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

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Yokohama Rubber Group at a Glance

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Yokohama Rubber Group at a Glance

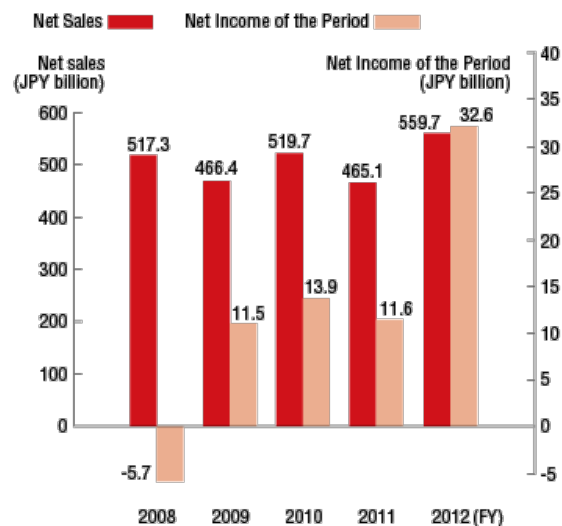
Corporate Philosophy and Yokohama Rubber Group's Approach to CSR

Yokohama Rubber Group at a Glance (as of December 31, 2012)

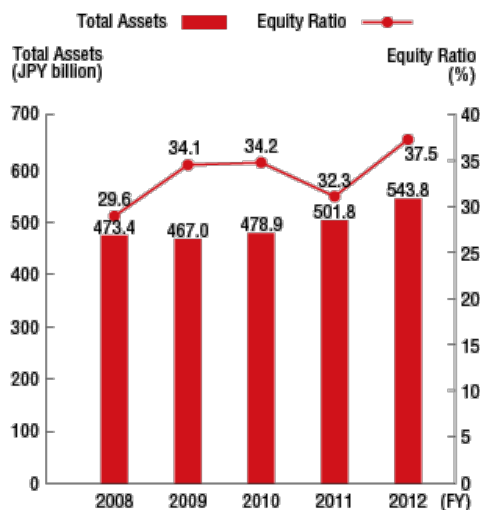
Company Name	The Yokohama Rubber Co., Ltd.	Number of Employees	19,412 (consolidated)
Establishment	October 13, 1917	Number of Shareholders	14,706
Paid-in Capital	JPY 38,909 million	Number of Shares Issued and Outstanding	342,598,162
Net Sales	JPY 559,700 million (consolidated)	Number of Consolidated Subsidiaries	114
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.

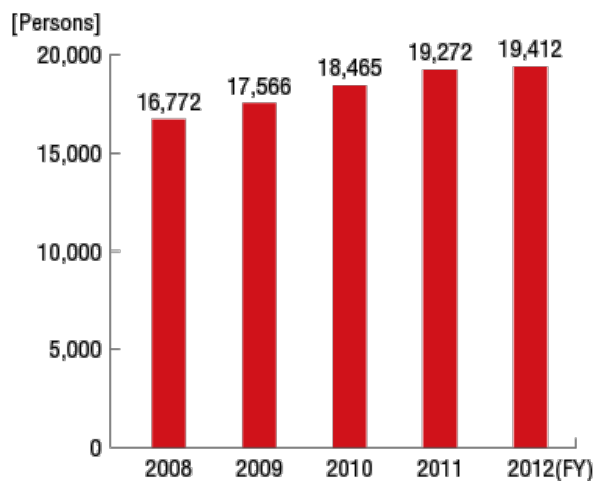
■ Net Sales and Net Income (consolidated)



■ Total Assets and Equity Ratio (consolidated)



■ Number of Employees (consolidated)



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Economic Dividends to our Stakeholders

Stakeholders	Dividends Amount (unit: JPY million)		Calculation Method
	FY2012	FY2011	
Partners	275,246	240,632	Cost of Sales + Sales Admin Fee (excluding labor costs)
Employees	48,706	36,729	Cost of Sales + Sales Admin Costs (labor costs)
Shareholders	4,021	3,014	Payment of dividends
Creditors	2,518	1,887	Interest expense
Government	9,175	2,806	Corporate income tax, etc.
Society	29	36	Donation (entertainment) and others
Internal	28,590	8,604	Net income less dividend payments

The table above shows the non-consolidated data of Yokohama Rubber.

