

CSR Report of Yokohama Tire Manufacturing Virginia, LLC (YTMV)

Business activities: Production of tires for passenger cars and light trucks
Total site area: 243,000 m²
Number of employees: 795 (as of January 2018)
Location: 1500 Indiana Street, Salem, VA 24153

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Message from the President



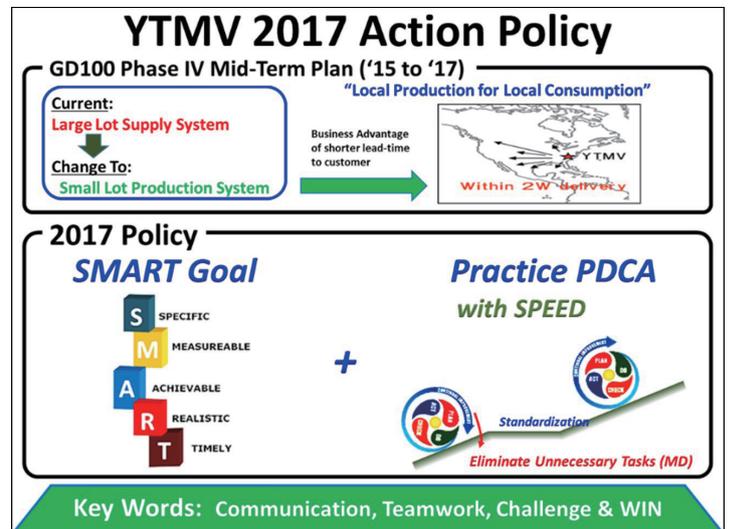
Tetsuro Murakami

Yokohama Tire Manufacturing Virginia (YTMV) continues to build CSR foundations that can win people's trust, with the aim of making a positive contribution not only to the local community, but to the global community. To this end, while establishing our position as an important production facility within the North America region, we have also been putting in place a new environmental management system in response to the introduction of the new ISO 14001:2015 standard, and implementing ongoing improvements in relation to compliance implementation requirements, in line with the CSR policy that forms a key aspect of Yokohama Rubber's basic philosophy. YTMV is committed to ensuring the safety all of the people that work in or live near the plant, and to safeguarding the local environment.

YTMV is focused on being a sustainable production facility, and we are implementing measures to reduce energy consumption, minimize the amount of waste generated, and ensure full compliance with municipal, state and Federal regulations. In fiscal 2017, besides achieving a reduction in the overall quantity of waste generated at the plant, we also continued to implement a zero emissions policy throughout the year. 2018 marks the 50th anniversary of the establishment of Yokohama Rubber's Salem Plant. To help ensure a bright future for YTMV, we are aiming to achieve harmony between our operations and the environment, and contribute to the building of a sustainable society; this is both our goal and our responsibility. In the future, while working to safeguard the environment and natural resources in line with Yokohama Rubber's basic philosophy, we will also be working to put in place the sustainable foundations needed to support the future growth of our business and its products.

Organizational Governance

"Smart Goal" has been established as our action plan for fiscal 2017. We will continue to place an emphasis on communication and teamwork, and conduct initiatives aimed at achieving targets as up until now. In 2018, we will be focusing on strengthening our company's activities to help safeguard biodiversity, and will be working to minimize our greenhouse gas emissions, with the aim of contributing to the protection of the global environment and to human happiness.



Policies for fiscal 2017

Human Rights

All employees receive education and training on Yokohama Rubber Action Guidelines that stipulate the protection of human rights in order to prevent unethical behavior and harassment. Computer Based Learning Lessons (CB2L's) are used to this end. Lessons are composed of multiple slides that consist of mini-quizzes that explain the policy, and a test on the level of understanding is conducted at the end of each session. All employees are required to pass tests with a score of 80 or higher. YTMV maintains an "open door" policy with respect to all employees. Internal complaint handling procedures have been established and made as easy to use as possible; where employees feel that they have been treated

unfairly in the workplace, we provide opportunities for them to raise their concerns and have them resolved. In addition, we have reached agreement with our union regarding employment contracts that are free from discrimination with respect to the issues of race, religion, skin color, gender, age, and nationality, as stipulated in both state and federal law.



Computer based learning lessons

Equal employment opportunity

YTMV is committed to providing equal employment opportunities for people interested in working for the company. We implement an equal employment opportunity (EEO) policy with respect to all terms and conditions of employment.

In 2017, the Human Resources Department organized training by interview for all managers and employees regarding the implementation of employment in accordance with the requirements of employment legislation.

