# **Our Philosophy**

## Philosophy (Defined in January 2017)

Company Philosophy

We will endeavor to continuously improve our products, and create value for everyone who we work with.

## Our Mission

To create excitement and surprise with our products that exceed customer expectations and enriches society.

## **Our Vision**

Our goal is to be a company that:

- Stays one step ahead of the future through constant technological innovation;
- Drives entrepreneurial and creative spirit through a progressive culture; and
- Shares in the enjoyment felt by everyone involved in our activities.

## Our Fundamental Values: "The TOYO WAY"

Fairness	Be fair and selfless in one's actions to benefit society.
Pride	Take pride in one's self, work and company, and to persevere.
Initiative	Show initiative in all matters, and take ownership of one's actions.
Appreciation	Demonstrate sincere compassion and appreciation for people and society.
Solidarity	Continuously advance creativity and innovation by working together to mobilize our corporate knowledge and capabilities.

The highest-order concept in the Company philosophy framework The founding spirit we maintain and pass on to the future

Our promise to society and to ourselves

The vision of how we want our Company to be in order to keep our promise to society (=our mission)

The principles each of us value that guide our mission and promise and make our vision a reality

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# **Open Roads Await**

Company Philosophy

**Our Mission** 

**Our Vision** 

**Our Fundamental Values:** "The TOYO WAY"

The Spirit That Underpins Our Company Philosophy

## We will endeavor to continuously improve our products, and create value for everyone who we work with.

Our Company Philosophy was established by the founding president, Rikimatsu Tomihisa, in September 1950 to serve as a clear statement of his management philosophy. This short statement reflects the noble spirit he thought people should aspire to at the time of the country's rebirth. Ten years after the founding of the Company, Rikimatsu Tomihisa said, "the decade of growth our Company has enjoyed is largely thanks to the way every employee has faithfully followed the spirit of our Company Philosophy."

Even though times have changed and the business environment in which we operate has been drastically transformed, the Company Philosophy embodies insights and guidance that are still relevant today. We see our Company Philosophy as the founding spirit which we should always hold on to as we pursue our tasks at work and pass on into the future.

[The spirit that underpins our Company Philosophv1

Industry progresses steadily day by day and never rests. We must understand the importance of our work well and make progress every day. We must research, create and be ingenious, always determined that we will be better today than vesterday. Abundance of high-quality materials may

make it easier to produce good products, but they are not always available, and knowledge and skills vary also from person to person. We must start with the understanding that there are too many change

factors to have stability, and be relentless in our pursuit of improvement in order to produce good, balanced products consistently.

Our motto must be to sell valuable products at the right prices, and we must above all refrain from seeking to profiteer to the detriment of people

Consumers do not just mean customers; the next process at work is also a consumer

Everyone in a company is a necessary person, Conversely, every person has an important responsibility. Everyone must do their very best at work



## **Philosophy Review Process**

Our Philosophy review began as a response to the issue of data fabrication that came to light in 2015 concerning the seismic isolation rubber business and anti-vibration rubber business. As the investigations into the root cause of the problem progressed in 2016, the management team realized that there was a need for reforming the company culture and came to a consensus to review and redraft our Philosophy statements in order to reaffirm our values. In April 2016, a project was launched to review the role and content of our Philosophy statements.

December 2015	General review of the issues (investigation into cause,	
	announcement of measures to prevent recurrences)	
	Intensive discussions at officers' level	
	Conclusion: verbalizing of shared philosophy and its	
	dissemination across all levels of organization are important	
March 2016	tasks we should undertake	
April–	Project to review the role and content of Philosophy statements	
7 pm	Bottom-up hearing of employees' voices	1.3.
	and	V C
December 2016	Shaping statements through officers' discussions	
December 2010		
January 2017	Establishment of new Philosophy statements	

