

**TOYO TIRES**  
*driven to perform*



Toyotires Group  
CSR Report  
**2014**  
Communication Report

**TOYO TIRE & RUBBER CO., LTD.**

CSR Promotion Dept., CSR Center

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Basic Policy for CSR Activities

The Toyo Tires Group seeks to remain a company admired by individuals and society, each member keenly aware of their “connection” with society.

The Corporate Mission Statement outlines the spirit behind the founding of the company: the Corporate Philosophy and the Brand Statement outline what the company wants to be and our basic attitude to business; and the Charter of Corporate Behavior and Code of Conduct set out the rules that govern the conduct and the actions of the company and its personnel. In accord with these principles, each one of us in the Toyo Tires Group will practice CSR vigorously, being fully aware that our Group connects with society through us.

Corporate Mission Statement

**For each of us to give our best  
where we work,  
so that our customers will always  
have a better product  
at a better price,  
more today than yesterday.**

Corporate Philosophy

**A commitment to creating new value  
through innovation, in advanced,  
proprietary technologies.**

Brand Statement

*driven to perform*



The Toyo Tires Group Philosophy System

Editorial Policy

This report has been produced as a communication tool to help stakeholders understand the Toyo Tires Group’s CSR activities. The 2014 report has the following features:

- In keeping with the central theme of our CSR activities—“connection,” the letter C—the initial letter of “CSR (corporate social responsibility)” and “communication”—is displayed throughout the report as a symbol for our CSR initiatives as a whole.
- The feature articles introduce our new CSR policy (basic policy and priority themes), which was established in May 2014, and how the policy has been developed, as well as major activities undertaken during fiscal 2013 in line with the priority themes.
- In the “To Connect with Society,” “Connecting with Stakeholders,” and “Connecting with the Environment” sections, the results of specific CSR activities and future plans are presented in the same format as the previous year’s report, for continuity of reporting and ease of understanding.

In addition to the contents of this report, more detailed information about our CSR activities is available in the “Action for CSR” section of our website.

■ Companies covered: The Toyo Tires Group (Toyo Tire & Rubber Co., Ltd. and subsidiaries and affiliates in Japan and overseas)  
\* Information on Toyo Tire & Rubber alone and information that covers only domestic business sites are included.

■ Period covered: January 2013 to December 2013  
\* Some information is from outside this period

■ Referenced Guidelines: GRI (Global Reporting Initiative) Sustainability Reporting Guidelines (Version 3.1) of the Global Reporting Initiative (GRI) Environmental Reporting Guidelines 2012 of the Ministry of the Environment, Japan

■ Publishing date: July 2014

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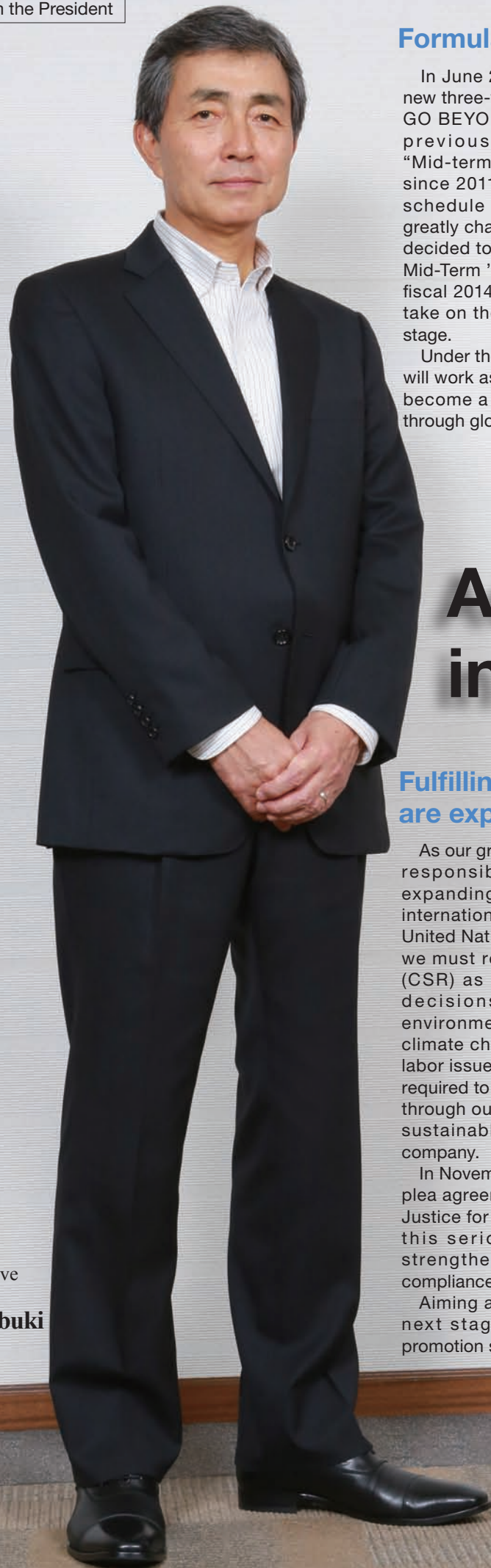
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President & Representative Director  
**Akira Nobuki**