The training addressed issues including the areas to which equal opportunity legislation applies (including race, gender, religious beliefs, age, etc.), as well as physical and mental disability, utilization of company provided accommodation, etc., and was successful in strengthening employees' understanding of these issues.

We will listen to employees' views regarding ideas for improving employment interviews, to strengthen the relationship between the company and its employees.

Safety and health

Our Safety Management Department has clarified that protecting the health and safety of employees is its top priority for fiscal 2017, and it conducts activities based on this priority. This is reflected in active initiatives that include weekly risk assessments, meetings with department administrators, and many audit programs. Improving the skills of our employees is important for creating a safe and healthy working environment. Some of these skills training programs are as follows.

- New employee training and regular follow-ups
- Training after workplace moves
- Training for external vendors
- Emergency contact training for disasters
- Emergency transport training for disasters
- PIT (Powered Industrial Truck) vehicle training
- Lockout-Tagout training
- OSHA-prescribed 30 hours of training
- Environmental management training
- Safety talks at the start of each day

In addition to these education and training programs, protection and safety equipment are installed and constantly improved for all equipment and facilities for each department and process at YTMV. Personal protective equipment (PPE) is always available for all employees, and wearing this equipment is encouraged and properly managed. In the event of an accident, we conduct thorough investigations, plan and implement various response measures, and conduct follow-up on these measures.

There is nothing more important for us than our employees returning safely home after work is finished.

Emergency response

Emergency response vehicles are available 24 hours a day in order to respond to various medical emergencies that may occur in the workplace. The company has also organized a highly-skilled emergency rescue team with 27 team members, who have received training in order to be able to respond to a variety of situations including rescues from narrow spaces and heights. We conduct regular drills for responding to fires and emergencies as part of raising awareness among all employees. Below are photos of emergency response drills in 2017.



Training in fire-hose use



Fire drills



Various types of annual drills for emergencies

Water-based tire repair coating materials

In January 2016, YTMV terminated the use of solvent-based coating materials that require the use of a spray-gun, and switched over to using coatings that are applied using a brush; this change reduced the risk of employees being injured by flames or impacts. However, the change had a negative impact on the visual appearance of the tires, and so was not ideal as a tire repair coating method.

We subsequently undertook research into the development of a water-based tire repair coating material that can be applied using a spray-gun, to realize a smoother tire repair process and enhance the appearance of the tires, while also eliminating fire risk, reducing the plant's volatile organic compound (VOC) emissions, and helping operatives to stay clean. In order to find a suitable water-based repair coating material that would meet the needs of all related parties, we undertook an extensive process of testing, learning through trial and error.

A suitable water-based coating material was approved in December 2017, and is now being used in production. YTMV is the first production facility in the YRC Group to adopt a water-based tire repair coating material in its production activities. This project represents an ideal opportunity for horizontal rollout of the new technology throughout the YRC Group.



Yokohama Forever Forest Project

In the autumn of 2017, YTMV transformed its “Forever Forest Project” activities from on-site to off-site. On October 20, 2017, YTMV employees, in collaboration with the City of Salem and a local elementary school, helped fifth-grade students to establish a “Forever Forest” at the school, through the donation of 1,000 saplings.



Environmental data

Category	FY2013	FY2014	FY2015	FY2016	FY2017	
Waste generated (t)	2,090	1,765	1,604	1,332	1,307	
Proportion sent to landfill (%)	20.7	2.6	1.4	0.0	0.0	
Landfill waste (t)	432	46	23	0.0	0.0	
Energy use (oil equivalent: kl)	Electric power	19,939	20,124	19,025	16,790	16,728
	Fuel	10,958	10,340	9,792	8,783	8,915
	Total	30,897	30,464	28,817	25,574	25,643
Greenhouse gas emissions (1,000 t-CO ₂)	64.5	63.7	60.3	53.5	49.1	
Water usage (1,000 m ³)	108	165	143	131.7	135.8	

* 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. The calculation of emissions from overseas business locations since FY2015 has been based on the Greenhouse Gas Protocol Initiative.

Wastewater management

The company thoroughly enforces wastewater management, and it has been in compliance with legal standards for six consecutive years.

The table below shows a list of the constituents of our wastewater that is sampled every quarter in accordance with the law.

Wastewater is sampled and measured every month using automatic water intake equipment. An internal limit is set below the regulation value, and measures are immediately taken if this value is exceeded.