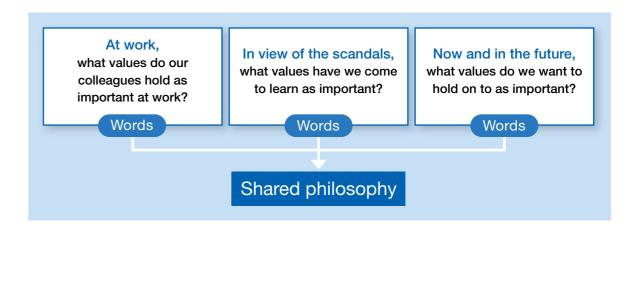
## Turning wishes and hopes for the future of our Company into words

The nine-month long dialogue considered three aspects: "what values do our colleagues hold as important through

The project to review the role and content of Philosophy statements was structured as a reciprocal back-and-forth of ideas between employees and the management, where a working group of employees would present their thoughts in the form of recommendations to the management, the management team would in turn discuss the same themes and return their feedback, the employees' working group would then use the feedback to hold further discussions, and so on. work?"; "what values have we come to learn as important in view of the scandals we have gone through?"; and "what values do we want to hold on to as important now and in the future?" Common values distilled from the dialogue were put together into words to formulate Philosophy statements.

These discussions brought out a clear picture of what we felt the Company should aspire to be, and this was crystalized in the new Philosophy statements established on January 1, 2017.

The 2017 New Year Address by the president announced the launch of the new Philosophy to the workforce, in which he stated, "Our Philosophy is the central pillar of the Company itself, a shared set of values that employees must hold and take into the future. Every officer and every employee must place it at the starting point of every task, understand what it means correctly and strive to be its embodiment."



## Instilling the Philosophy

Since the introduction of the Philosophy in 2017, we have been taking various initiatives to promote the awareness and understanding of it across all employees.

These initiatives include: a Philosophy card for every employee to carry, and the text hung on the wall of meeting rooms and visitor reception rooms at each site; a lecture on the Philosophy given as the first session of every internal training course; case workshops to promote the understanding of the importance in workplaces of visions and strategies that are linked to the Philosophy; and group-based workshops to share creative ideas to promote the Philosophy within each organization.

Our human resources management system is designed to base the evaluation and career progression of each employee on clearly defined ideals and expectations for each level, and one of the expected roles is "to embody and instill the Philosophy" in order to embed a culture of thinking and acting in line with the Philosophy while carrying out tasks and running departments.

## **Growth Trajectory**

Foundi

The Toyo Tire Group can trace its roots back to 1945, a time of unprecedented disarray around the end of World War II. Since then, we have experienced a period of high economic growth and the bubble economy, and we have overcome recessions, continuously delivering a multitude of values, including "safety," "the joy of driving" and "a society of sustainable mobility," to the world by expanding globally while adapting to the diversifying automobile market.

1945-1970:	
ng and groundwork for growth	<b>)</b> [

1971-2003: versification and globalization

In August 1945, Toyo Rubber Industrial, which was established and developed by Toyo Boseki (currently, Toyobo) in order to develop the rubber industry, merged with Hirano Rubber Manufacturing, a company whose operations Toyo Boseki had invested in and strengthened, resulting in the establishment of Toyo Tire & Rubber Co., Ltd. Both predecessor companies' main factories had been severely damaged in air raids and our history started with rebuilding the devastated business environment. Since our founding we have kept technology in our sights, and in 1946 we established a department to develop elemental technologies, the precursor to the Central Research Center, as well as the Toyo Institute of Rubber, Industry and Technology. In 1950, after wartime restrictions were lifted, we began producing rubber products, aiming to make the leap to a general rubber company. In 1952, we launched the long-awaited RS (Royal Wing Special) Tire. In 1966, while expanding our sales network, we took the

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automotive industry

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growth.

lead in the industry by establishing Toyo Tire (U.S.A.) Corp. in the U.S. (currently Toyo Tire U.S.A. Corp.) and expanded the scale of our business, riding the wave of rapid economic





Toyo Institute of Rubber, Industry and echnology

1945

End of WWII and the start of post-war rapid

of the year

economic growth

1945

#### Around 1945 Transition from a controlled economy to a free economy

While the reconstruction of production bases damaged by air raids began amidst the chaos at the end of World War II, the production of cars and rubber products was controlled by General Headquarters (GHQ) until 1950.