### Formulation of “Mid-term ’14”

In June 2014, the Toyo Tires Group announced its new three-year mid-term business plan, “Mid-term ’14 GO BEYOND.” Given that the major targets of our previous five-year mid-term business plan, “Mid-term ’11,” which we have been implementing since 2011, are expected to be achieved ahead of schedule and that the business environment has greatly changed from our initial assumptions, we have decided to create a new mid-term business plan. The Mid-Term ’14 is our new growth strategy starting from fiscal 2014, and is also a declaration of our intent to take on the challenges of moving to an even higher stage.

Under the slogan “GO BEYOND,” all Group members will work as one to go beyond where we are today and become a unique company whose presence shines through globally.

### Fulfilling our responsibilities which are expanding with our growth

As our growth strategy enters a new stage, the social responsibilities that our Group must fulfill are expanding and diversifying. As stated in various international standards, such as ISO 26000 and the United Nations Global Compact, as a global company we must recognize corporate social responsibility (CSR) as “the responsibility for the impacts of decisions and activities on society and the environment” and address social issues, such as climate change, global warming, human rights, and labor issues, from a broader perspective. We are also required to actively contribute to resolving these issues through our business activities, thereby achieving the sustainable development of both society and our company.

In November 2013, Toyo Tire & Rubber entered into a plea agreement with the United States Department of Justice for violation of the U.S. Antitrust Laws. Taking this seriously to heart, we will promote the strengthening of our corporate governance and compliance as our number one priority.

Aiming at advancing our CSR management to the next stage, we will strive to enhance our CSR promotion system, as well as CSR activities.

### Establishing a new CSR policy

In its Vision 2020, the Toyo Tires Group explicitly states its goal of becoming “a company that is trusted by society, and in which each employee is keen to fulfill its corporate social responsibility.” To achieve this Vision, it is essential to determine the direction we should go in the future and the priority issues that we should address, while responding to internal and external environmental changes. In line with this concept, in May 2014 we established an entirely new CSR policy (basic policy and priority themes).

The basic policy has been redefined based on our long-held idea that each individual employee is a point of contact, or a “connection,” between our company and society, and on our belief that the core values of CSR are “responsibility,” “trust,” and “integrity.” The priority themes—issues that need to be addressed as a high priority—have been determined through a materiality assessment process, which involves identifying key issues through current state analysis and assessing their materiality to the Group and its stakeholders through discussions at board meetings and exchanges of opinions with external experts.

