

Sustainability Management

Our Approach to Sustainability

The Toyo Tire Group believes that applying our solutions and resources to resolving global environmental and societal issues will help us to mitigate business risks and expand business opportunities into the future. We cannot achieve sustainability without tapping into the characteristics of our business and service territories to continue creating value for our customers and society through our products and services. By reinvesting the profits thus generated into

sources for creating further value, we can establish a cycle of creating high added value. We also believe that it is imperative to work with stakeholders in the supply chain and relevant international organizations as appropriate.

TOYO TIRE's SDGs

We involved the entire organization in a series of discussions on how we can contribute to the attainment of the United Nations'




















SDGs. As a result, we came up with the TOYO TIRE's SDGs in 2019, which include 14 goals that shape our Ideal Status in 2030. We believe that these activities embody "Our Vision" established in our corporate philosophy, and that they will lead to the achievement of "Our Mission."

Stakeholder Engagement

The significance of the Group in society is that we not only

solve the issues requested by our stakeholders, but we also create surprise and new discoveries for society and contribute to enriching society. Through our opportunities for engagement with stakeholders, we strive to be accountable by communicating information accurately and clearly. We also check in light of our corporate philosophy if we are providing business partners and customers with the excitement that exceeds their expectations through our products, services and every other work.

Value Chain & SDGs

Value Chain	Opportunities and risks to assume	TOYO TIRE's SDGs (Ideal Status in 2030)	Related UN SDGs	Key Stakeholders
RAW MATERIALS/ PURCHASING	<ul style="list-style-type: none"> • Risk of resource depletion due to climate change and increased demand • Stable procurement and quality through a sustainable supply chain 	We will contribute to create a society where ethical consumption is standardized by building a sustainable supply chain through cooperation with stakeholders.		Suppliers Local Communities
R&D	<ul style="list-style-type: none"> • Social participation of diverse people (social inclusion) • Diversification and sophistication of user needs (Pursuit of added value) • Climate change physical and transition risks • Risk of resource depletion due to climate change and increased demand 	We will contribute to widespread of mobilities that will be enable social participation by using higher functionality technologies.	     	Customers/Consumers Local Communities Co-R&D Environment
		We will contribute to progress of mobilities by focusing on adding of value of products and technologies.		
		We will contribute to the mobility industry efforts that will adapt to climate change and aim to mitigate the influence by climate change by innovations.		
		We will contribute to sustainable resource recycling through optimization of resource utilization and improvement of product durability.		
MANUFACTURING	<ul style="list-style-type: none"> • Maintaining the workforce and improving productivity by utilizing diverse human resources and technology • Climate change transition risk (emission regulation, etc.) • Risk of resource depletion due to climate change and increased demand 	We will contribute to improve resource usage efficiency including water and energy through promoting to upgrade of equipment and operation on manufacturing sites.	     	Environment Suppliers Customers Employees Local Communities
		We will contribute to promote the use of renewable energy in the region to increase renewable energy share of energy used at manufacturing sites.		
		We will contribute to create a society where everyone is able to work safely and healthy though "smartness" -development and introduction of technologies that reduce the human load, e.g. AI and IoT.		
SALE & USE	<ul style="list-style-type: none"> • Prevention of increased accidents due to increased traffic demand 	We will contribute to realize the safe and secure mobility society through implementing safety awareness and supporting for improving maintenance skills.		Customers/Consumers Local Communities
CORPORATE	<ul style="list-style-type: none"> • Market stabilization and sustainable growth by promoting the mainstreaming of SDGs • Enhance the Climate Change Governance System • Stable securing of human resources by creating a rewarding environment 	We will contribute to minimize social impact of extreme weather phenomena derived from climate change by building a robust value chain.	 	Suppliers Employees Local Communities
		We will contribute to promote local employment and to develop and stabilize the local economy by strengthening global network.		
		We will contribute to create a society where diverse peoples are able to get equal opportunities and play an active role by providing work environment that employees can continue to challenge with peace of mind.	  	
		We will contribute to create a society where SDGs become mainstream through developing human resources to support sustainable development of the world.		
		We will contribute to develop the whole world economy steadily by improving regional education and culture level through deployment of our resources.		

Sustainability Promotion System

In April 2021, we established the Sustainability Committee under the Executive Committee in order to strengthen and promote sustainability management.

The Sustainability Committee deliberates and makes decisions on matters concerning the Group's sustainability strategies, submits them to the Executive Committee as per in-house rules, and reports them to the Board of Directors. And the Sustainability Committee directs the implementation of decisions through each functional organization and periodically monitors progress. For material issues, a cross-sectional task force will be established to discuss and promote specific goals and action plans.



Identifying our Materiality

In the Mid-Term '21 Plan, we expressed our intention to incorporate sustainability initiatives in business management. We then lost no time setting up a steering committee on sustainability to start discussions among the President and Vice Presidents to identify materiality.

With the Sustainability Committee taking over the discussions in April 2021. Meanwhile, a total of 40 division general managers and other executive officers, who hold the key to sustainability promotion, met to discuss the same topic in May, the outcome of which was used as input to the Sustainability Committee.

TOYO TIRE Group's Materiality

TOYO TIRE decided the materiality, the issues be prioritized and focused, at the Sustainability Committee in June 2021 and approved it at the executive committee in July of the same year. Identifying the materiality will clarify the orientation for effectively deploying internal resources and the issues that must be tackled by each employee, which will heighten work motivation and promote unity of awareness. This is also important in increasing stakeholder engagement by publicly disclosing which social issues and demands TOYO TIRE group intends to respond to and the corporate values it intends to improve.

Materiality identification process

We identified materiality using the following process.



TOYO TIRE Group's Materiality



Intent of each item of materiality

- This is a high priority issue because sustainability for tire and auto parts manufacturers can only be ensured through the sustainability of the mobility society. One of our company's key challenges is to contribute through our unique products and services to ensure a sustainable mobility society characterized by zero environmental load, accidents, and inefficient transportation.
- Responding to people's various expectations for their mobile lives through our unique products and services while satisfying the sustainability requirements (environment and safety) of a mobility society creates added value that supports diversity of a mobility society and is one of the key challenges of our company.
- Our company is looking for human resources with mid-to long-term perspectives, original and flexible thinking, independence, and spirit of challenge. Our company must

strengthen the diverse pool of human resources who can support our company's business management and create even greater values in an uncertain society that are changing drastically.

- The values that are provided through our products and services must support the evolution of mobility that is being demanded in this new era. Our company must continue to take on technological innovation to materialize the aforementioned values and the continuous promotion of technological evolution that addresses the social demands.
- TOYO TIRE group will address this key issue by adjusting our vector to the global trend in which all sectors of the world are beginning to incorporate the same decarbonization targets and initiatives. We will not only strive to create an environmentally-friendly mobility society through our products and services, but also decarbonize the entire manufacturing process and supply chains and conduct various initiatives to improve cost competitiveness.
- We position and prioritize the environmental and social issues of the supply chain as key issues based on our understanding that sustainability in our company cannot be ensured without the sustainability of suppliers including that of natural rubber and that truly abundant mobility life can only happen through healthy supply chains.
- No matter how valuable a product or service may be, if its core values including quality and safety are compromised, then it will no longer be valuable or significant within a society. One of the key tasks tackled by our company is to ensure quality and safety as our top priority in all business aspects.