#### 1960s Keyword for the period: innovation

We entered into technical tie-ups with leading manufacturers in advanced countries in Europe and the U.S., and strived to create products that would be accepted in the global market by adding practical improvements to the latest technologies

In the early 1970s, our diversification and stimulation strategy promoted four businesses: tires, chemicals, footwear and industrial goods. Following the oil crisis, during a period in which we found it extremely difficult to secure raw materials, we focused on improving our organizational structure. In 1979, we entered into a comprehensive business partnership with Nitto Tire Co., Ltd. and reorganized our production bases. We also further expanded our sales strategy outside Japan by establishing local subsidiaries in Australia and what was West Germany. In an effort to strengthen our technological development we opened the Automotive Parts Technical Center in 1986 and the Toyo Technical Center (currently, the Tire Technical Center) in 2001.



Tire Technical Cente

First oil crisis

1973

1973

1991 Burst of Japan's economic bubble

## 1991

#### 1970s Emergence of pollution problem and oil crisis

Japan was caught up in the excitement of hosting the World Expo Osaka. However, problems such as air and water pollution also began to emerge. In addition, the oil shock caused industrial and economic turmoil, and the business environment in the automobile industry deteriorated.

2004-2015: Taking on the North American market and further global expansion

In 2004, Toyo Tire North America Manufacturing Inc. (TNA) was established in Georgia, U.S.A., as our first tire production plant outside Japan. We introduced a new proprietary production method at the plant that combines design and high performance, backed by differentiating technologies. Under Toyo Tire Holdings of the Americas Inc., the North American regional headquarters established in 2008, TNA has worked hard to constantly expand its production capacity, and local sales subsidiaries have been unwavering in their support of our presence in the large-diameter tire category for pickup trucks and SUVs. During this period, we also strengthened our global production and supply system by establishing tire production bases in China and Malaysia, and steadily implementing sales strategies in European countries, Thailand, and Mexico.







1995 Hanshin-Awaji earthquake	2008 Global financial crisis	2011 East Japan earthquake	2015 Adop Paris
1995	2008	2011	2
1990s	:	2000s	
Bursting of the bubb of recession		Global movements of the environments of the environment of the environ	

With the bursting of the bubble economy, the heyday of the Japanese car market came to an end, and emphasis began to be placed on more practical vehicles such as compact and light cars. At the same time, awareness of the need to protect the global environment started to grow.

### 2016-2020: "Second founding" with mobility business at our core

In 2017 we re-established our philosophy. We introduced a function-based organizational framework, relocated our headquarters and moved our technology development and platform technology development functions to an area close to our new headquarters. These changes enabled us to accelerate cooperation, create solidarity and speed up decision-making. In 2018 we became a new management entity with mobility at the core of our business, and the following year we changed our name to Toyo Tire Corporation. That same year, we established a new brand statement, "Open Roads Await." In addition to formulating a growth strategy for our new corporate stage, we established a North America R&D Center and a European R&D Center (in Germany). We also decided to establish a new tire plant in Serbia to strengthen our development and production/supply systems.



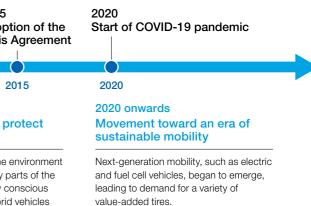
Reducing the burden on the environment became a concern in many parts of the world, and environmentally conscious developments such as hybrid vehicles and diesel engines were promoted.