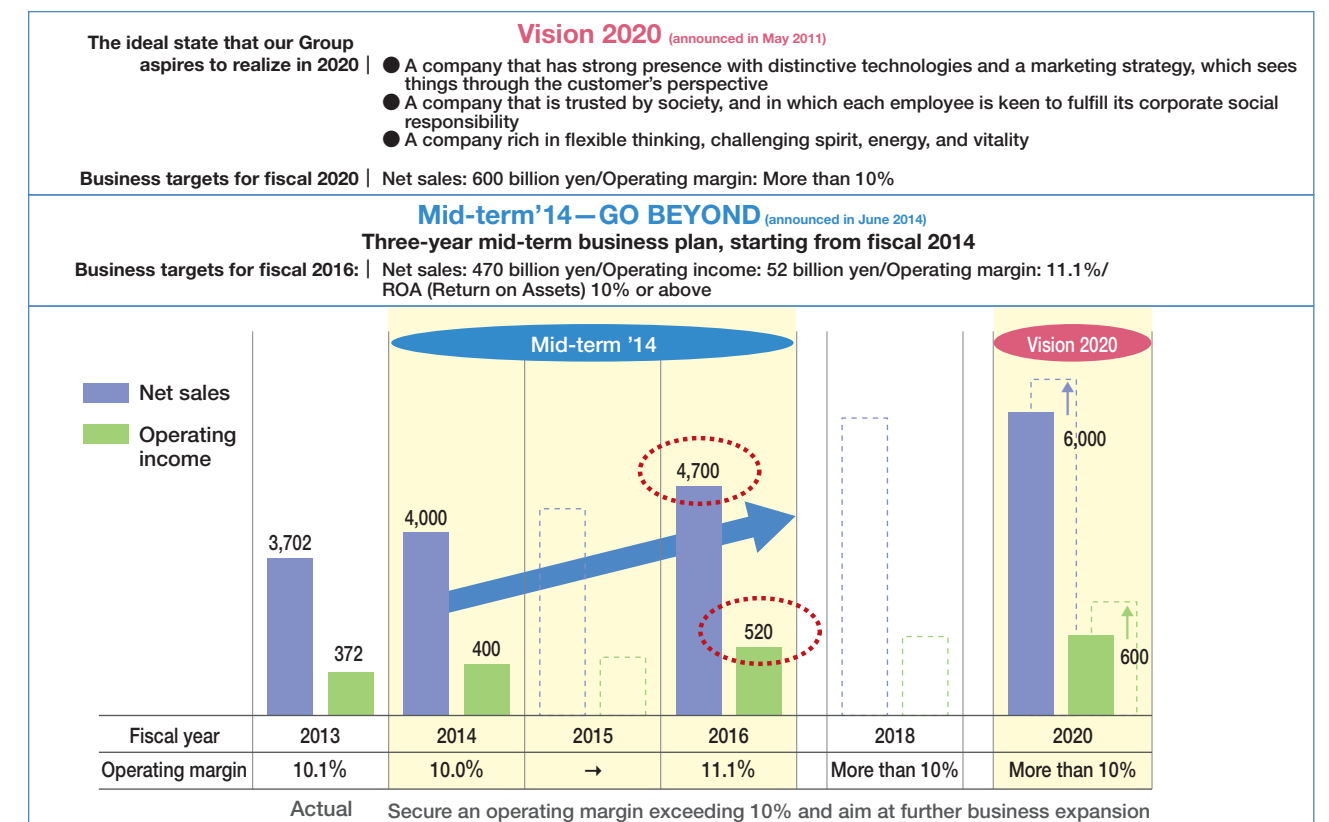
### Continuous improvement and strengthening

In the future, we will define concrete action plans and key performance indicators (KPIs) based on such priority themes, and implement PDCA management cycle throughout the Group, to continuously improve our CSR activities.

In January 2013, we established the CSR Center to strengthen our CSR promotion system. To move further forward, we plan to establish a new promotion system.

In fiscal 2015, we will celebrate the 70th anniversary of our founding. To advance our CSR management to the next stage, we are determined to make steady efforts while deepening “connections” with our stakeholders.

# Advancing CSR Management to the Next Stage, in Line with the New CSR Policy





# Overview of the Toyo Tires Group

## Company outline

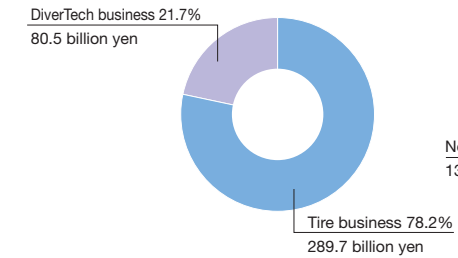
(as of December 31, 2013)