Initiatives for Materiality (Future Course of Action)

We will determine specific projects linked to materiality and set up a special task force to draw up and implement relevant policies, targets, and action plans (measures). The Sustainability Committee periodically verifies and deliberates on their contents and progress and, based on its findings, provides instructions and guidance to optimize the activities.

Contribution to society through products and services

TOYO TIRE's SDGs (Ideal Status in 2030)

We will contribute;

- to widespread of mobilities that will be enable social participation by using higher functionality technologies.
- to progress of mobilities by focusing on adding of value of products and technologies.
- to the mobility industry efforts that will adapt to climate change and aim to mitigate the influence by climate change by innovations.
- to sustainable resource recycling through optimization of resource utilization and improvement of product durability.
- to realize the safe and secure mobility society through implementing safety awareness and supporting for improving maintenance skills.

Issues to be addressed

*Materiality

- Ensuring product quality based on thorough customer orientation(*)
- Efforts to alleviate and adapt to climate change(*)
- Development of human resources with technical expertise(*)

TOYO TIRE foresees the following; further diversification of consumers, increased demand or tightening of regulations for products and services that concern climate change and globalization of the areas to which the Group's products and services are distributed in the future, etc.

We necessary to respond to these changes in the business environment. So, we regard our priority issues as the development and supply of products and services that meet the needs of the

next-generation mobility society, strengthening of technological and material development to achieve this, improvement of quality, and training of human resources.

Guiding Policies

"Striving for the highest level of quality, safety, and societal benefits in our products and services"—True to this guiding principle as a manufacturer, we clearly state our fundamental philosophy and action guidelines regarding product safety in the "Toyo Tire Group Global Product Safety Policy." On the R&D front, we are developing products and services that have minimal impact on the environment. To assure product quality and safety, we operate a quality management system based on ISO 9001 and IATF 16949 (formerly ISO/TS 16949) to manage risks.

Quality Assurance Efforts

Improving the Quality of the Development & Productive Process

While considering it important to achieve greater quality in the upstream business processes for manufacturing, we aim to raise the quality not only of products and services that we introduce to the market but also the development and productive process itself.

For new products that we develop, our Quality Assurance Department checks the design reviews that are performed at every stage, from product planning stage to production planning stage. This is to ensure that quality is designed into our products and production processes.

We are verifying Robotic Process Automation (RPA), a software technology that automatically processes routine tasks, to see how much it improves our operational efficiency by preventing risks that might manifest themselves in the course of business, such as human errors and fraud. Preparations are well underway for its full-scale introduction. In fiscal 2020, RPA was introduced to four routine tasks, successfully slashing the time taken to do the tasks by 929 human-hours, marking a total reduction of 1,194.5 human-hours since its inception.

Responding to the Quality Standards of Each Country

Against the background of, for example, climate change and expanding demand for mobility resulting from population increase in emerging countries and economic expansion, more and more countries and regions are rapidly introducing new laws and systems relating to performance and environmental quality for improving fuel efficiency of automobiles and reducing of CO₂ emissions from automobiles. We are working to strengthen our handling of quality standards throughout the Group by responding to all quality related to increasingly complex laws and regulations. At the four tire experiment/evaluation bases in Japan, we test our tires in compliance with ISO/IEC17025 (general requirements for the competence of testing and calibration laboratories). Since the initial accreditation in 2013, we have been making constant efforts to improve the accuracy and reliability of our testing.

Every year, our Tire Business and Automotive Parts Business each hold a Global Quality Management Committee (QMC) meeting, where quality assurance managers and others concerned come together from manufacturing bases from around the world. At this meeting, we share and discuss initiatives related to product quality, improvement of the

quality system for production, the logistic and supplier quality demanded by customers (business partners).

Resolving Global Issues by Our Products

Supporting the Participation of Diverse Individuals in Society

In developed countries, several issues exist such as the rapid decline in population, the increase of the aging population, and measures to take for vulnerable road users as a result of natural disasters. Through our products and services, we contribute to the mobility society that supports the participation of diverse individuals in society. Our tires enjoy a high degree of popularity among our customers and users for their superb durability and fuel efficiency, guaranteeing safe and comfortable transportation for ever-diversifying drivers and passengers alike.

Accommodating Increasingly Sophisticated Customer Needs

Along with changes in the social environment, the values of people involved in mobility and customer needs for the Toyo Tire Group are becoming increasingly sophisticated. We not only address issues that our stakeholders expect us to resolve but also create a framework for maintenance work and solutions that only tire manufacturers can.

We have developed a model that automatically collects and stores data to monitor changes in the state of tires depending on the driving conditions of individual vehicles while also sensing road conditions, thus estimating the state of use (wear) of tires and other transport vehicles. We are working to develop this model into a full-fledged business for transport service providers.

Beyond solutions to challenges, we are also developing products that bring to market something new and delightful. A prime example here is the neo-futuristic airless concept tire, noair, a maintenance-free tire that offers a "spare-less solution," in response to emerging trends in the mobility society. In 2017, noair became the first non-pneumatic tire in the industry that can be mounted on passenger cars and driven at high speeds. Because vehicles with airless tires are not allowed to drive on public roads due to a lack of applicable laws at this moment, we are working on their application to "ultracompact cars."



Responding to Climate Change Risks

In the mobility industry, we are actively engaged in developing technology to respond to the various climate change risks that is expected in the future, such as improving technology for fuel-efficiency and low emissions, and the development of next-generation mobility to replace engine vehicles, etc. In our company, we are also engaged in the development of processing technologies that control energy loss, fuel-efficient tires, and automotive parts for next-generation mobility. And by deploying these products in markets throughout the world, we are contributing to the mobility industry's response to climate change risks.

Responding to Resource Depletion

It is essential to the sustainable growth of society to resolve the issue of shortages in natural resources caused by climate change and population growth. We are working on reducing the use of raw materials in each production process from the design stage, through research on next-generation material such as new functional rubber and sustainable raw material, and development of material and products with a high-level of wear resistance.

For example, we have established a new development process that significantly reduces fuel consumption while maintaining a high level of wear resistance by using our proprietary technology, Nano Balance Technology, to optimize resource characteristics. We started supplying products using this technology in the spring of 2019, thus contributing to resource-saving by extending product service life.

Training Human Resources with Technical Expertise

With an eye toward a future in which the market environment is projected to be dramatically different due to the mobility revolution, TOYO TIRE is focusing its efforts on training professionals who can transform difficulties and crises into opportunities for sustainable growth. Human resource training supports technological innovation, and we will engage in education and training that focuses on basic knowledge education, exchanges with parties outside the company, and passing on technology.

Toyo Tire Corporation aims to train human resources with "problem-solving skills and innovative capabilities" based on thinking oriented toward customer needs as well as "logical thinking and facilitation capabilities," which are important abilities. This will be done through company-wide, grade-specific training. At each of our technical headquarters, we will conduct training for young employees so that they acquire technical expertise and promote annual human resource training. In 2020, we included an SDGs course in the training curriculum for engineers. Through group work, trainees are expected to recognize technological development's role in resolving various social issues relevant to our business.