On the basis of these achievements, YTMV received plaudits from the Western Virginia Water Authority and secured a Platinum Award in the Virginia Water Environment Association’s Industrial Waste and Pretreatment Environmental Excellence Awards.



Sampling equipment purchased for voluntary sampling

Biodiversity conservation activities

With the aim of improving our biodiversity activities and making a positive contribution towards the ecosystems and the environment in the vicinity of the plant, our company launched two biodiversity protection projects in 2015, and continued to implement these activities in 2017.



Bluebird conservation activities

The Virginia Bluebird Society was established in 1996. Its purpose is to provide habitat for bluebirds to raise their young and to limit the decline of the species.

The company has participated in these activities since the third quarter of 2015.

Five birdhouses have been installed on the company’s premises, and bluebird nests were observed three to four times from April to September. Despite attacks from sparrows, chicks were successfully bred in all five of the birdhouses. After having not been seen in the area for several decades, since 2015 bluebirds have been thriving on YTMV’s premises.



Observing birdhouses



The Environment

River water quality monitoring program

We monitor the water quality of the Roanoke River that flows downstream from the company, and gather data on it 2–4 times per year. By working together with the state of Virginia in these activities and providing information on the soundness of local river ecosystems, it is possible to take the measures necessary for restoring waterways in Virginia. Surveys are conducted once a quarter by a monitoring team at specified areas consisting of stretches of about one mile where the water quality of the water discharged by the company could have an impact on the water quality of the Roanoke River.



Water quality survey

Environmental measures

Virginia Environmental Excellence Program (VEEP)

The Virginia Environmental Excellence Program (VEEP) is a program launched by the Commonwealth of Virginia (the Virginia state government) to encourage facilities located within Virginia to make environmental improvements that go beyond the minimum statutory requirements. In the fourth quarter of 2017, YTMV's VEEP status was upgraded to E4 (Extraordinary Environmental Enterprise), the highest level that a business enterprise can attain under VEEP. The benefits of having E4 status include an enhanced profile within the local community, reduced handling charges for special permits, regulatory incentives, etc.

Environmental awards

Environmental Excellence Award

On March 3, 2017, YTMV received a Platinum Award in the Virginia Water Environment Association's Industrial Waste and Pretreatment Environmental Excellence Awards, for having maintained compliance with all pollution prevention, waste reduction, and operating permit requirements for six consecutive years; YTMV was nominated for the Award by the City of Salem in Roanoke, Virginia, and by the Western Virginia Water Authority.



Fair Operating Practices

Procurement of raw materials

The company has continuously conducted broad surveys to ensure that no conflict minerals are used in its raw materials or submaterials. As a result, it has been determined that the company's raw materials are free of conflict minerals (excluding tantalum (Ta), tin (Sn), gold (Au), and tungsten (W)).

Chemical substance management

All materials used within plants are in compliance with Yokohama Rubber's list of prohibited chemical substances and in line with the Green Procurement Guidelines.

Safety data sheets (SDS) are continuously maintained for each material, and updated in the web system (Sitehawk).

Consumer Issues

Customer visits

The company has systems fully in place to welcome visits from customers at any time.



Community interaction and volunteering activities

- Blue Ridge Kite Festival of the Salem-Roanoke County Chamber of Commerce
On April 15, 2017, YTMV participated in the Blue Ridge Kite Festival organized by the Salem-Roanoke County Chamber of Commerce. More than 10,000 people attended this event, which provided a marvelous opportunity for spreading awareness of Yokohama Tire Corp.



- Waterways Cleanup activity
On October 4, 2017, YTMV participated for the eighth consecutive year in the Waterways Cleanup activity organized by the Clean Valley Council (CVC). To help safeguard the natural environment of the Roanoke Valley region, the participating cleanup teams selected key areas and cleared up garbage that was in the water and on the riverbank. Every year, the participants select a one-mile stretch of the Roanoke River to clean up; over time, this has resulted in a significant improvement in the state of the River.



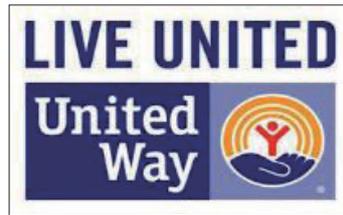
Regional donations

During fiscal 2017, the company and its employees continued to make donations to local charities and organizations.

- Apple Ridge Farm
(which supports underprivileged children)



- United Way (which supports education, households, healthcare and the environment in the Roanoke region)



- American Red Cross
(support for areas affected by hurricane damage)