Company name: Toyo Tire & Rubber Co., Ltd.  
 Established: August 1, 1945  
 Headquarters: 1-17-18 Edobori, Nishi-ku, Osaka 550-8661, Japan Tel: +81-6-6441-8801  
 Paid-in capital: ¥30,484 million  
 Number of issued shares: 254,358,146 shares  
 Number of employees: (Consolidated) 10,319 (Non-consolidated) 2,913  
 Consolidated subsidiaries: 46 (Japan: 16; Overseas: 30)

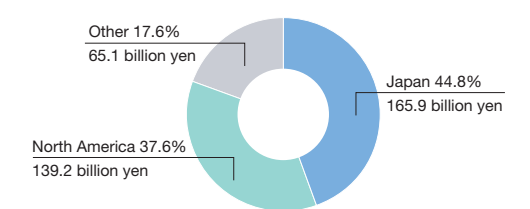
## Business Overview

(consolidated)

FY2013  
Composition of consolidated net sales by business



FY2013  
Composition of consolidated net sales by market



## Main products by business

### Tire Business

Tires (for passenger vehicles, trucks & buses, construction machinery, industrial vehicles), other related products

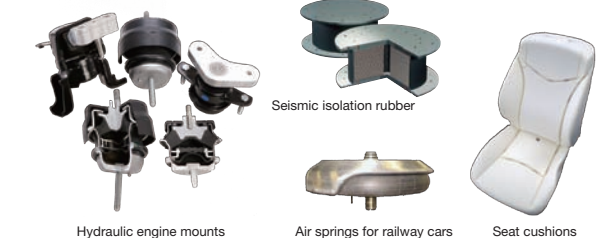
In the Tire Business, we pursue a "two-top" brand strategy, with TOYO TIRES and NITTO. TOYO TIRES is a technology focused, trustworthy brand, while NITTO is a brand that combines superior design and creativity. We will meet market needs around the world by fully utilizing the distinctive characteristics of each brand.



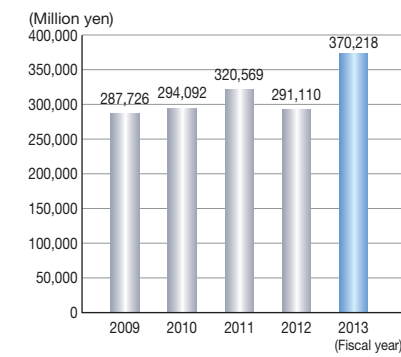
### DiverTech Business

Automobile components, railway car components, thermal insulation & waterproofing materials, industrial & building materials, and other materials

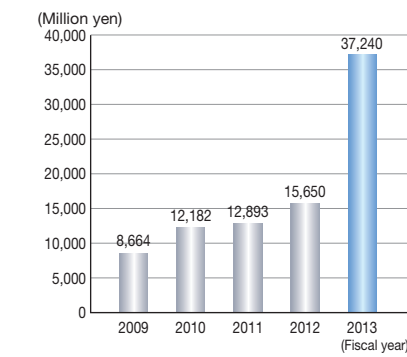
In the DiverTech Business, we develop and manufacture a broad range of products that incorporate our proprietary rubber and urethane technologies, and vibration control and thermal insulation technologies. We contribute to society by supplying various industries with a wide variety of products, including anti-vibration rubber and air springs, which support the safety and comfort of automobiles and railways, as well as seismic isolation rubber for buildings and heat insulation materials.



