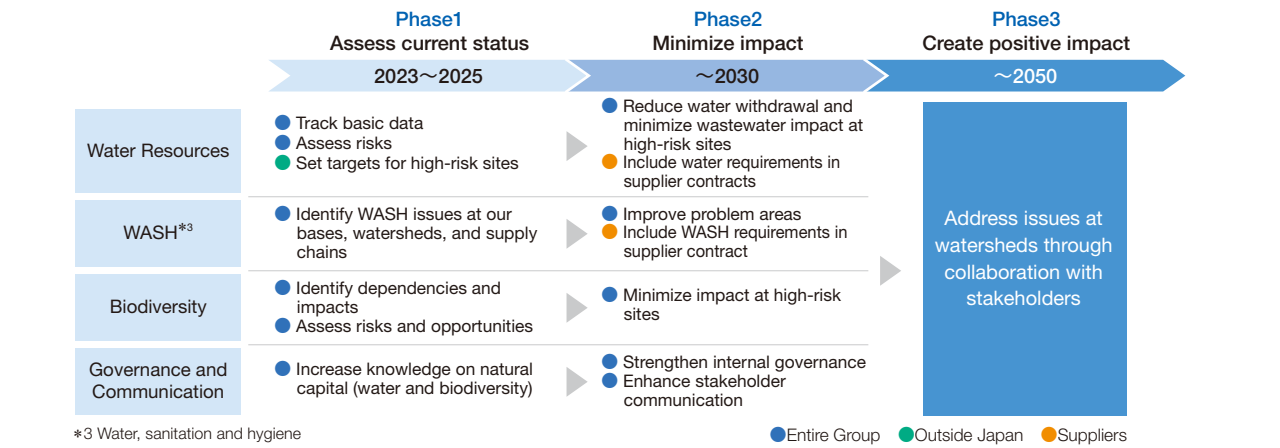


Taskforce on Nature-related Financial Disclosures (TNFD)

Our policy

In 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) published version 1.0 of its recommendations and the Science Based Targets Network (SBTN) published version 1.0 of its guidance for setting Science Based Targets for Nature (SBTs for Nature). These two documents clarify the role of companies in avoiding, reducing and restoring the impact of their business activities on nature, increasing the demand on companies to take initiatives and disclose information. As a company that relies on natural capital in our business, we developed a long-term roadmap in 2023 that recognizes nature and natural capital. Going forward, we will implement initiatives at each phase in accordance with the roadmap and we will gradually disclose information in line with the TNFD recommendations.

*Taskforce on Nature-related Financial Disclosure
*Science Based Targets for Nature



Addressing nature-related risks and opportunities

In 2023, we implemented Phase 1 (assess current status) with respect to water resources, which are essential to our business activities.

Water risk assessment

- Assessment indicators:
Of the two Aqueduct water resource risk assessment indicators, Water Stress and Water Depletion, Toyo Tire Corporation uses Water Depletion to conduct its risk assessments because that is a more pertinent representation of the water resource situation in the basin.

Water Depletion = $\frac{\text{Total water consumption in the basin}^{*4}}{\text{Volume of usable water in the basin}^{*5}}$

*4 Water consumption: The amount of water withdrawn that cannot be reused
*5 Volume of usable water = Volume of water resources in the basin – Volume of water consumption from the basin

- Assessed areas: 12 areas where the Group has manufacturing bases
- Assessment period: April 2023
- Assessment results
One high risk area in China (Zhucheng City). One medium-high risk area in Thailand. All the other areas were low risk.

Water risk targets and indicators

- Targets:**
- Reduce water withdrawal by 10% compared to 2023 levels by 2030 at our bases in China which have been assessed as high risk in terms of water depletion by Aqueduct.
 - Manage factors affecting increases and decreases in water withdrawal and continue to assess risks.
 - Enhance data collection on water discharge volume and quality and continue to assess risks.

Reducing water risks

The Group mainly uses municipal or other public and private water supply facilities as well as groundwater for our boiler equipment and parts processing facilities, the cooling of production parts, cooling towers and welfare facilities at our manufacturing bases. For water withdrawal and discharge, we are working on proper water-resource management throughout the Group using efforts such as improving equipment to reuse water as much as possible in each production process.