TOPICS

Announcing Tire Sensing Technology Concept Using AI and Digital Technologies



As the mobility society is undergoing once-in-a-century changes, we believe that automotive tires must provide the information needed to manage vehicle operations and support maintenance. It is thus only natural that we came up with the idea of using tires as a device for gathering information, so that we can create new added value. One of the outcomes of such efforts is tire sensing technology, which visualizes tire performance while driving. Sensors attached to tires detect the road surface conditions and tire wear to estimate actual tire performance, based on which the current grip of tires is assessed and displayed in real-time. With this, drivers can see the tire performance required for the road surface conditions they are driving on and if their tires are exerting their tire force^{*1}. Currently, we are gathering tire force data in real-time using sensors mounted onto vehicles while driving on our Miyazaki Tire Proving Ground and public roads.

We will seek co-creation with external partners to further evolve mobility with tire sensing technology.

^{*1} Actual tire performance estimated based on a variety of data input from tires, including air pressure, temperature, road surface detection, load, frictional wear, and irregularity



CG simulation of visualized tire force

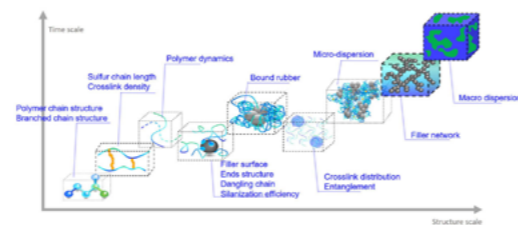
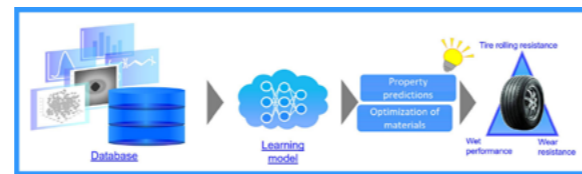
Evolution of the Rubber Material Fundamental Technologies



Artificial intelligence (AI) technology and machine learning are making sweeping changes everywhere, and material development is no exception. As part of our continued efforts to advance Nano Balance Technology, our proprietary fundamental technology for developing rubber materials, we have developed novel technologies for predicting properties of rubber materials and supporting rubber compounding design that use materials informatics (MI)^{*2}.

In 2018, we began verifying technologies for rubber compounding and property prediction using MI technology. Going forward, we will be seeking to develop high-performance products and reduce development lead-time and costs by creating an environment where our data is fully utilized and development moves forward using pioneering analytical approaches and prediction data.

^{*2} AI-enabled technology that searches for new and alternative materials with greater efficiency than conventional techniques



FY2020 Tire Safety Awareness Campaign



As a manufacturer/distributor of tires, on which the safety of the mobility society hinges, the Toyo Tire Group considers it a mission of great importance to educate drivers about the proper use of tires.

As more people choose to drive during the pandemic, it is nothing short of necessary to draw drivers' attention to safety by reminding them of the importance of periodic checks of tire pressure and precautions to observe when driving on a rainy day. Therefore, TOYO TIRE and its sales subsidiary in Japan, Toyo Tire Japan Co., Ltd., joined hands together like last year to engage in a tire safety awareness campaign.

In fiscal 2020, the campaign took place at four large shopping malls across the country with thorough measures in place to prevent infection with COVID-19. Using a driving simulator featuring our original software, we provided a total of nearly 500 drivers with a realistic experience of a variety of situations: driving on tires with different tread depths or levels of air pressure to compare breaking distance in rainy weather and handling stability, respectively, and driving a car that is hydroplaning. In a questionnaire survey after the experience, as many as 96% of the respondents said that they are now more conscious of the safety of tires.

We will continue organizing these educational campaigns in the hopes that drivers will take a greater interest in tires and start using them properly.



Contribution to the Global Environment

TOYO TIRE's SDGs (Ideal Status in 2030)

We will contribute;

- to improve resource usage efficiency including water and energy through promoting to upgrade of equipment and operation on manufacturing sites.
- to promote the use of renewable energy in the region to increase renewable energy share of energy used at manufacturing sites.

Issues to be addressed

*Materiality

- Efforts to alleviate and adapt to climate change (*)
- Efforts to reduce water risk
- Resource recycling efforts

With the impact of climate change becoming more severe, societal demands on mobility are also increasing. With its mobility business at the core of its management, TOYO TIRE recognizes action on climate change as one of the top priorities that will determine our future growth. We have a responsibility to the people living in current and future generations for reducing water-related

risks, realizing resource recycling, and reducing greenhouse gas emissions. As such, we prioritize these tasks to ensure the sustainability of the Group.

Guiding Policies

As one of the guidelines to achieve TOYO TIRE's SDGs, we have established the Global Environment Policy. We will support international norms and, through precautionary approaches, involve all players in our value chain in contributing to mitigating other environmental issues that the world faces.

Response to Climate Change

Opportunities and Risks posed by Climate Change

We recognize that risks and opportunities posed by climate change are important business issues.

As for our response to climate change, we have established "Decarbonization Task Force" under the Sustainability Committee in July 2021, and discuss action plans, which include orientation, goals, targets, Activity plan and KPI. The Task Force is considering countermeasures against climate change that companies should engage in while referring to the contents of the CDP^{*} Climate Change Questionnaire and Final Report (Recommendations) of Task Force on Climate-related Financial Disclosures (TCFD)^{**}. Based on the predicted impact of climate change published by the Intergovernmental Panel on Climate Change (IPCC) and various research institutes, we are in the process of organizing climate-related long-term opportunities, risks (physical and transition), and financial impact that will occur in continuing corporate operations.

For example, we recognize the impact of climate change as an opportunity, and receives profit from the development and sales of fuel-efficient products. In addition, there are some countermeasures that have launched in response to the risks of the strengthen environmental regulations in each country, such as changing fuel sources and improving the energy efficiency of facilities.

In future, we will prioritize these opportunities and risks that have been organized, evaluate the business impact using scenarios that are based on scientific evidence, and set long-term targets.

^{*} An international NGO working in environmental fields (climate change, water security and forest).
^{**} Established by the Financial Stability Board (FSB) in 2015 for the purpose of discussing the financial industry's response to climate change issues.



Reduction of Energy Consumption

We are moving forward with efforts to reduce energy consumption through the effective use of energy required for business activities both in and outside the organization in order to contribute to the alleviation of climate change.

Efforts are also being made to develop new products and technologies that contribute to climate change alleviation and adaption.

At TOYO TIRE ZHANGJIAGANG CO., LTD. (China), they are renovating their vulcanization process facilities to reduce power consumption. This subsidiary was able to slash 8% of its power consumption throughout the vulcanization process by converting its hydraulic equipment to inverters in 2020.

