

CSR Report of HANGZHOU YOKOHAMA TIRE CO., LTD. (CHZY)

Business activities: Production and sales of tires for passenger cars
Total site area: 12,000 m²
Number of employees: 1,321 (as of May 31, 2014)
Location: Hangzhou Xiaoshan Economic Technological Development Zone,
 Baiyang Sub-District 3, District 55, Hangzhou City, CHINA

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President's Message



Tetsuya Nagao

Hangzhou, where HANGZHOU YOKOHAMA TIRE CO., LTD. (CHZY) is located, is a city having an excellent environment, which is described as "paradise in heaven and Suzhou and Hangzhou on earth." It is a city blessed with such a beautiful environment as "West Lake," a world heritage site.

As always being aware that we are in such a location, we have made improvements to be a company that provides the best safe environment and high quality in the region in collaboration with the city government and

development zone.

As a result, CHZY is positioned as a Safety Education Base and as a Safety Model Company. We will continue to carry out improvement activities aiming at being a company admired by the region.

Organizational Governance

Compliance education

In 2013, the process of both extracting risks associated with inventory management operations and developing responses to them was concluded. This was part of the second project dealing with the creation of internal control systems. In 2014, we will move forward on internal

controls that address our current procurement operations. Each half year we conduct education for executives on legal compliance topics.

Human Rights

Human rights education

Employees are recruited irrespective of race, religion, nationality, gender, appearance or age. Screening and interviews are conducted pursuant to company regulations and excellent human resources who satisfy our employment standards are selected. Note, that in accordance with local laws, we do not engage in the employment of minors.

Promotion of gender equality

China is a country of gender equality and a competent person can be promoted as wages and promotion are determined regardless of gender. Among managers of the company, there are three female department general managers and five female section managers.

Employment of people with disabilities

We actively employ people with disabilities corresponding to recommendations of the national government. We now have 20 people with disabilities and have been commended as a model company employing people with disabilities in Hangzhou in 2013.

Labor Practices

The safety and health of all employees represents the foundation of CHZY. We are a company that is trusted. This trust comes from the zero danger that we derive through our operation of an occupational safety and health management system, which is achieved through the cooperation of all employees as we work together to build a safe, healthy and comfortable workplace.

Targets

- Zero accidents which are severer than minor injuries
- Our operations have received China State Safety Standards Grade 2 Certification, and we are currently preparing for the Grade 1 inspections.

Safety and health policy

1. In compliance with laws and regulations and based on internal regulations and standards, we will ensure the safety of all employees.
2. We will build safety through equipment.
3. Safety awareness
4. Raising awareness at all times
5. Company executives will be the model.
6. Build up a safety culture of CHZY through these activities.

Education and training for employees

The Company President displays an attitude of safety education in morning meetings. We established a safety sensory training room and safety training is provided not only for new employees at the time of entering the company but also for all employees once a year. Safety awareness of all employees is evaluated not only for employees on sites but also for employees working in the administrative department. We have been stimulating safety awareness of all employees by deploying KYT (danger anticipation training) activities. CHZY has been recognized by the Hangzhou Development Zone as a Safety Model Company based upon the safety results it has achieved thus far. The company also obtained Japanese Occupational Safety and Health Management System (OSHMS) Certification in 2012. The OSHMS standards exceed those demanded by government. In 2014, we also passed a China State Safety Standards Grade 2 Certification re-audit. Looking towards the future, we are preparing to pass the China State Safety Standards Grade 1 Certification.

Responses in case of disasters

- The department in charge of safety and the person in charge of firefighting at each department conduct periodic inspections every month and the operation status of fire-fighting system and results of inspection of the fire-fighting equipment are reported at the safety meeting.
- In preparation for a power failure, an engine pump is installed in a product warehouse and operation inspection is conducted every month.
- We conduct fire-fighting and evacuation drills for all employees every year.
- We conduct exercise drills in case of occupational accidents every month.

The Environment

Promoting environmental management

We aim at being a company having world class technologies to protect the environment, which is trusted by all employees, their families and Chinese society. We will further contribute to Hangzhou as a modern highly civilized city.

1. We comply with laws and regulations and take sufficient preventive measures against environmental pollution.
2. Compliance with GB standards
3. Using the ISO14001 Management System, we promote continuous improvements.
4. By thorough reduction of industrial waste, we will continue toward complete zero emissions.
5. Promoting energy savings, we strive for a reduction of CO₂ emissions and contribute to the prevention of global warming by providing environmentally friendly products.
6. We will continue education and enlightenment activities so that all persons working at the Company understand the policy and act accordingly.