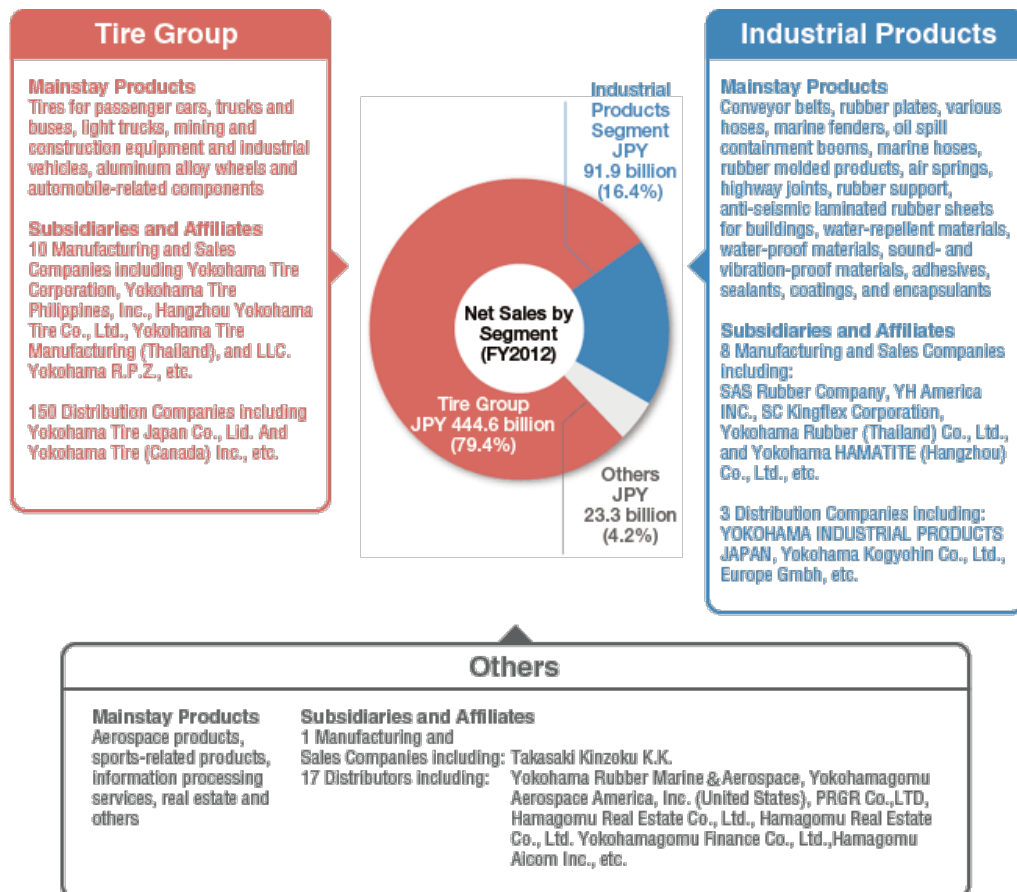
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Financial Support Received from Government

The total amount of the financial support for tax or subsidiary from national or municipal government in the fiscal year of 2012 was JPY 0.6 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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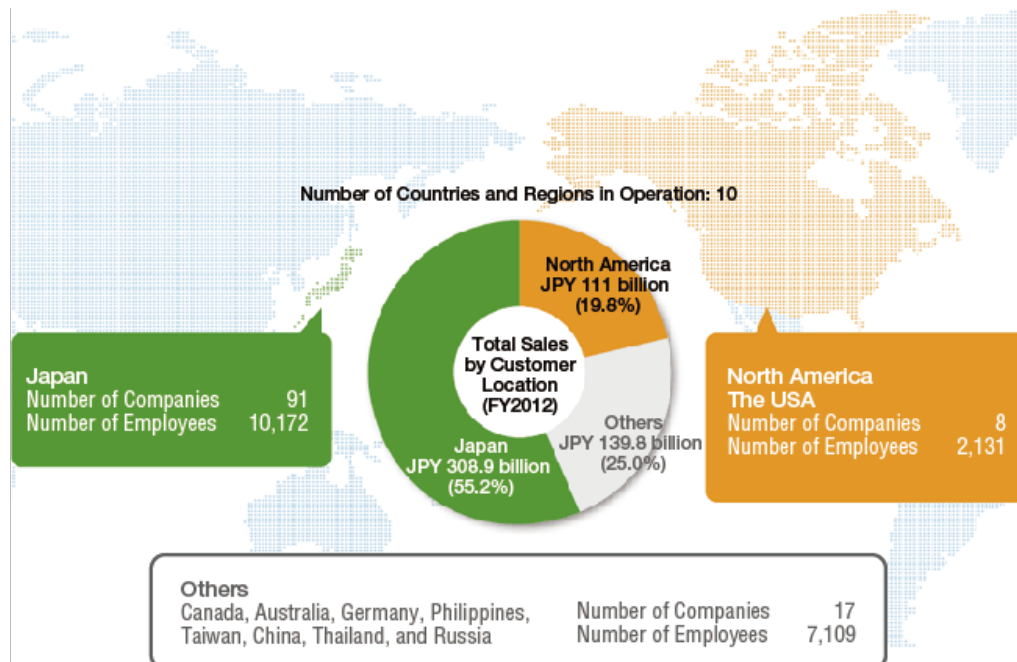
Mainstay Products and Group Companies by Segment