Energy Consumption within the Organization

(1000GJ)

	2018	2019	2020
Total consumption	7,473.0	7,346.1	6,777.4
By Region			
Japan	4,213.8	3,991.7	3,594.3
US	1,725.0	1,810.0	1,704.2
Asia (Excluding Japan)	1,534.2	1,544.4	1,478.9
Type of Source			
Non-Renewable Sources	4,927.8	5,065.8	4,662.4
Renewable Sources	138.3	2.91	0.44
Purchased electricity	2,082.9	1,963.3	1,818.8
(Reference) Percentage of renewable energy* in purchased electricity	-	15.6%	15.7%
Purchased Steam	324.1	314.2	295.8

* Renewable energy sources can include geothermal, wind, solar, hydro, and biomass.

Reductions in Energy Requirements of Products (Fuel Efficient Tires)

	2018	2019	2020
Amount of reductions in energy consumption (GJ/km) Estimated values	186.7	169.2	253.7
*Reference: Production ratio of Fuel Efficient Tires			
Tires for Passenger Vehicles (PCR)	28.6	20.7	19.5
Tires for Trucks and Buses (TBR)	25.3	21.0	22.4

Energy intensity in house

	2018	2019	2020
Energy consumption /Sales (GJ/million yen)	19.0	19.5	19.7

Reduction of Greenhouse Gas (GHG) Emissions

We are working to reduce Greenhouse gas (GHG), which emissions are said to be the main cause of climate change.

We are promoting fuel conversion and equipment renewal at manufacturing bases as a countermeasure to scope 1 and 2. TOYO TIRE (ZHUCHENG) CO., LTD. successfully reduced their CO₂ emissions by approximately 655 tons in 2020 by changing their cooling water circulator's temperature settings and recycling exhaust steam for heating.

To prepare for Scope 3 emissions, our R&D team is working to reduce CO₂ emissions from automobiles by developing fuel-efficient tires, among others.

GHG emissions

(1000t-CO₂e)

	2018	2019	2020
Scope 1 emissions	313.3	296.3	263.8
By Region			
Japan	226.1	204.7	180.7
US	53.6	57.8	51.8
Asia (Excluding Japan)	33.7	33.8	31.3

	2018	2019	2020
Energy indirect (Scope 2) GHG emissions	313.0	294.6	271.6
By Region			
Japan	99.2	70.4	57.1
US	86.7	91.2	86.8
Asia (Excluding Japan)	127.2	133.0	127.7

*Third-party verified data

GHG emissions intensity

	2018	2019	2020
Scope 1+2 /Sales (t-CO ₂ /million yen)	1.59	1.57	1.56

Efforts to Reduce Water Risk

We recognize that access to fresh water is an essential human right guaranteed by the United Nations (UN). So, we are aware that water risks in business activities are one of the business issues

We refer to the CDP Water Security Questionnaire to determine what we should do to ensure water security. We also use the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to identify water-related impacts on our business activities around our production bases/sites and engage in efforts to reduce water withdrawal and wastewater through effective use of water commensurate with the potential impact. In the latest evaluation, it was confirmed that, at this point, none of our bases/sites operates in areas where there is a high risk of: water supply fluctuating from season to season, water running short due to drought, groundwater running out, or limited access to drinking water in the vicinity.

Additionally, it was confirmed* that none of the Group's bases/sites withdraws water from water areas which experts deem to be vulnerable, nationally or internationally designated conservation areas or other sources that are of high value in terms of biodiversity, or sources that are deemed to be valuable or important for local communities and indigenous people. We are also not discharging wastewater to such water areas and sources, either.

* Identify using the following information; Ramsar Sites Information Service, UNESCO-World Heritage Center, Ministry of the Environment (Japan), Agency for Cultural Affairs (Japan)

Identify water-related impacts for our business activities (manufacturing)

Approach:

Accessed the water-related impacts by Aqueduct Water Risk Data (Aqueduct, WRI) at the end of June 2021.

Evaluation target area:

15 regions where the Group has manufacturing bases

Result:

Around Zhucheng (China) has been evaluated the water-related impact as Extremely high because in this area, there is a large demand for water, the yearly fluctuations in the water supply are significant, and the development status of wastewater treatment infrastructure. Around Chon Buri (Thailand) has been evaluated the water-related impact as high because of almost the same reason. In addition, the predictions for 2030 has assessed that, if stable economic development continues in the future, the ratio of demand to water supply are expected to increase more than the present demand. In this forecast, the demand will be 1.4 times in Zhucheng (China) and Grad Beograd (Serbia), 1.7 times for the area around Perak (Malaysia).

Reducing Water Withdrawal and Water Discharges

Primarily at its production facilities, our Group mainly withdraw water from municipal water supplies or other public or private water utilities and ground water for our business activities. Regarding water withdrawal and water discharges, each production facility is responsible establishing its own goals based on the size of the facility and products they produce. We are also revamping our equipment to reuse water as much as possible in each production process.

Water withdrawal

(1000kL)

	2018	2019	2020
Total water withdrawal from all areas	3,808.3	3,737.3	3,399.9
By Source			
Surface water	0.00	0.00	19.5
Groundwater	2,823.5	2,726.8	2,511.6
Third-party water	984.4	1,010.5	868.7

	2018	2019	2020
Total water withdrawal from Areas with water stress	-	87.2	77.2
By Source			
Surface water	-	0.00	0.00
Groundwater	-	86.1	76.1
Third-party water	-	1.10	1.11

*Third-party verified data

Water discharge

	2018	2019	2020
Total water discharge to all areas	2,373.6	2,194.8	2,022.2
By destination			
Surface water	1,631.4	1,525.0	1,475.3
Third-party water	742.1	669.7	546.9
Total water discharge to areas with water stress	-	86.9	77.0

*Third-party verified data
At present, all water intake is from fresh water (water for which the total dissolved solids are 1,000 mg/L or less)

Assurance:

To ensure the veracity and reliability of data that it discloses, the Toyo Tire Group obtained the independent practitioner's assurance of the 2020 environmental data. (As per the procedures of the independent practitioner)

- Scope: The scope of verification is Scope 1 and 2 emissions, energy consumption, water intake and drainage.
- Boundary: 22 sites * Excluding off-site mobile units

*TOYO TIRE Corp. (Headquarters, Sendai Plant, Kuwana Plant (tire/ Automotive Parts), Hyogo Manufacturing Complex, Tire Technical Center, Automotive Parts Technical Center, Corporate Technology Center, Tire Proving Ground), Fukushima Rubber Co., Ltd., Toyo Soflan Co., Ltd., Ayabe Toyo Rubber Co., Ltd., Orient Machinery Co., Ltd. (Headquarters, Sendai branch), TOYO AUTOMOTIVE PARTS (USA), INC., TOYO TIRE NORTH AMERICA MANUFACTURING INC., TOYO AUTOMOTIVE PARTS (GUANGZHOU) CO., LTD., TOYO TIRE ZHANGJIAGANG CO., LTD., TOYO TIRE (ZHUCHENG) CO., LTD., SILVERSTONE BERHAD, TOYO TYRE MALAYSIA SDN BHD, TOYO RUBBER CHEMICAL PRODUCTS (THAILAND) LIMITED

- Period Subject to Report: from 1 January 2020 to 31 December 2020.
- Criteria of Verification: ISO14064-3: 2006 and the SGS verification protocol.
- Verification Organization (a third-party): SGS Japan Inc.

