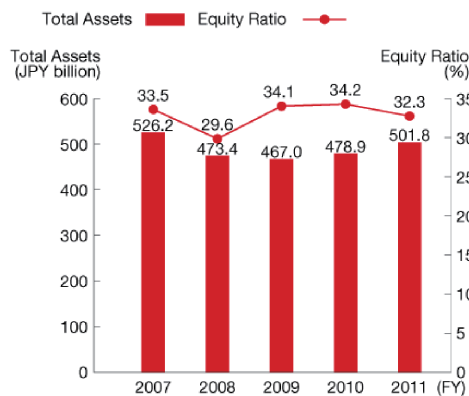
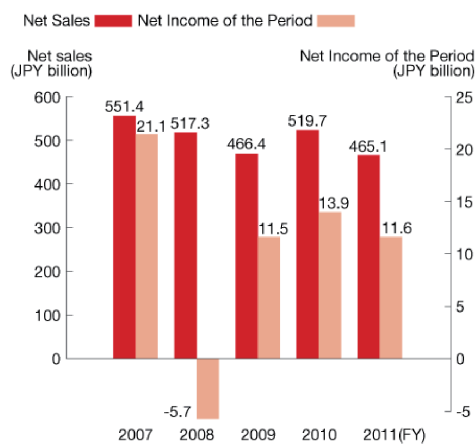
■ Total Assets and Equity Ratio (consolidated)

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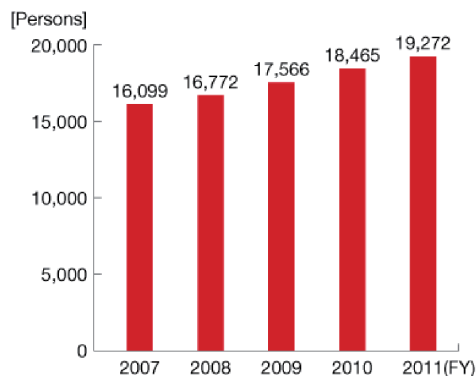
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■ Number of Employees (consolidated)



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Economic Dividends to our Stakeholders

Stakeholders	Dividends Amount (unit: JPY million)		Calculation Method
	FY2011	FY2010	
Partners	240,632	272,486	Cost of Sales + Sales Admin Fee (excluding labor costs)
Employees	36,729	48,028	Cost of Sales + Sales Admin Costs (labor costs)
Shareholders	3,014	3,347	Payment of dividends
Creditors	1,887	2,315	Interest expense
Government	2,806	3,996	Corporate income tax, etc.
Society	36	83	Donation (entertainment) and others <research labs for high schools and universities>
Internal	8,604	10,576	Net income less dividend payments