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Breakdown of Operations by Region

Number of Companies: Consolidated Subsidiaries and Affiliates Accounted for by the Equity Method



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Corporate Philosophy and Yokohama Rubber Group's Approach to CSR

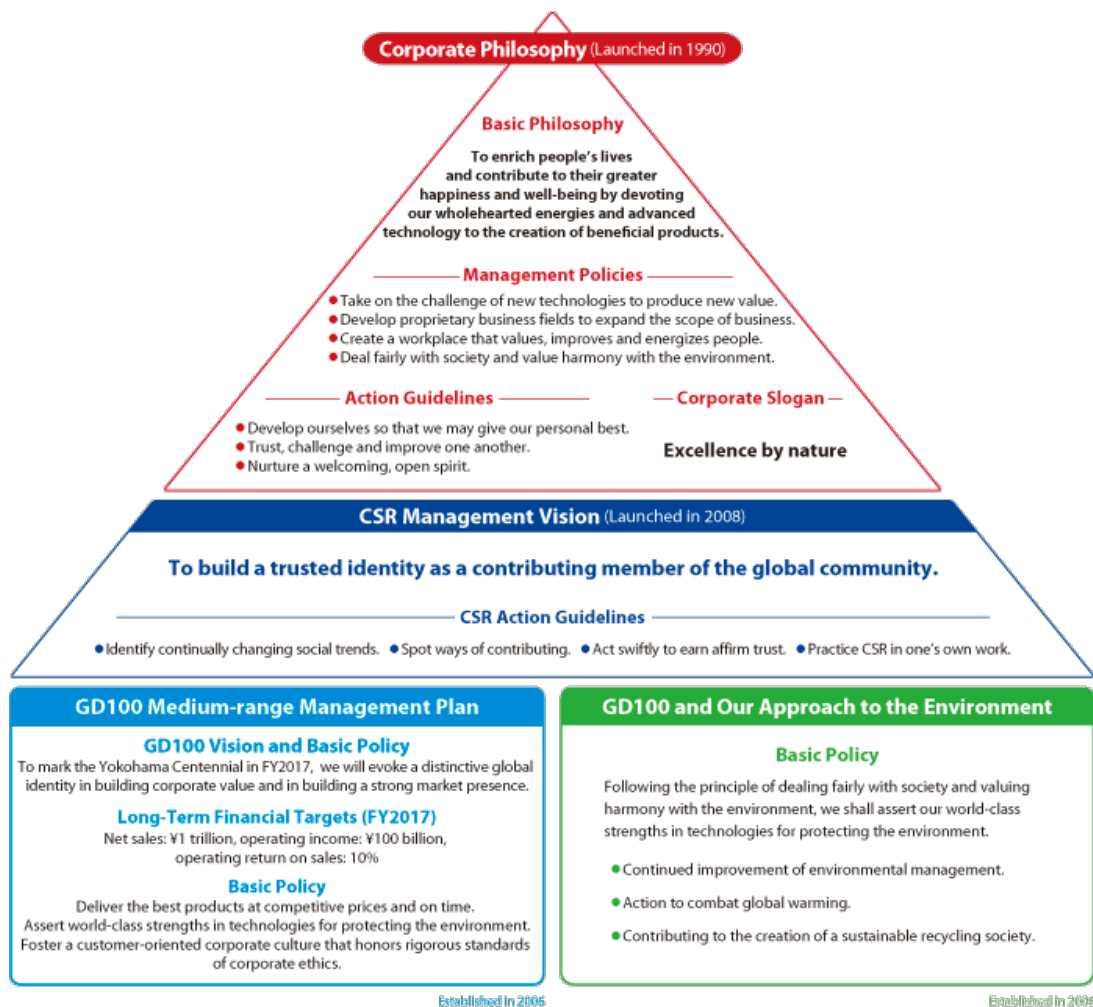
Yokohama Rubber established its corporate philosophy in 1990. It consists of the Basic Philosophy, Management Policies, Action Guidelines, and Corporate Slogan. The Basic Philosophy embodies the types of business where Yokohama Rubber commits itself in all activities. The Management Policies outline 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.