Resource Recycling Efforts

TOYO TIRE considers our mission to contribute to the shift from a society that consumes resources to one that recycles as the social responsibility of a manufacturer that conducts business globally.

We strive to secure a stable and sustainable supply of raw materials, such as natural rubber, indispensable for business growth in terms of both quality and volume. We are also moving forward with efforts to develop new materials and to improve product design and production processes to make more efficient use of materials. The Toyo Tire Group is making constant efforts to increase material usage efficiency and reduce the amount of final disposal.

For example, Toyo Soflan Co., Ltd., for example, reuses 100% of defective units and discards (cut pieces from the molding process) from its resin product manufacturing process by feeding them back to the process.

*Excluding products using special materials

* The details of each performance that energy and water usage, significant air emissions (GHG, others), and waste, and the detail of each data (boundary, period, assumptions underlying of data) are available at our website

Respect for Human Rights and Diversity

TOYO TIRE's SDGs (Ideal Status in 2030)

We will contribute;

- to create a society where diverse peoples are able to get equal opportunities and play an active role by providing work environment that employees can continue to challenge with peace of mind.
- to create a society where SDGs become mainstream through developing human resources to support sustainable development of the world.
- to promote local employment and to develop and stabilize the local economy by strengthening global network.

Issues to be addressed

*Materiality

- **Creating an environment that enhances the motivation of diverse human resource (*)**
- **Fulfilling responsibility to respect human rights**

For TOYO TIRE to grow as a global company in the future, we believe it is important to understand the diversification of our stakeholders. And we must respond in good faith to diversifying needs while having the consideration. To create this environment, it is important to build an organization that can make the most of the personalities and values of people from various backgrounds and enable them to demonstrate their capabilities. So, we support and respect international norms, reduces the risk of business activities negatively impacting human rights, as well as positions opportunities to support and promote the benefits of human rights as issues that should be addressed with priority.

Guiding Policies

We respect international norms concerning human rights and labor practices, such as the Universal Declaration of Human Rights, the ILO Declaration, and the Ten Principles of the United Nations Global Compact (UNGC). In our Charter of Corporate Behavior, we set forth the principles for faithfully conducting business activities, including the responsibility for respecting human rights and realizing a satisfactory workplace environment. In the Global Human Rights & Labor Policy, we also made clear our commitment to respecting human rights to the extent that they impact the Group's business activities. Likewise, our commitment to addressing human rights issues in the supply chain in collaboration with business partners is clearly stated in the Toyo Tire Group CSR Procurement Guidelines and the Sustainable Natural Rubber Procurement Policy. These policies and guidelines also mandate respect for the rights of local residents and the cultures and customs of their communities.

plan. We also organize a variety of awareness-raising training sessions, including e-learning on topics such as diversity & inclusion. We now involves all employees in the activities. Thanks partly to their efforts to review job descriptions, job responsibilities, and authorities of female employees to assist their career advancement, more women are holding managerial positions within the Group.

Improvement of Education and Training Programs

We consider our people to be our most important resource to support continued business growth and we are aware of the importance of developing these human resources. We have expanded our education and training, the goals of which are for employees to acquire the skills needed to achieve business management targets.

For example, Toyo Tire Corporation divides its training programs into three categories: "Grade-Specific Training", "Selective Training", and "Independent Training". We created training programs to meet the objectives of these three categories and employees' grade levels and years of service. To encourage our employees to work toward their future goals, our Company defined our career development policy.

New employee hires (Toyo Tire Corp.)

*Full-time employee including mid-career hiring

Total	131
Age groups	Under 30 years old; 87.0%
	30-50 years old; 12.2%
	Over 50 years old; 0.8%
Gender*	Male 91.6%
	Female 8.4%

Diversity of employees (Toyo Tire Corp.)

*Full-time employee

Total	3,725 (+3.6% from the previous year)
Age groups	Under 30 years old; 21.3%
	30-50 years old; 60.5%
	Over 50 years old; 18.2%
Gender	Male 93.3% (-0.1 pt from the previous year)
	Female 6.7% (+0.1 pt from the previous year)
People with disabilities	34
Foreigner**	21
Total number of managers	835
Male-female ratio of managers	Male 95.0% (-0.2 pt from the previous year)
	Female 5.0% (+0.2 pt from the previous year)
Percentage of Foreign** managers	0.7% (+0.1pt from the previous year)

* Gender-specific data: Refers to data for each biological sex. We do not have quantitative data specific to individual social sexes due to the difficulty in determining them. Our goal is to provide a workplace environment where all the employees are given equal opportunities.

** Data on foreign nationals: Refers to data on foreign nationals as defined in the Nationality Act of Japan

Fulfilling the Responsibility to Respect Human Rights

The Toyo Tire Group has established itself in the global area, so that the majority of its employees are working outside of Japan. As we have more opportunities than before to communicate with diverse stakeholders internally and externally, it will be increasingly important for us to show respect for the human rights of all persons involved in our business in accordance with the Global Human Rights & Labor Policy.

In response to the globalization of human rights-related risks, we are providing all employees of the Group with e-learning sessions on the code of business conduct as part of the training program on businesses' responsibility to respect human rights.

In 2020, a report was received by the grievance control system run by the Toyo Tire Group about a human rights concern (harassment). We make it a rule to get to the bottom of such cases to take corrective measures if it is an active problem and preventive measures if it is a latent problem. When a harassment case is reported, we organize a training session at the base/site in question and, if deemed necessary,

other relevant bases/sites to prevent a recurrence.

The Toyo Tire Group will remain committed to preventing and mitigating negative impacts on human rights with regard to business activities or workplaces.

Diversity of Human Resources

Employment Situation

TOYO TIRE is committed to ensuring fair employment practices and treatment of employees across our organization. We are also striving to create workplaces where diverse individuals can fully demonstrate their capabilities, regardless of nationality or gender. In terms of recruiting, we endeavor to secure necessary human resources through various methods - not only new graduate and mid-career recruiting, but also disabled persons and the reemployment of retired employees.

To ensure diversity and equal opportunities at workplaces, we are developing various personnel systems to empower employees while also conducting career interviews with every employee and drawing up a human resources development

TOPICS

Our Special Subsidiary Participates at the Hyogo Disabled Persons Employment Forum 2020



Showa Estate Co., Ltd., our special subsidiary, is fulfilling the Toyo Tire Group's mission of promoting the employment of persons with disabilities. They are making every effort to create a safe and comfortable workplace environment and expand the range of work, in order to ensure that diverse human resources can keep challenging themselves as they tap into their abilities.

The Hyogo Disabled Persons Employment Forum 2020 is a job fair designed to stimulate the employment of persons with disabilities.

On the day of the event, for job-seeking students with disabilities and companies planning to hire persons with disabilities through their business, they introduced their business and other initiatives to help them to improve their employability.

By including diverse persons in society through the employment

of persons with disabilities, they aim to be a company that is indispensable to local communities.



TOYO TIRE's SDGs (Ideal Status in 2030)

We will contribute to create a society where ethical consumption is standardized by building a sustainable supply chain through cooperation with stakeholders.