As a result of our efforts over a five-year period (2019–2023) to reduce water withdrawal at our bases in Japan by 10% compared to 2018 levels, we reduced our water withdrawal in 2023 by 19%, thereby achieving our target. Moving ahead, we will follow the long-term roadmap and continue working on our targets of reducing water withdrawals at high-risk sites as well as minimizing wastewater impacts. We will maintain appropriate water usage at major domestic and overseas bases other than high-risk bases by managing changes in water withdrawals per unit of production.

Human Rights

Our policy

The Global Human Rights & Labor Policy introduced in January 2019 sets out our clear commitment that, as our business globalizes and our stakeholders diversify, the Toyo Tire Group strives to carry out its business in a way that respects the human rights of everyone involved in our corporate activities, including those in our workplaces, at our suppliers, and within the communities where we operate, contributing to creating an inclusive society.

We also engage with our suppliers to ensure that they understand our policy and encourage them to work with us to fulfill our common corporate responsibility to uphold human rights.

Organizational responsibilities (April 2024)

The Corporate Headquarters takes the lead in driving activities and holding discussions relating to the promotion of human rights, as well as maintaining a robust system for preventing human rights violations in day-to-day operations. Human rights-related activities are subject to the Sustainability Committee's oversight through progress reporting, review and approval.

Human rights due diligence

In 2023, we identified and assessed which human rights risks are relevant throughout all of our Group business activities and the supply chain, then went further to identify which risks are the most important for us to take action on. In order to ensure objectivity, this process was conducted with the help of external experts in business and human rights.

Identifying important risks

1. Identifying human rights risks

We identified relevant human rights risks by surveying each of our division headquarters to understand the business characteristics that are linked to risks, and comparing these with risks considered inherent to our industry based on reports and recommendations of prominent international institutions and organizations, as well as actual cases of risk that have manifested within the industry.

2. Assessing the significance of human rights risks

The identified relevant human rights risks were scored by severity (the level of harm should an incident occur) and likelihood (the ease of manifestation within the Group). The significance of each risk was then assessed, with more weight given to severity in accordance with the UN Guiding Principles on Business and Human Rights.

3. Identifying important human rights risks

The relevant human rights risks were assessed according to the type of rights holders (those who have the human rights that are at risk of being adversely impacted), which led to identification of important risks.

Prevention & mitigation measures for Identified important risks

To prevent and mitigate these important risks, we will both continue and strengthen our existing measures while constructing and enhancing management schemes.

Rights holders	Important risks	Prevention & mitigation measures
Group employees, job applicants	Lack of health & safety at workplaces	Strengthen occupational health & safety management
	Forced/compulsory or child labor	Discover any current forced/ compulsory or child labor, build systems to eliminate
	Power harassment or discrimination	Enhance training on preventing harassment and discrimination
	Discrimination against candidates in hiring interviews	Review materials for employees in charge of interviews
	Long working hours, excessively strenuous work	Strengthen efforts to secure necessary personnel and improve productivity
Manufacturing contractors, distributors	Lack of workplace health & safety at manufacturing sites	Accelerate efficient logistics initiatives (distributors)
	Forced/compulsory or child labor, long working hours, excessively strenuous work at manufacturing sites	Strengthen manufacturing contractor/ distributor management scheme
Raw material suppliers	Forced/compulsory or child labor at raw material production sites	Enhance sustainable procurement
		Strengthen raw material supplier management scheme
Sales partners, consumers, indigenous and other local communities	Indirect complicity in wars of aggression through sourcing of conflict minerals and other materials	Enhance surveying of smelters about parts potentially using conflict minerals
	Indirect complicity in conflict through sales practices	Strengthen sales partner management scheme
	Adverse impact on local communities through production or disposal of our products	Further improve wastewater management, noise control
	Infringement on consumer health and safety through defective products	Accelerate initiatives based on quality management system operation

Raising awareness of respect for human rights

We work continuously to raise awareness of the company's responsibility to respect human rights through e-learning sessions on our Corporate Code of Conduct as well as level-specific and other training. We also participate in human rights awareness activities at every region where our business sites are located, and strive to respect the human rights of everyone related to our business operations, including those at our suppliers and within the communities where we operate.

On Human Rights Day, the President of Toyo Tire Corporation sends a message to all Group employees, stressing the importance of having a foundation of deeply diverse talent to generate value through our business, and of demonstrating sincerity with all stakeholders.

Grievance mechanism

The Toyo Tire Group has established an internal reporting system for all compliance issues, including human rights. When consulted or a report is received, we conduct an internal investigation as needed and take corrective action. There were no cases of human rights violations in 2023.