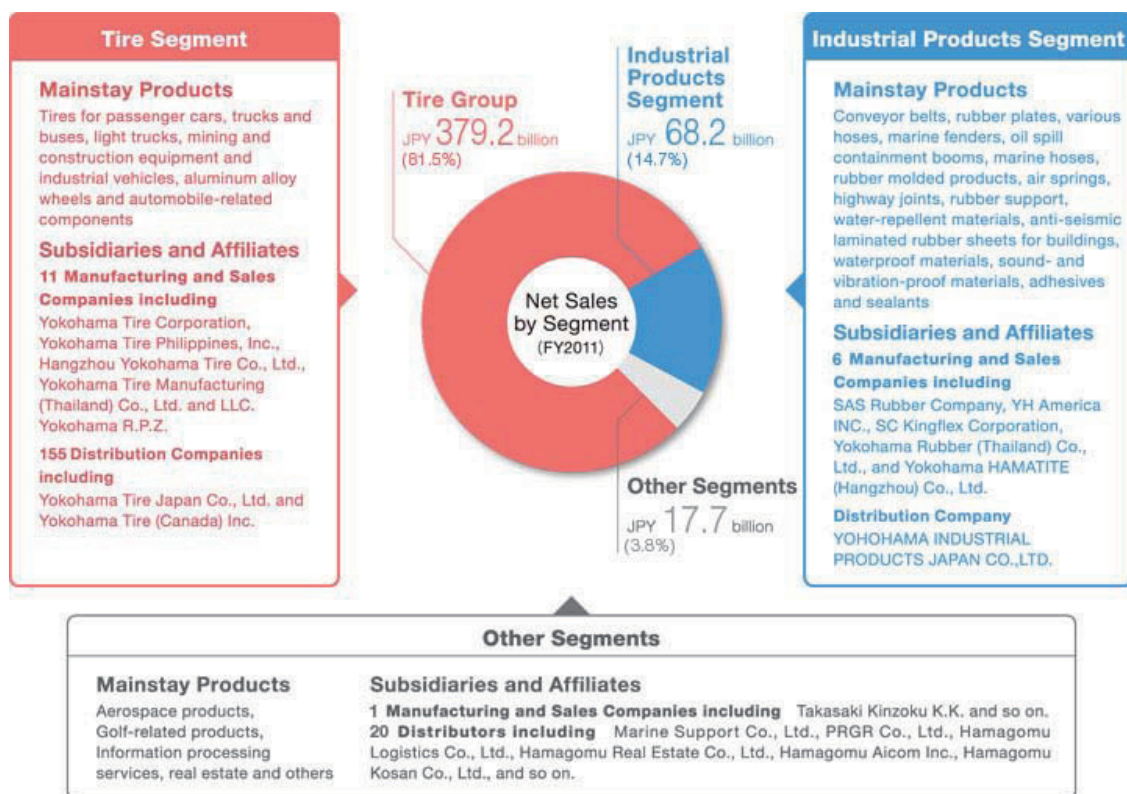
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Financial Support Received from Government

The total amount of the financial support for tax or subsidiary from national or municipal government in the fiscal year of 2011 was JPY 21 million from corporate tax relief due to donation expenses due to extraordinary amortization of assets under the regulations for peninsula development.

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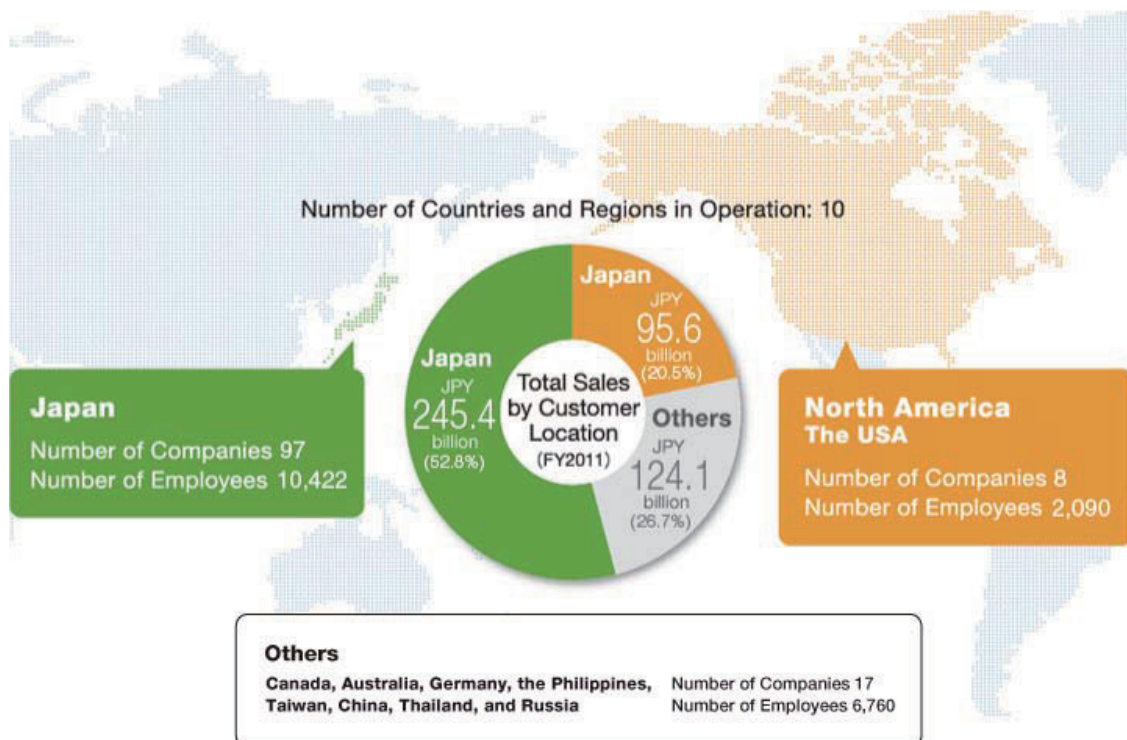
Mainstay Products and Group Companies by Segment