Issues to be addressed

*Materiality

● Supply chain management (Society and Environment) (*)

It is essential to TOYO TIRE's sustainable growth that we understand the impact of its activities on the supply chain and engage in resolving social issues faced by the supply chain, as a global company. In addition, we believe that it is only through a sound supply chain that we can deliver safer, more secure products and services to consumers. To this end, we position contributing to sharing the Group's thoughts on sustainable procurement with business partners and solving global social problems throughout the supply chain as issues that should be addressed with priority.

Guiding Policies

We formulated the Toyo Tire Group's Basic Purchasing Policies in order to comply with laws and regulations related to free competition and fair transactions in every country and region as well as pursuing appropriate quality and price through fair transactions.

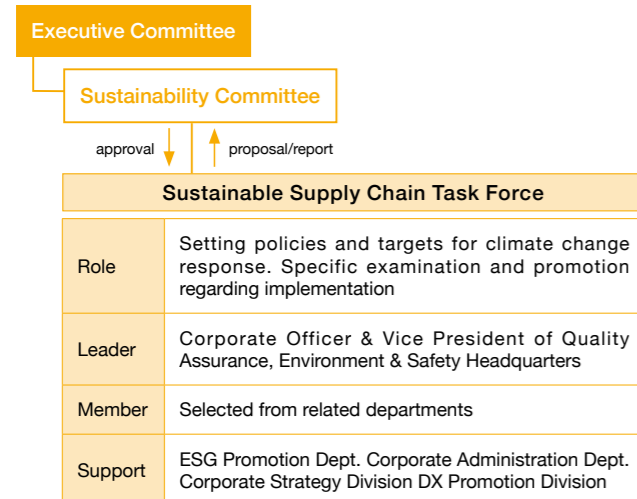
"TOYO TIRE Group CSR Procurement Guidelines" and "Sustainable Natural Rubber Procurement Policy" were also established. We will promote sustainable purchasing in collaboration with business partners, the goal of which is to reduce, prevent, and minimize the negative impact that business activities have or could have on the environment or society and simultaneously raise corporate value and competitiveness. We will also secure stable supplies.

Partnership with Business Partners

■ Promotion of sustainable procurement

Creating a supply chain that supports sustainable procurement is indispensable for continuing to ensure a stable supply of raw materials with the quality and volume to support the growth of TOYO TIRE. Sustainable procurement means that we work toward resolving social issues throughout the entire supply chain, from production to consumption, and aims for sustainability in society.

Because this is an urgent high priority issue for the Group, we have established Task force under the Sustainability Committee and discuss action plans, which include orientation, goals, and targets.



■ CSR Procurement Guidelines

In line with the TOYO TIRE Group CSR Procurement Guidelines, we are working to resolve social issues throughout the entire supply chain from production to consumption, requesting our business partners to not only follow the Guidelines but also ask their own upstream suppliers to follow suit.

As we expand the scope of global procurement, we have published the Guidelines in Japanese, English, and Chinese. For a new initiative in this regard, in 2020, we distributed the CSR Self Checklist (questionnaire survey) to about 350 suppliers both in Japan and abroad so that they can report on the status of their activities. Based on the survey findings, we will conduct due diligence, that is, analyze the risks in the supply chain and feed the analysis findings back to suppliers to address both actual and potential negative impacts.

We also set up a whistleblowing desk to which suppliers can report any concerns about CSR procurement and make it known to relevant parties at briefings on the revised CSR Procurement Guidelines and other occasions.

In 2020, there were no reports from business partners to the reporting hotline.

■ International collaboration on the sustainable procurement of natural rubber

In the future, being able to procure a stable supply of natural rubber is a particularly important management issue for the Group, which uses natural rubber as the main raw material for manufacturing. Meanwhile, the natural rubber industry faces social issues, such as deforestation at production sites and infringement of the rights of local residents, and there is a worldwide movement to achieve sustainable procurement of natural rubber by resolving these issues.

Since 2016, we have endorsed the aims of the "Sustainable Natural Rubber Initiatives (SNR-i)" proposed by the International Rubber Study Group (IRSG), and we have promoted CSR procurement while gaining the understanding of our business partners.

In addition, a new framework "Sustainable Nature" was launched in 2018 under the initiative of the Tire Industry Project (TIP) under the umbrella of the World Business Council for Sustainable Development (WBCSD). We are also participating in the Global Platform for Rubber (GPSNR) * 2 and are holding discussions to resolve issues. In 2020, the GPSNR decided on the elements for policies that its participants need to develop to incorporate the GPSNR Sustainable Natural Rubber Principles into business activities. Accordingly, we made a full revision of our natural rubber procurement policy, which had been added to the CSR Procurement Guidelines in 2019, to draw up and announce the Sustainable Natural Rubber Procurement Policy. This brand new policy is aimed at increasing the effectiveness of our initiatives concerning ecological ecosystems, human rights, and communities.

We aim to build a sustainable natural rubber supply chain through our value chain in collaboration with international initiatives and stakeholders

* A platform that aims for production and use of natural rubber around the world to be conducted in a method that considers the natural environment and social issues, going beyond the norms of the industry.



Comment by Stefano Savi, Director, GPSNR

I am delighted to know that TOYO TIRE has announced its support for the GPSNR policy framework and institutionalized its commitment to a fair, equitable, and sustainable natural rubber value chain. With half of the stakeholders of natural rubber having a GPSNR membership, it is undoubtedly a positive step for the entire industry if TOYO TIRE and other member companies adopt the policy framework. I look forward to seeing how TOYO TIRE's initiatives in this regard will inspire other companies to support our policy framework.



■ Response to the Conflict Minerals Issues

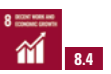
Conflict minerals refer to tin, tantalum, tungsten, and gold mined in conflict areas. Due diligence of the supply chain is required by law in Europe and the United States, as purchasing conflict minerals becomes a source of funds for local armed groups and promotes corruption such as human rights violations, bribery, and money laundering. We conduct thorough investigations by tracing all the way back along the supply chain to smelter to determine whether the materials or products supplied to us contain conflict minerals from the relevant countries, in cooperation with our customers and suppliers.

Fair and transparent transactions

TOYO TIRE includes free competition and fair transactions in the Toyo Tire Group Code of Conduct, and it adheres to antimonopoly laws and the Subcontract Act, undertaking fair purchasing activities, compliance with import and export related laws and regulations, and provides appropriate labels and explanations. For example, at Toyo Tire Corporation, we ensure our business activities are based on fair and free competition by formulating not only purchasing transaction rules that stipulate various matters such as fair, non-discriminatory transactions and a prohibition on personal interest in business partners, but also cartel prevention rules, which prevent cartels, collusion, and acts that could invite these, which are prohibited under antimonopoly laws.

TOPICS

Inviting WWF to Conduct a Workshop on "Sustainable Natural Rubber"



Toyo Tire Corporation believes it important to understand what is happening in natural rubber producing areas as we set about creating a sustainable natural rubber supply chain. Accordingly, in April 2021, we invited WWF Japan to give an online workshop on forest preservation and sustainable natural rubber.

The workshop included technical lectures on biodiversity, protection of endangered wildlife, land development/use, and other topics, as well as forest preservation in areas where natural rubber is produced. The attendees not only deepened their understanding of these topics but also took this opportunity to see how the Sustainable Natural Rubber Procurement Policy relates to their operations and ponder the challenges that they may encounter when drawing up action plans.

