Corporate Philosophy and Yokohama Rubber

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 become a top level corporation in terms of our contribution towards 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.

* Further details about our Founding Spirit are available on our website: URL: http://www.yrc.co.jp/csr/en/outline/group.html

Corporate Philosophy (Launched in 1990)

Basic Philosophy

To enrich people's lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.

Management Policies

- Take on the challenge of new technologies to produce new value.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves and energizes people.
- Deal fairly with society and value harmony with the environment.

Action Guidelines

Corporate Slogan

- Develop ourselves so that we may give our personal best.
- Trust, challenge and improve one another.
- Nurture a welcoming, open spirit.

Excellence by nature

CSR Management Vision (Launched in 2008)

To build a trusted identity as a contributing member of the global community.

CSR Action Guidelines

- Identify continually changing social trends. Spot ways of contributing. Act swiftly to earn affirm trust. Practice CSR in one's own work.

GD100 Medium-range Management Plan

GD100 Vision and Basic Policy

To mark the Yokohama Centennial in FY2017, we will evoke a distinctive global identity in building corporate value and in building a strong market presence.

Long-Term Financial Targets (FY2017)

Net sales: ¥1 trillion, operating income: ¥100 billion, operating return on sales: 10%

Basic Policy

Deliver the best products at competitive prices and on time. Assert world-class strengths in technologies for protecting the environment. Foster a customer-oriented corporate culture that honors rigorous standards of corporate ethics.

GD100 and Our Approach to the Environment

Basic 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.

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

Established in 2006 Established in 2006

Group's Approach to CSR

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.

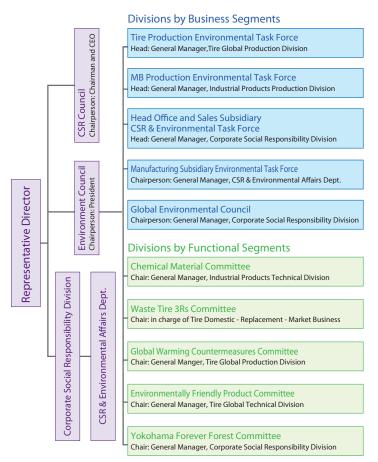
Local Communities

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.

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 highlevel 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.



■ CSR and environmental management and promotion framework (as of March 29, 2012)