In the past we used to separate "Tires" and "MB" for segment classifications, however, effective from this term, we have revised this as it is required to use the same classifications with our internal performance evaluation unit in accordance with our accounting procedures.

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Breakdown of Operations by Region Number of Companies: Consolidated Subsidiaries and Affiliates
Accounted for by the Equity Method Number of Employees: Yokohama Rubber Co. and Consolidated Subsidiaries



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Corporate Philosophy and Yokohama Rubber Group's Approach to CSR

Corporate Philosophy and Yokohama Rubber Group's Approach to CSR

Corporate and CSR Philosophies Yokohama Rubber established its corporate philosophy in 1990. It consists of the Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities. The Management Policies outline basic administrative principles for upper-level management to commitment themselves to. The Action Guidelines are the code of conduct for each employee to comply with.

In 2006, we drew up a medium-term management plan, the Grand Design 100 (GD100), and set a clear target of becoming a global company with one trillion yen in net sales by FY2017. Also, since our Basic Philosophy has been compiled based on the strong awareness of the expectations and needs arising from the international community, the plan places a strong emphasis on CSR by adopting these two basic points; to assert world-class strengths in technologies for protecting the environment, and fostering a customer-oriented corporate culture as our first priority by respecting higher standards of corporate ethics. In 2008, we reformed our corporate structure by establishing the CSR Division, followed by announcing our vision of CSR management both internally and externally. Our vision, to build a trusted identity as a contributing member of the global community, incorporates our desire to change the letter "R" in CSR to "Reliability", instead of the original "Responsibility." By doing so, we are hoping to make the concept more accessible and practical in our daily operations.

Incidentally, Yokohama Rubber still maintains the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration of our Yokohama Plant (located in Tsurumi-ku, Yokohama-shi) in 1929 as our Founding Spirit. This tale comprises the balancing of both sociality and economic efficiency; it still greatly relates to today's notion of CSR management.