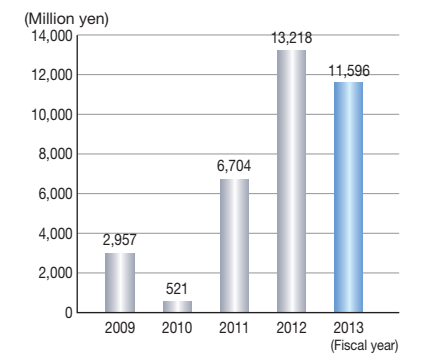
## Net Sales



## Operating Income



## Net Income

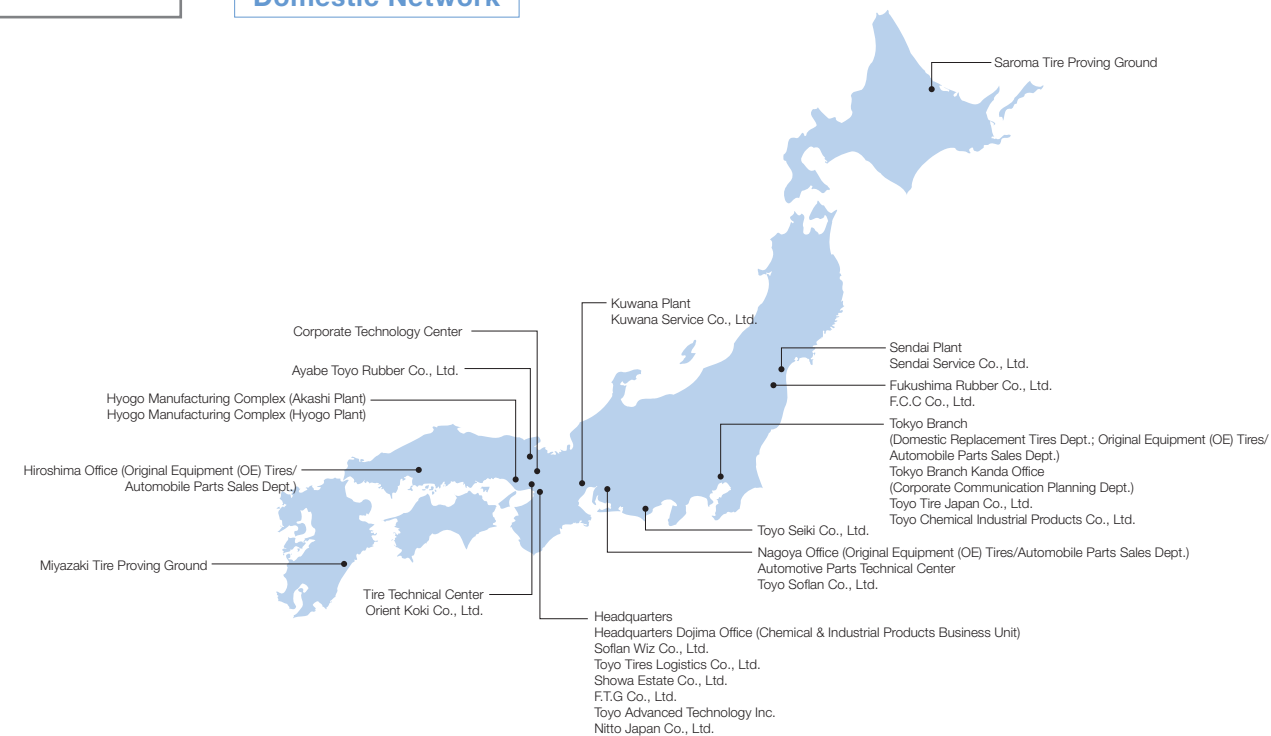


\* Due to a change in the company fiscal term, FY2012 results are for a 9-month period for domestic consolidated Group companies and for a 12-month period for overseas consolidated Group companies.