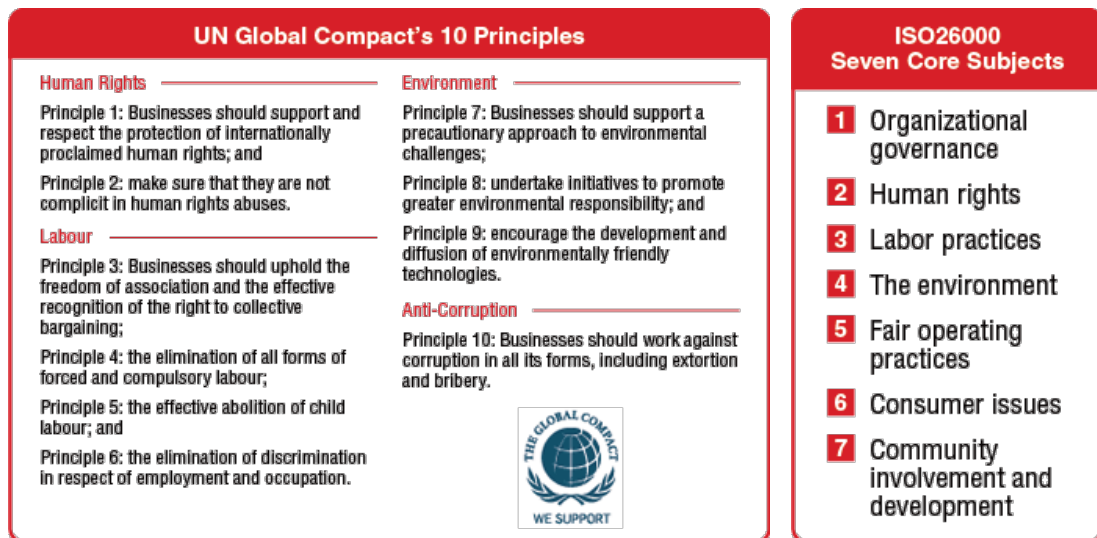
Incidentally, Yokohama Rubber still maintains the cautionary tale by Suekichi Nakagawa, who was president at the time of the inauguration of our Yokohama Plant (located in Tsurumi-ku, Yokohama City) in 1929 as our Founding Spirit. This tale comprises the balancing of both sociality and economic efficiency;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

■ The Founding Spirit

1. Production business 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.



In addition to the entire Yokohama Rubber Group including all domestic and overseas subsidiaries observing as action guidelines the 10 Principles of the United Nations Global Compact, centering on the ISO26000 seven main core subjects, in analyzing the impact on both this company and society, the “seven pillars of critical issues to be addressed by Yokohama Rubber” have been drawn up, and PDCA carried out.



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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.

■ Theme of Phase III: Strong and Flexible Growth

Based on the theme of strong and flexible growth for Phase III that commenced during FY 2012, we worked to further strengthen our business foundations while responding flexibly to changes in the external environment in order to establish a foothold for leaping forward from Phase IV onward. The financial targets established as three-year totals for Phase III are net sales of 1,800 billion yen, operating income of 150 billion yen, and an operating margin of 8.3%. During the final year of FY 2014, we aim for net sales of 630 billion yen, operating income of 60 billion yen, and an operating margin of 9.5%.