The Founding Spirit

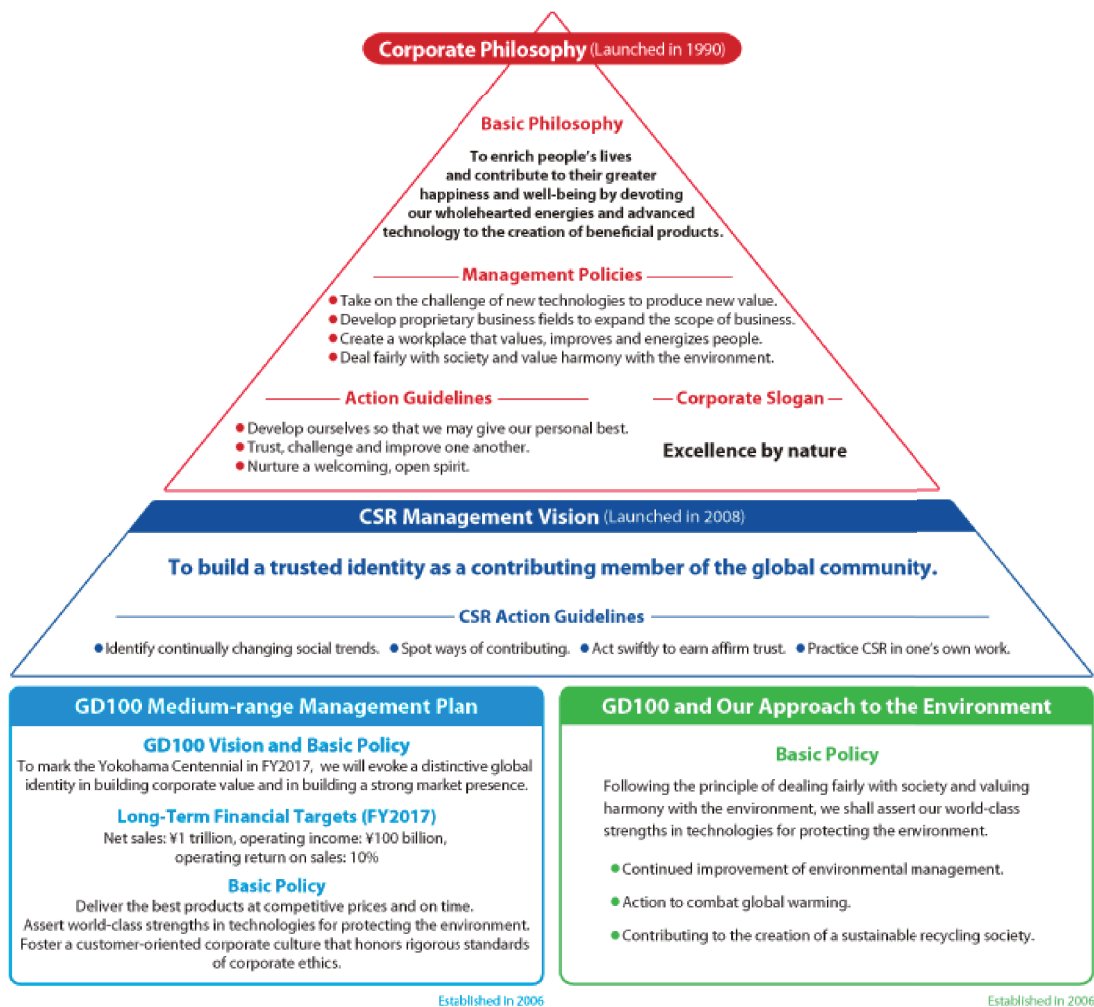
1. Production is a social service. Its purpose is to make people's lives more convenient and enjoyable. Its aim should be to offer good, useful products at moderate prices.
2. There must be a basic commitment to delivering quality products unrivaled by those of competitors.
3. Management should adhere to the principles of fairness and consideration. The mission of a fair, honest management is to ensure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers – to act, in other words, rationally.
4. A company should have as few employees as possible and make the best use of the productivity of machines. This is the great secret for improving efficiency.
5. The success or failure of a business depends on how much one is willing to study, and with how much determination, to mutually improve and grow. Accordingly, one must make a great effort.

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Mid-Term Management Plan - Grand Design 100 (GD100)

Since the fiscal year of 2006, Yokohama Rubber has launched an initiative called Grand Design 100 (GD100), part of its Mid-Term Management Plan. The purpose of GD100 is to become "a Global Company with a unique presence in terms of both corporate value and market position" by 2017, the 100th anniversary of the company, by targeting JPY 1 trillion in net sales, JPY 100 billion in operating income, and an operating margin of 10%. In order to ensure steady growth, we have divided the next 12 years until the fiscal year of 2017 into four phases, defining themes, business strategies, and financial targets for each. We completed Phase I at the end of the fiscal year of 2008; and currently we are in Phase II, which ends in the fiscal year of 2011.

■ Establishment of High-Quality Corporate Groundwork in Phase II

Upon completion of Phase I, we started anew with Phase II from April, 2009. In Phase II, over the three years from the fiscal year of 2009 under the theme of "High-Quality Growth", we aim to establish a high-quality corporate groundwork so that we can still maintain sustained growth, despite the uncertain business outlook.

The Fiscal year of 2011 is shortened to nine months due to the change of the fiscal year reporting period, but even so, we aim to achieve JPY 471 billion in net sales, JPY 21 billion in operating income, and a operating margin of 4.5%.

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Environmental GD100

We are promoting CSR and environmental management by integrating environmental aspects and social aspects into GD100.

■ GD100 Basic Policy on the Environment

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.

- Continued improvement of environmental management.
- Action to combat global warming.
- Contributing to the creation of a sustainable recycling society.

■ GD100 guidelines for action on the environment

For the sake of future generations and this irreplaceable planet, we shall act to protect the environment.