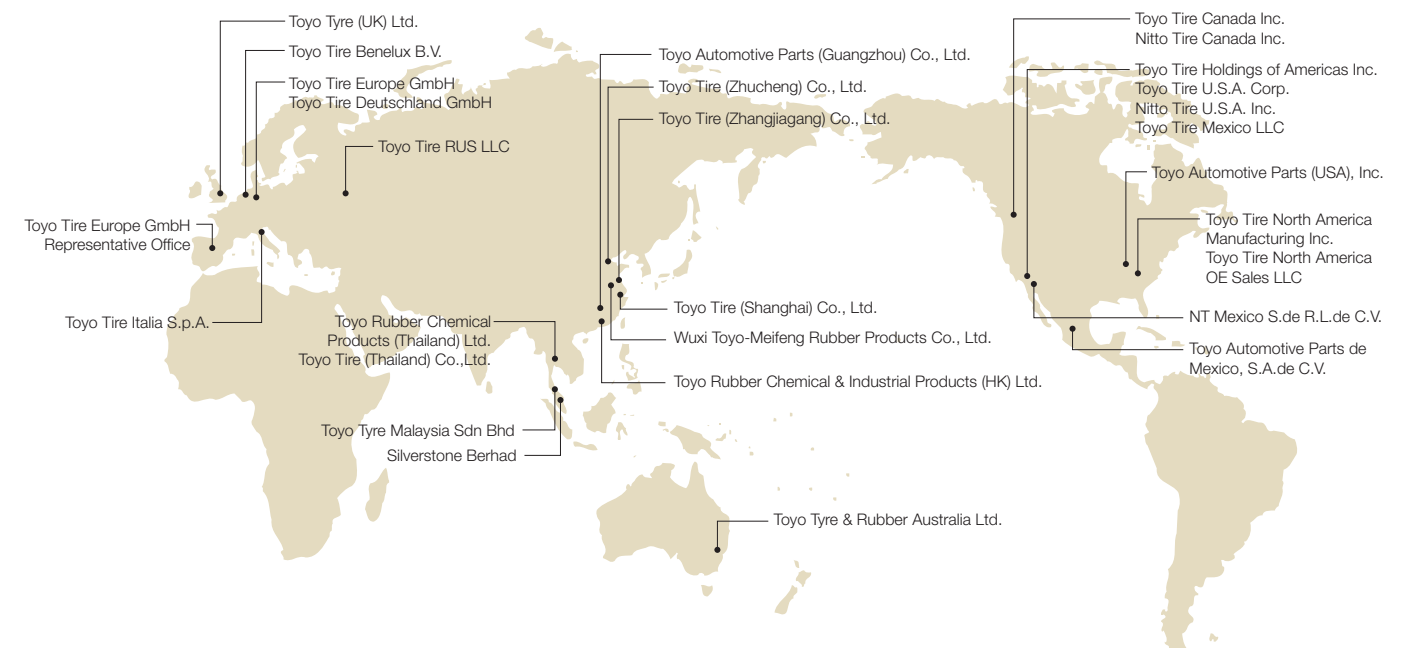
## Network

(as of June 30, 2014)

### Domestic Network



### Global Network



# Establishing Our CSR Policy

– adopting a basic policy and clarifying priority themes

## Adopting the basic policy

The Toyo Tires Group has always pursued its CSR activities based on the belief that every single employee is an active CSR player and a point of contact with society, where connections are made. We have also been promoting the view that the core values of CSR are “responsibility,” “trust,” and “integrity.” We have redefined our basic policy so as to reconfirm and share with our internal and external stakeholders the same beliefs and values.

### Basic Policy

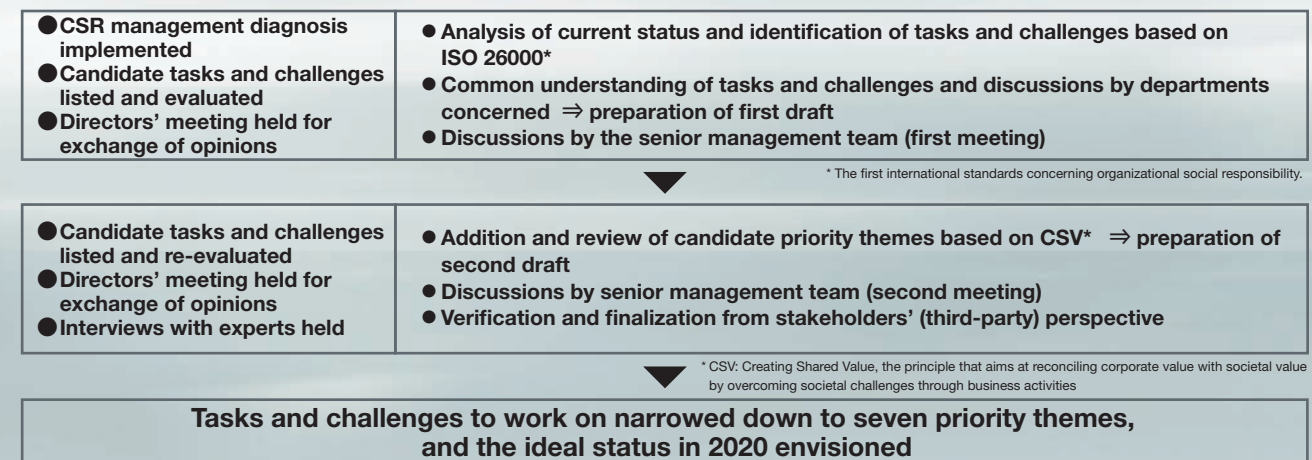
**The Toyo Tires Group seeks to remain a company admired by individuals and society, each member keenly aware of their “connection” with society.**

The core values of CSR : “responsibility,” “trust,” and “integrity.”  
We, each one of us, act with integrity, fulfill our corporate responsibilities, and win our stakeholders’ trust.



