

CSR Report of SC Kingflex Corporation (SCK)

Business activities: Production and sale of low and high-pressure rubber hoses, assembly parts and compound master-batch (CMB) products

Total site area: 30,464 m²

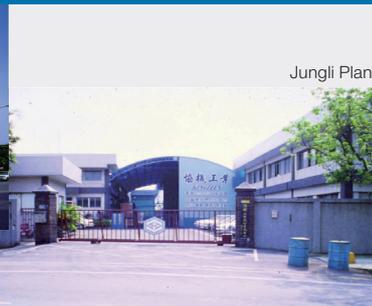
Number of employees: 142 (as of December 2016)

Location: Jungli Plant: No.99 Hsiyuan Road, Jungli IND. Park, Jungli, Taoyuan, 32057, TAIWAN R.O.C.

Miaoli Plant: No.91 Jungsing Road, Jungsing IND. Park, Tunglo, Miaoli, 36647, TAIWAN R.O.C. Linqun County, Weifang City, Shandong Province



Miaoli Plant



Jungli Plant

Message from the President



Koichi Watanabe

SC Kingflex Corporation was established in 1979 and became a member of the Yokohama Rubber Group as a joint venture with Yokohama Rubber in 1990. We have two plants in Taiwan that produce and sell low and high-pressure rubber hoses, assembly parts and compound master batches. We acquired ISO 14001 certification in 2001, setting the environment and safety as important pillars of management. We have carried out activities to reduce environmental impact as a member of local communities. As specific activities, in production we have promoted a policy of

increasing the number of times that the mandrels and vulcanization plating materials (molds) required for the production of hoses are recycled. Furthermore, with respect to both hardware and software, we have increased energy efficiency by improving equipment. We adopted "safety", "the environment", and "quality" as our core principles, and

by utilizing three management systems, we make efforts to produce products that are friendly to the planet through the participation of all employees. In doing this our aim is to be "a company having world-class strengths in technologies for protecting the environment", this representing the GD100 slogan of Yokohama Rubber.

As YOKOHAMA Forever Forest Project activities, the 1st planting was held at the Miaoli Plant in March 2012, and a 3rd planting was also conducted in March 2016. We also carry out environmental activities by registering with the Green Wave Program every year.



Organizational Governance

Compliance education

In addition to distributing the SC Kingflex Corporation Management and Conduct Manual to all employees, we have posted our action policy and made our employees thoroughly aware of it. Furthermore, we have also created a Chinese language version of the Yokohama Rubber Group Guide for Conduct and distributed copies to all employees. In 2017, we reviewed and thoroughly implemented our "work implementation based on rules", based on a work audit by the YRC audit office and implemented at the end of last year.

Policy for prevention of corruption

In addition to distributing the SC Kingflex Corporation Management and Conduct Manual to all employees, we have posted our action policy and made our employees thoroughly aware of it.

橫濱橡膠集團行動方針

不論公司內、外皆尊重人權
 打造安全、健康的職場氛圍
 力求地球環境維護
 提供安全、高品質的產品及服務
 企業活動透明化並適時公開企業相關資料
 遵守法律並合乎社會規範
 攜手努力與社會共同成長

Human Rights

Education on respect for human rights

The company regulations provide for compliance with various laws.

Labour Practices

Occupational safety and health

Safety Policy

- (1) To carry out occupational accident prevention activities by participation and efforts of all employees.
- (2) To prevent occurrence of occupational accidents by the safety management system.
- (3) To improve in compliance with required regulation targets in accordance with laws.

Education and training for employees

We regularly conduct QCC activities, seminars and operational training that involves forklifts and boilers, etc.

Labour Practices

Responses in case of disaster

Firefighting drills are conducted twice annually, and we also carry out safety drills that involve rescue techniques. Furthermore, we have organized the implementation of an emergency network of contacts.

Promotion of gender equality

In accordance with the spirit of gender equality, we do not conduct recruitment based on gender.

The Environment

Environmental management

In responding to both the Environment Month and Safety Month run by Yokohama Rubber, we take steps to promote and strengthen the various categories of activity.

Environmental Policy

- (1) With efforts and actions by all employees, we strive to prevent environmental pollution and work-related accidents.
- (2) With environment systems, we strive to prevent environmental pollution and work-related accidents.
- (3) Observing laws and regulations and adhering to regulatory values, we strive for continuous improvement.
- (4) Through "6S" activities, we strive to improve the environment.
- (5) We strive to develop environmentally-friendly products.

The Environmental Policy is explained at the start of each financial year, and shared with all employees.



Reporting on chemical substance management status (Pollutant Release and Transfer Register (PRTR) Law compliance)

We filed the status of chemical substances with the Taiwanese Government and it was accepted. We continue to manage chemical substances.

Fair Operating Practices

Corruption prevention

We strictly comply with all laws, practices and social ethics.

Involvement in supplier management

We started to provide, contract, and manage the adoption preparations for configuring relationships with suppliers based on our YRC platform.

Consumer Issues

Communication with customers

We maintain a website with a corporate profile and overview of our products. Furthermore, customer satisfaction surveys are conducted twice a year in order to improve products and services.

Responses to complaints

On March 3, 2016, there was a complaint from an adjacent company regarding dust and hot air emitted from the Jungli Plant. Improvement measures were promptly taken.

Employment of people with disabilities

The current employment rate of disabled people is 0.7%.

Noise, vibration and odor

While we have on occasion undergone on-site inspections conducted by the Environmental Bureau of the Taiwanese Government, we have never been subject to matters of concern being pointed out through these inspections.

Environmental data

Category	FY2012	FY2013	FY2014	FY2015	FY2016	
Waste generated (t)	155	167	196	141	157	
Proportion sent to landfill (%)	0.0	0.0	0.0	0.0	0.0	
Landfill waste (t)	0.0	0.0	0.0	0.0	0.0	
Energy use (oil equivalent: kl)	Electric power	851	818	922	794	831
	Fuel	213	193	195	157	159
	Total	1,064	1,011	1,117	952	989
Greenhouse gas emissions (1,000 t-CO ₂)	2.4	2.3	2.6	2.7	2.8	
Water usage (1,000 m ³)	8.0	7.4	8.3	8.2	7.9	

* 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. Calculation of emissions from overseas business locations in FY2015 was based on the Greenhouse Gas Protocol Initiative.

1. We calculate the volume of greenhouse gas emissions each year.
2. We calculate energy use, waste emissions and water usage each month. Whereby anomalies occur within these results, we identify their causes and implement responses.

Requests and opinions to Yokohama Rubber from suppliers

We have a system in place that allows for opinions to be received through agents.

Relationship with local societies

Every January all employees clean up the road from the plant to the mausoleum located in the industrial park. We also clean up the road in front of the plant once a week.

Once a year since fiscal 2009, employees of the Jungli Plant and Miaoli Plant have participated in coastal cleanup activities. These events are a regional beautification activity sponsored by Miaoli County.