Going forward, through communication and collaboration with such professional organizations/groups and stakeholders, we will forge ahead with initiatives for sustainable procurement.

Creating Safe and Healthy Workplaces

TOYO TIRE's SDGs (Ideal Status in 2030)

- We will contribute to create a society where everyone is able to work safely and healthily through "smartness" -development and introduction of technologies that reduce the human load, e.g. AI and IoT.

Issues to be addressed

- Global-level worker safety and health management

TOYO TIRE believes that it is the responsibility of all stakeholders to prioritize safety in all of their corporate activities. In addition, promoting the health of employees leads to improved productivity and improved corporate value, and we recognize this to be an important business issue for the future business growth. And preventing industrial accidents and promoting the health of workers, creating a comfortable work environment, and continuing to manage and improve them, does not only reduce economic damage and loss of life, but also lead to improvements in performance and corporate value, such as better productivity

and quality. Thus, we have positioned these as issues that should be addressed with priority.

Guiding Policies

At TOYO TIRE, labor and management work together to operate an occupational health and safety management system based on OSHMS Guidelines (Guidelines on Occupational Safety and Health Management System, Ministry of Health, Labor and Welfare) and promote safety and health throughout the company. These efforts consist primarily of conducting risk assessments and implementing necessary measures based on their results under the leadership of top management.

Creating Safe Workplaces

We are working to create safe workplaces from the three perspectives of "equipment," "personnel," and "management system development" at all business sites. With regard to physical aspects, by conducting a risk assessment on the hazards, we promote the elimination of hazards based on safety standards for equipment and safety measures such as an enclosure or interlock. From the aspect of "personnel," we strive to visualize the "residual risks" that remain after an action has been taken for equipment. In more concrete terms, we thoroughly manage such risks by pinpointing high residual risks, establishing work standards, taking "stop, call, and wait" approaches, and promoting "point and call" and hazard prediction (KY in Japanese) activities. Furthermore, each business site provides a training program in accordance with the stratified safety training scheme, with an emphasis on "KY" training and experiential safety training. To provide employees with such experiences, we set up Safety KY Training Halls. Here, we use special machines to give a realistic sense of equipment hazards and draw attention to the importance of working by the rules. By the end of 2020, we established training halls at seven locations. At production facilities where employees with diverse backgrounds work, we make announcements in multiple languages and use illustrations and color-coded warnings signs.

As for the creation of a management system, we are expanding industrial health and safety management systems, including OSHMS, GSC, and OHSAS 18001. We have compiled

the Industrial Accident Response Manual with the aim of protecting employees' safety and the company's credibility by taking prompt and adequate responses when labor-related accidents occur to prevent damage from spreading, thus keeping personal and physical losses to a minimum. Stipulated clearly in this manual are concrete steps to follow when an industrial accident occurs, a necessary risk management system against industrial accidents, procedures in ordinary times, the code of conduct for employees, and procedures in the times of emergency.

In Japan, persons in charge of safety and disaster management and the Environment & Health Department at all sites meet monthly (currently online). By using these opportunities to provide information on what they do to prevent and mitigate disasters, they share best practices across all sites to prevent similar disasters from occurring at other sites.

As a result of these efforts, in fiscal 2020, our total incidence rate of occupational accidents in Japan decreased by 28% from the previous year.

FY2020 Safety Performance

The lost-time accident rate (Manufacturing base)

*Number of lost-time accidents per million hours worked in total

In Japan: 0.14 (0.00 in FY2019)

Outside Japan: 1.69 (1.82 in FY2019)

Creating Disaster Resistant Workplaces

We have enhanced our efforts related to fire prevention management and strengthened our disaster prevention and mitigation efforts taking into consideration our experience with major disasters such as the Great East Japan Earthquake.

Activities such as practical firefighting training and blind earthquake training have been introduced at all business sites. We conduct firefighting training for hazardous materials that is NFPA600 compliant, which means they meet the standards set by the National Fire Protection Association (NFPA).

So far, a total of 239 employees have taken a fire safety inspector training course, which began in FY2018, in Japan. As one outcome of such an effort, no fires were reported in FY2020, and the number of small fires was reduced by more than 33% from the previous fiscal year.

Outside of Japan, too, we are taking actions and conducting disaster management drills in accordance with the level of such risks in each country.

FY2020 Disaster prevention drill implementation record

Japan: 22 sites (Total number 4,196 participants)

US: 1sites (Total number 366 participants)

Oceania/Asia (Excluding Japan): 5 sites (Total number 2,395 participants)

TOPICS

Commended as an Excellent Hazardous Materials Facility by the Kawanishi City Fire Prevention and Safety Association



One of our R&D centers, the Corporate Technology Center is engaged in the maintenance and improvement of the entire premises to prevent accidents when handling hazardous materials. Using the chemical substance management system, they monitor the inventory volume of such materials as well as where they are in real-time to maintain an appropriate management system while encouraging all employees handling hazardous materials to obtain relevant qualifications. In recognition of these initiatives, which are continuously taken throughout the site, in 2020, they were given a commendation by the Kawanishi City Fire Prevention and Safety Association as an excellent hazardous materials facility. We will remain committed to creating accident-free workplace environments through continued efforts.



Stepping Up Anti-Heatstroke Measures



In recent years, heatstroke while on duty has become an additional risk. To combat this new challenge to industrial health, TOYO TIRE controls heat and ventilates air at workplaces, and ensures that its employees hydrate periodically.

Our special subsidiary are seeking to prevent the spread of infections and mitigate heat at the same time by, for example, introducing new uniforms to reduce the burden of outdoor cleanup tasks, a job that is vulnerable to extreme temperatures. Drying quickly and giving a cooling sensation, this brand new uniform increases comfort for workers while on duty.

We are planning to distribute the uniform to other sites in a bid to create an environment that assures the safety of employees.



Outdoor work in the new uniform

Reinforcement of Corporate Governance and Compliance

TOYO TIRE's SDGs (Ideal Status in 2030)

We will contribute to minimize social impact of extreme weather phenomena derived from climate change by building a robust value chain.

Issues to be addressed

- Reinforcing corporate governance
- Further spreading awareness of placing greatest priority on compliance

We are living in a time when the future outlook is increasingly uncertain, what with climate change, the changing demographic structure, and infectious diseases that spread globally. In order to sustain international business growth as we strive to survive the "once-in-a-century" change in the auto industry, we at TOYO TIRE believe it essential to ensure management transparency and pursue fairness within the organization. To this end, we recognize that we have a responsibility to various stakeholders, and it is necessary to maintain an appropriate management system and increase awareness that compliance is the most important issue, and we have

positioned these as issues that should be addressed with priority.

Guiding Policies

We properly implement the principles of the corporate governance code in order to implement effective corporate governance.

For us to faithfully conduct business activities to realize a sustainable society, "constantly benefiting society by being fair in what we do" is the primary criteria for action in our corporate philosophy, and we have revised the Toyo Tire Group Charter of Corporate Behavior, the corporate action principles applied uniformly across the Group, to reflect this. We have also established the Toyo Tire Group Code of Conduct for each and every director and employee to put the Charter into practice, and made efforts to spread the Code across the Group.