Practice of global environmental management

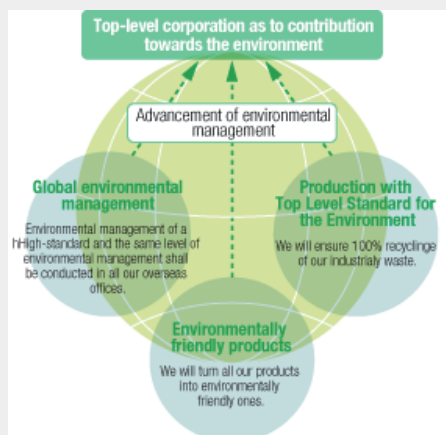
We will contribute to society using an approach to manufacturing that focuses on environmental management of the same high standard at all our overseas sites

We will take action to minimize the environmental impact in all products

We will take action to protect the environment as a duty to society by practicing top-level environmentally conscious production

All industrial waste will be recycled.

Improvement of communication with society and local communities



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Our Stakeholders

Following the establishment of our CSR Division in 2008, we have organized the social responsibility issues we need to address in our day-to-day and future activities, and also we have appointed our stakeholders as listed below. During our selection process, we consulted the GRI Guidelines, ISO26000, and Nippon Keidanren's Charter of Corporate Behavior, and other descriptions thereto.

■ 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 and Suppliers

We are expanding our businesses by working together with a variety of suppliers and partners who procure 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 Communities

As a globally active business, we relate to local communities in a number of domains – the natural environment,

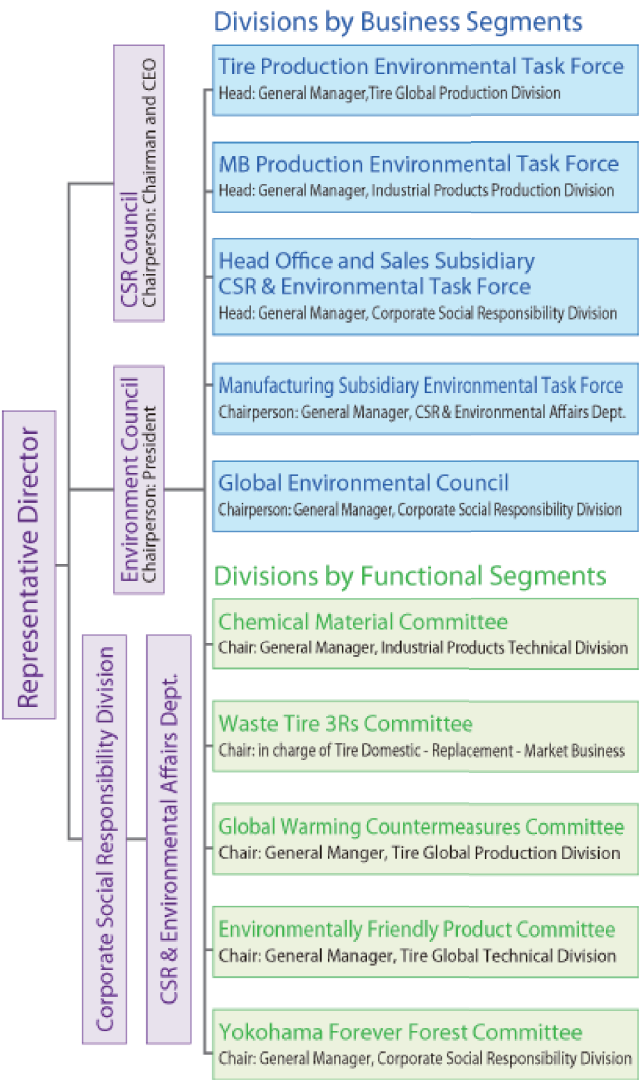
law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

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CSR and Environmental Promotion Framework

Twice a year, we hold a CSR Council where our company Chairman and CEO serves as a chairperson, and an Environmental Council where our company President serves as a chairperson. These councils are part of an organizational framework that was set up to discuss and develop plans for addressing the social responsibility issues currently Yokohama Rubber Group is facing, with the ultimate goal to build a trusted identity as a contributing member of the global community. We have three task forces, five committees, and two sub-councils who promote environmental activities as sub-bodies within the Environmental Council. Every year the CSR Council and Environmental Council evaluate the performance of CSR activities carried out by the Group in accordance with the Seven Pillars of Critical Issues and develop plans for improvement in the subsequent fiscal year.