Environmental data

Category		FY2009	FY2010	FY2011	FY2012	FY2013
Waste emissions (t)		796.3	832.1	1,235.3	1,065.5	1,390.0
Proportion sent to landfill (%)		0.1	0.0	0.0	0.0	0.0
Energy use (oil equivalent: kl)	Electric power	6,808	7,309	9,513	8,785	10,856
	Fuel	6,351	6,628	9,518	7,666	9,187
	Total	13,159	13,938	19,031	16,451	20,043
Greenhouse gas emissions (1,000t-CO ₂)		37.2	39.3	54.3	46.3	56.1
Water usage (1,000m ³)		80	93	108	88	119

* FY: January to December

* Greenhouse gas emissions were calculated based on the Calculation and Reporting Manual for Greenhouse Gas Emissions jointly published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry, Japan.

Status of Management of Chemical Substances (Response to PRTR Law)

China promulgated a new law on management of discharges of chemical substances in April 2013. We will respond to chemical substances in accordance with detailed regulations for implementation. For example, with respect to packaging that contains chemicals such as sulfur, etc., such will be disposed of using contractors who specialize in the disposal of chemical waste. These contractors will have the necessary qualifications to handle such work.

Noise, vibration and odor

We periodically measure noise and vibration to improve problems and take measures such as installation of sound insulating walls. For odor countermeasures, dry deodorant devices has been employed for the first time by Yokohama Rubber, which are installed in all mixers in the mixing process, which has resulted in a reduction of 80% of odors. In order to address further reductions in exhaust gas, we are promoting installation of roof exhaust deodorant devices for the vulcanizing process, which will be completed by 2013.

As a model company of waste reduction, we completed a sewage treatment facility in May 2013. For discharge waste water, we comply with standards of the Chinese Government.



Deodorant device

Fair Operating Practices

CSR Policy

We perform social responsibility in order to become a model company of compliance and develop personnel with a strong CSR awareness while formulating a basic system of internal control to prevent risks.

1. We put focus on system formulation to prevent risks.
2. We establish risk preventing measures in order to develop awareness of a corporate mission of employees and permeating and establishment of risk management awareness.
3. We establish clear and specific rules and regulations to prevent corruption by building up an environment that prevents employees from committing wrongful acts.

- We aim at zero corruption. With respect to the purchase of materials and outsourced construction, etc., we prevent the occurrence of unjust acts by a purchase system of application for purchase, estimation, approval and placement of orders.



Consumer Issues

Communication with consumers

As we are a manufacturing company, we do not directly respond to consumers. Rather, they are attended to by dealers.

Responding to complaints

To complaints about products from OEM and dealers, the Quality Assurance Design Department responds.



Community Involvement and Development

Relationship with local societies

CHZY was certified as an Environment Education Base within the Hangzhou City Development Zone in September 2013, and we have conducted exchanges with local government, businesses, local citizens and schools.



Hangzhou City Development Zone Environment Education Base Plaque

Major events

- In November 2013, Mr. Jo, the Deputy Mayor of Hangzhou City, inspected the CHZY Plant and paid tribute to the company's contributions to the environment.



Inspection by Deputy Mayor Jo

- On World Biodiversity Day on May 22 2014, CHZY conducted plantings in the Yokohama Nursery Forest and pulled weeds from the area.



The Yokohama Nursery Forest

- On World Environment Day on June 5 2014, an environmental-protection event was held with the theme of "Protecting Unpolluted Rivers." There was also a ceremony that included the releasing of four species of fish (1,200 fish) that can improve the water quality of rivers. We also distributed 300 shopping bags to local residents that had the Yokohama logo of being gentle to the environment. These shopping bags contained the declaration that CHZY is always conscious of the environment, and we try and minimize our emissions into rivers. In that local government officials including the head of the Hangzhou City Development Zone were also in attendance, the local media portrayed CHZY as being an environmental company.



World Environment Day 1



World Environment Day 2



World Environment Day 3



One of the articles on the event.

CHZY has been recognized as a Safety Model Business by Zhejiang Province, and we are positioned as a Safety Education Base for local business. Through this positioning we regularly conduct exchanges with other companies.

Major events

- On May 10 2014, photos were taken for the "Road to Safety", a book about the history of the development of safe manufacturing in China. This book is being edited by China's State Administration of Work Safety. As early as the end of this year, it will spread details of Yokohama's style of safety systems throughout China.



Zhejiang Province Safety Model Business Plaque



Taking photos for the "Road to Safety" 1



Taking photos for the "Road to Safety" 2

Plant tours

Plant tours are given to government officials, business partners and tire dealer customers.