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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 adopt consistent, high-level environmental management practices at all operations worldwide.

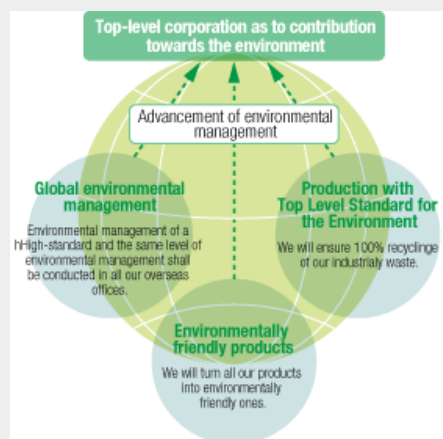
We will contribute to society using an approach to manufacturing

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 sustainment 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

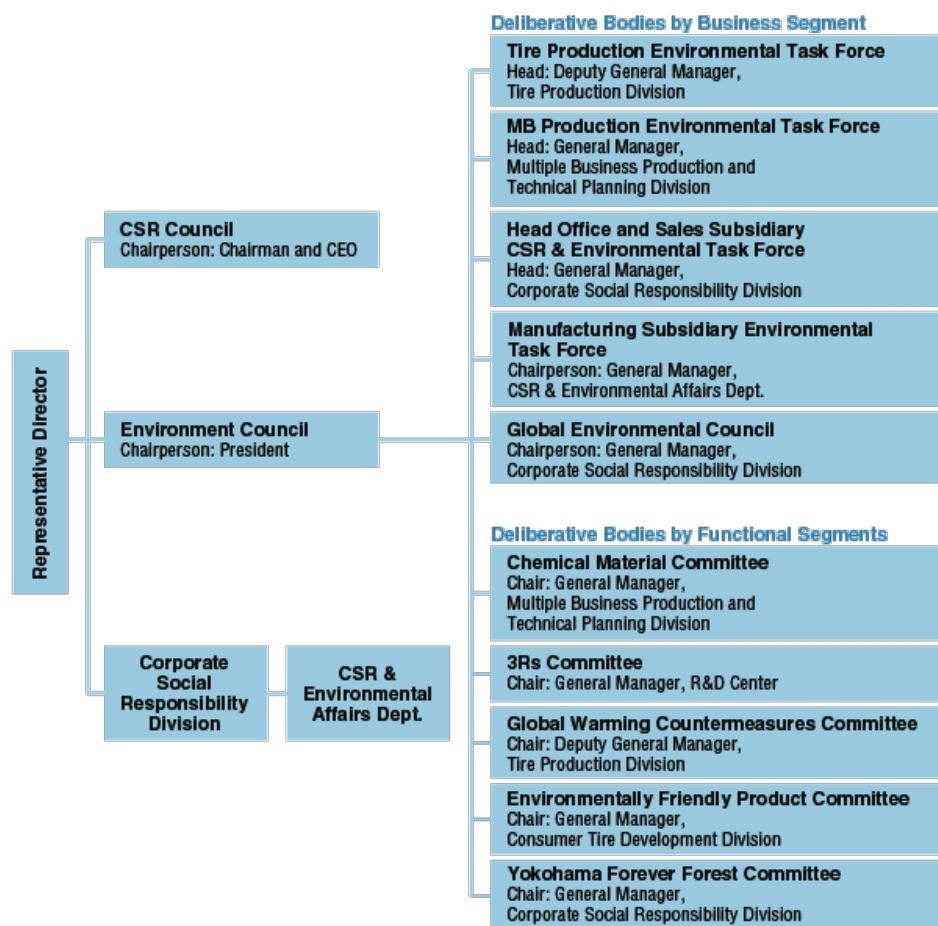
As a globally active business, we relate to local communities in a number of domains – the natural environment, law, culture, customs and the economy. We will strive to build a healthy relationship for various local communities together with our both domestic and overseas offices.

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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 FY2012 was held on December 14 to engage in discussions focusing on environmental policies and initiatives at the overseas production operations and core distribution subsidiaries. In FY2013, the Council will also push forward such efforts to promote CSR activities and put into practice consistent and high-level environmental management.



(As of April 1, 2013)

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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.

[7 Pillars of Critical Issues](#)

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