## Clarifying priority themes

Since a company’s CSR covers a vast range of areas involving a myriad of tasks and challenges, it is essential to identify and prioritize particularly important CSR themes to work on, in consideration of their materiality for the company and its stakeholders. The Toyo Tires Group has selected seven priority themes by specifically gauging their materiality in the process described below. For each priority theme, our ideal status and achievements by 2020 are also clearly envisioned.



### Interviews with experts

In the process of gauging the materiality of candidate tasks and challenges, we had Ms. Mariko Kawaguchi (Chief Analyst, Daiwa Institute of Research Ltd.) and Mr. Toshihiko Goto (Representative Director, NPO Sustainability Forum) share with us their views from stakeholder standpoints. These two experts in CSR and environmental management provided us with useful advice regarding the importance of CSR activities and optimizing information disclosure, from a perspective that included long-term environmental and societal issues (such as worldwide resource depletion, Japan’s low birth rate and population aging). The interviews proved precious opportunities for us in our process of examining our future orientation.



Listening to Ms. Kawaguchi



Exchanging views with Mr. Goto

The Toyo Tires Group is further upgrading its CSR activities, as the basis for promoting Mid-term ’14. This is particularly important since the Group is expected to fulfill even broader and more diverse social responsibilities for a variety of stakeholders with whom we are becoming connected in new ways in line with the globalization of the Group’s activities. In this situation, in May 2014 we established a new CSR policy (basic policy and priority themes) to clearly state the Group’s future orientation, as well as the tasks and challenges for the future.

### Priority Themes

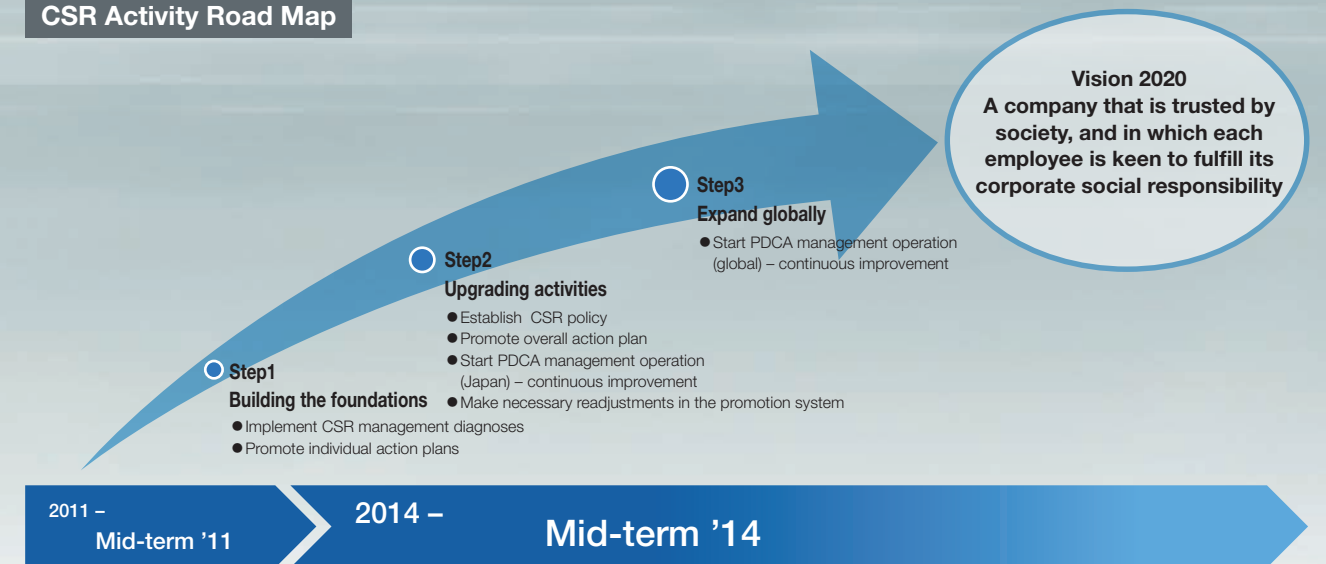
Priority Theme	Ideal status in 2020
1. Product and service reliability and innovation	Providing eco-friendly products and services founded on high quality and safety
2. Contribution to the global environment	Promoting environmental management on a Group-wide basis
3. Respect for human rights and diversity	Diverse employees actively working in an environment with a global sense of human rights
4. Collaboration with business partners	Entire supply chain engaging in CSR activities
5. Harmony with local communities	Contributing to local community development while responding to stakeholders’ voices
6. Creation of safe and healthy workplaces	With priority given to safety, promoting the creation of workplaces that ensure well-being and security
7. Reinforcement of corporate governance and compliance	Engaging in business activities with integrity while constantly improving management transparency