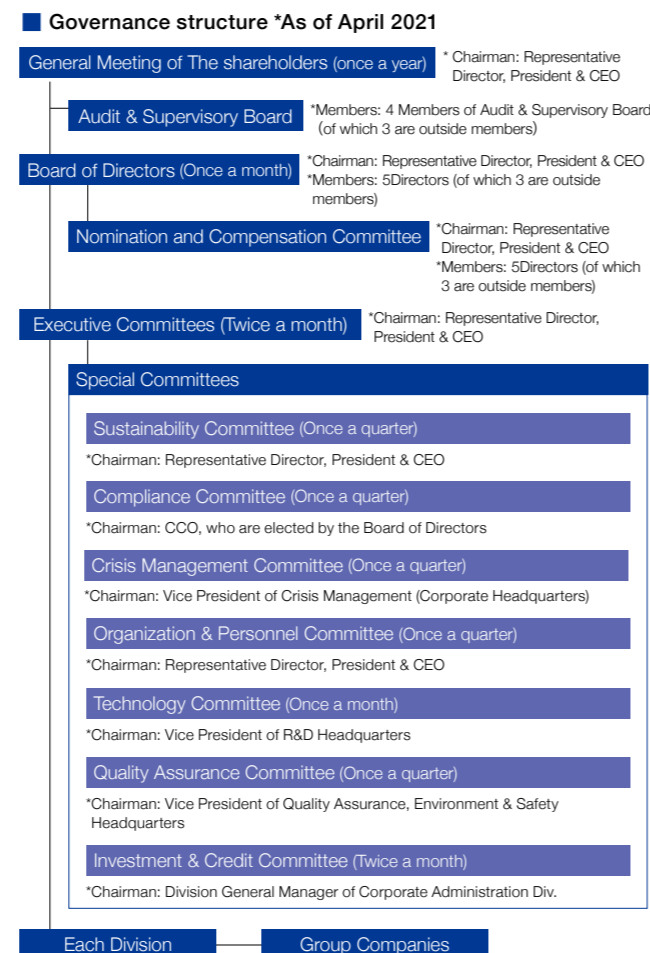
Corporate Governance

Corporate Governance System

Our corporate governance system comprises the Board of Directors, which is responsible for decision-making and supervision, under which the Nomination & Compensation Committee is placed as an independent advisory organ to the Board of Directors on personnel affairs, compensation, and other matters concerning directors. Also comprising the system are the Executive Committee, which serves as the decision-making body for business execution, the special committees, which act as deliberative and consultative bodies for their respective areas, and the Audit & Supervisory Board, which audits the performance of the Board of Directors and each of its members. Our corporate governance structure allows these organs to fulfill their respective functions and responsibilities effectively. In April 2021, to enhance and promote our sustainability management, we established a new special committee, the Sustainability Committee, which the Safety & Environment Committee was merged into.

Spreading the Philosophy

At the Toyo Tire Group, all corporate officers and employees refer to our corporate philosophy as the basis for their work. Since its establishment in 2017, we have taken a variety of



measures to help all employees deepen their understanding of the philosophy.

We have positioned the "Corporate Creed," the important founding spirit that we will maintain into the future, as the overarching concept; put into words our significance in society in the form of "Our Mission"; and clearly specified the vision for the company that we should strive for in that mission as "Our Vision." We also lay down "Our Fundamental Values" as a foundation for ideas that all corporate officers and employees should value equally.

In the new medium-term business plan, the Mid-Term '21 Plan, which we announced in February 2021, we made it clear that the realization of our corporate philosophy is our raison d'être and that business plans are in place to realize the corporate philosophy.

In order for everyone in the Toyo Tire Group to understand our philosophy well, we have set up a corporate philosophy lecture as one of the in-house training programs. In fiscal 2020, department heads were given case studies to understand the importance of spreading visions and strategies linked to corporate philosophy at workplaces, as well as group work where they shared the current status of its promulgation at their workplaces. The session proved to be a valuable opportunity for them to enhance their awareness of the need to spread our corporate philosophy by sharing the challenges and efforts in doing so with their peers from other departments.

Work of the Board of Directors

TOYO TIRE holds a regular board of directors meeting once every month to make decisions on important matters and supervise the status of business execution by Directors. In FY2020, a total of 17 meetings, including extraordinary ones, were held. Outside Directors attend the board of directors meetings and other important meetings to offer their opinions on deliberations to fulfill their responsibility to monitor and supervise management.

Since FY 2017, the Company has been conducting an analysis and evaluation of the effectiveness of the Board of Directors as a whole by conducting a signed survey of directors and Audit and Supervisory Board members regarding the operation, composition, activities, etc. of the Board of Directors. The compilation, analysis, and evaluation of the surveys are entrusted to a third party in order to ensure impartiality. Based on the results of third party evaluations, we will further improve the functions of the Board of Directors.

Promoting Compliance

Spreading Awareness of the Charter of Corporate Behavior and Code of Conduct

TOYO TIRE compiled not only the "Toyo Tire Group Charter

of Corporate Behavior" as corporate action principles applied uniformly across the Group in order faithfully conduct business activities but also the "Toyo Tire Group Code of Conduct" for each director and employee to put the charter into practice. Taking into the consideration differences in laws, regulations, and customs between countries and regions, the various Group companies outside Japan have created independent codes of conduct using the code of conduct as action guidelines.

We have newly created and distributed the "Code of Conduct Handbook: Global Version." This handbook translated into 9 languages: Japanese, English, Russian, German, Italian, Chinese, Thai, Malaysian, and Portuguese, and defines the basic actions that every Director and employee of the Group should take. We are working to spread the code of conduct throughout the Group and reinforce compliance.

Internal Reporting System

The Toyo Tire Group has maintained an internal reporting system since 2006. In Japan, we have established internal and external hotlines employees and business partners can use. Reports can also be made anonymously. Overseas, we are establishing such hotlines at each site to ensure fairness and transparency, which are essential for sound business activities.

Anti-Corruption

The Toyo Tire Group strives to ensure fairness and transparency in all its business activities. Having established the Global Anti-Corruption and Anti-Bribery Policy and Anti-Bribery Rules, we are making constant efforts to ensure that these policies and rules are applied appropriately to our business. In fiscal 2020, we organized e-learning sessions on the prevention of bribery for employees from the corporate and R&D divisions and back-office operations at production sites.

With the recognition that, if acts of corruption and/or bribery are discovered, there is a risk of not only a large financial penalty and detention of the perpetrators concerned, but also a risk of serious damage being done to our corporate value by business suspension and social punishment, we will work to prevent such misconduct as part of our corporate social responsibilities.

Grievance Mechanism

- Reporting Hotline (Creating an Internal Control System) *Targets: Employees, Business Partners
- Customer Relations Department * Targets: Customers, Local Communities
- Inquiry Form (on the Website) * Targets: Customers, Shareholders and Investors, NGOs
- Labor-Management Council Meetings * Targets: Employees
- Consultation Desk for Compliance with the Antimonopoly Act *Targets: Employees
- IR meetings *Targets: Shareholder, Investor