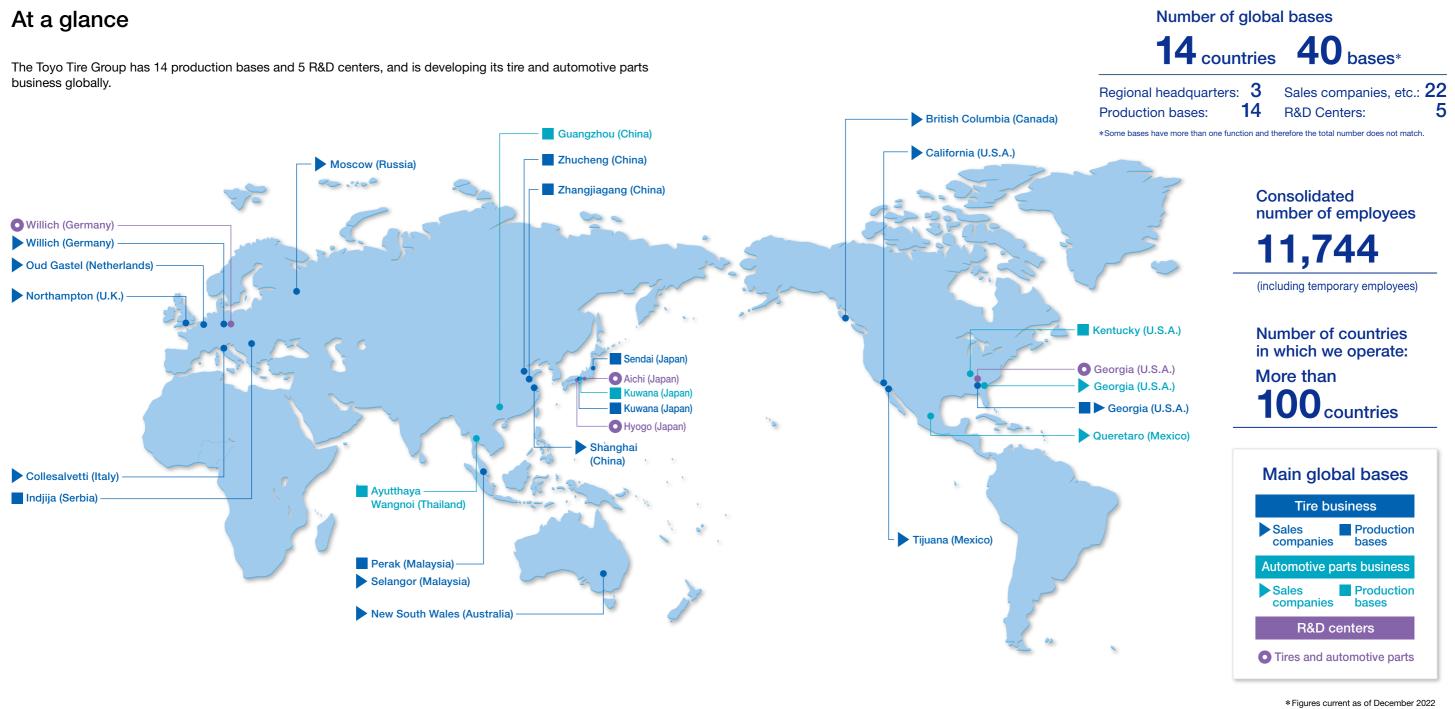
#### From 2021: Embarking on Medium-Term Business Plan "Mid-Term '21 Plan" to strengthen sustainability management

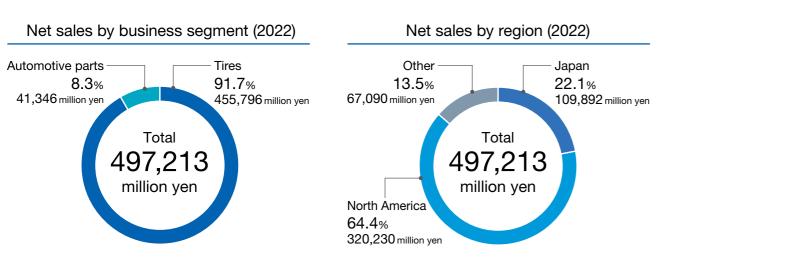
In 2021, we announced the Medium-Term '21 Plan. Under the slogan of "bolstering ability to promptly and flexibly respond through global collaboration," our ideal we are aiming for, we are implementing business strategies to achieve our management targets. In April 2021, we established a Sustainability Committee, chaired by the president, to strengthen our sustainability management and aim for the true integration of business and sustainability. We are making steady progress despite the COVID-19 pandemic and other changes in the business environment. Operations at our new Serbia Factory are up and running and we are steadily developing our digital transformation infrastructure.



Serbia Factory







Percentage of tire production volume (new rubber) by region (FY2022)