To pursue our effort on practicing consistent and high-level environmental management in all our operations worldwide, we also annually hold a Global Environment Council, which is a gathering by managers from all of our overseas production operations. The council for FY2011 was held on December 15 to engage in discussions focusing on environmental policies and initiatives at the overseas production operations and core distribution subsidiaries. In FY2012, the Council will push forward such efforts to promote CSR activities and put into practice consistent and high-level environmental management.




(As of March 29, 2012)

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CSR and Environmental Mid- to Long-Term Action Plans

Yokohama Rubber has defined seven critical issues to address based on the core subjects of ISO26000. For each subject, we will manage our PDCA cycle by defining each goal for the mid- and long-term as well as each single year.

Click here to see our CSR and Environmental Mid- and Long-Term action plans 
(Released January, 2013)

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Our Products

Next Generation Products Offered by the Yokohama Rubber Group

Yokohama Rubber offers an extensive lineup of products that span from its core tire products to multi-business products that play an important role in society and the lives of people.

The following section introduces a selection of our next generation products that will help us to build a trusted identity as a contributing member of the global community.

■ BlueEarth-1 AAA spec - Highest AAA rating for reduced rolling resistance

A new flagship tire with the highest fuel efficient grade rating

BlueEarth-1 is a fuel efficient tire that has been given the highest AAA rating for rolling resistance, which serves as an indicator for the environmental performance of a tire. This tire features Yokohama Rubber's proprietary nano-blend rubber featuring a golden ratio of differing performances, AIRTEX, which prevents air leaks, a dimpled wall design that reduces air resistance, and a silent ring that reduces road noise when driving. These features ensure the tire is both people and society friendly, a goal Yokohama Rubber aspires to achieve.



Winner of environmental award in France

In February 2012, Yokohama Rubber was announced as the winner of the environmental category for the Pneu Expo Innovations Trophy at the PNEU EXPO, an exclusive trade show for tire companies held in France. Yokohama Rubber was presented with this honor because BlueEarth-1 was recognized for its excellent fuel economy performance and its ability to reduce impacts on people and society, while the company was recognized for its long-standing development of fuel efficient tires.

■ Medi-Air Sky - A cushion helping to make wheelchair users more comfortable

The Medi-Air series is a wheelchair cushion lineup that was the first in the world to use a built-in bottoming out detective sensor. Conventional model, Medi-Air 1, was designed to automatically adjust air volume to distribute the air pressure and partially release pressure on the posterior after detecting the bottoming out. In contrast, Medi-Air Sky offers users the chance to manually adjust air volume by using a manual pump. Medi-Air Sky was mainly developed to help manual wheelchair users to more easily and freely enjoy outings.



■ World's First! Pneumatic fender monitoring system and cargo

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handling support system

Fenders are used between vessels for cargo transportation (Ship to Ship operation) and as a cushioning material when a vessel berths at a pier (Ship to Terminal operation). Yokohama Rubber has utilized its pneumatic fender design technologies and vessel movement analysis technologies to develop two different monitoring systems.

These two systems, both world firsts, are able to prevent damage to vessels, piers and cargo handling equipment, which in turn helps to prevent serious maritime accidents such as oil spills.

Please see page 10 to learn more about pneumatic fenders.



**Pneumatic fenders deployed
between two vessels**

○ Integrated pneumatic fender monitoring system

The first of these two systems is the fender monitoring system, which comprehensively monitors the status of pneumatic fenders. This system collects data on the internal air pressure of pneumatic fenders wirelessly, making it possible to monitor internal air pressure from a remote location.

○ Support system for cargo handling at sea

The second of these systems is the dual vessel operation and mooring monitoring system, which uses pneumatic fender design technologies and vessel movement analysis technologies. This system simultaneously monitors the status of pneumatic fenders used as a cushioning material between two vessels and the status of vessel operations when two oil tankers are moored together to transfer crude oil or LNG offshore.

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