## Future Activities

The CSR Council, comprising related departments, was established in June 2014 and commenced studying concrete action plans and KPIs for the priority themes. In the future, the Council will also examine further necessary readjustments in the promotion system and improving information disclosure, with an eye to extending them to overseas Group subsidiaries.

From fiscal 2015, PDCA management based on new indices will be put into practice so as to ensure continuous improvement of activities. We are committed to pursuing CSR activities that are unique for the Toyo Tires Group while strengthening communications with our various stakeholders and responding to their requirements and expectations for the Group.

### CSR Activity Road Map





# Contributing to Environmental Protection via Products as “Connections”

With our advanced and proprietary technologies, we help realize a sustainable society by developing and offering products that contribute to global warming prevention and resource conservation.

Priority Themes	Priority Theme	Ideal status in 2020
1. Product and service reliability and innovation	Providing eco-friendly products and services founded on high quality and safety	
2. Contribution to the global environment	Promoting environmental management on a Group-wide basis	

## Tire Business

### Enhancing Environmental Performance

In countries and regions all over the world, institutional instruments and regulations have been introduced to encourage environmentally responsible performance features of automobiles, such as high fuel efficiency and low CO<sub>2</sub> emissions.

The Toyo Tires Group has launched a range of products featuring enhanced fuel efficiency, not only the NANOENERGY series, our flagship fuel-efficient tire brand, but also other tires for passenger vehicles, trucks, and buses.

NANOENERGY 0, a fuel-efficient NANOENERGY brand tire featuring the Nano Balance Technology, our proprietary material design technology that controls tire materials at the nano level, has achieved the highest grade under the Japanese tire labeling system, both in rolling resistance coefficient and wet grip performance. NANOENERGY 1 and NANOENERGY 2 have been highly evaluated in Europe, where a legally binding tire labeling system is in force. In fiscal 2014, in Malaysia, where the popularization of eco-friendly automobiles is a national policy, the Group commenced the sale of NANOENERGY 3 tires manufactured at its local plant.

In North America, four of our products have been certified under the SmartWay Program\* of the United States Environmental Protection Agency (USEPA), including the M144, which features reduced rolling resistance thanks to our proprietary truck/bus tire foundation technology, “e-balance.”

We intend to further improve our range of products featuring excellent eco-friendly performance so as to actively contribute to environmental initiatives in countries and regions around the world.



**NANOENERGY 0**

**TRANPATH mpZ TRANPATH LuK TRANPATH LuII**

\* Truck/bus tires that fulfill the rolling resistance coefficient criteria set by the USEPA can be certified as “SmartWay products.” In the state of California, trucks pulling 53-foot or longer trailers are required to be fitted with certified SmartWay tires.

### Safety, Stability, and Environmental Performance – All at the Same Time

In 1995, the Toyo Tires Group introduced the industry’s first brand of tires dedicated to minivans, TRANPATH. TRANPATH products are characterized by their reinforced vehicle stability while in motion—our ingenious answer to a problem typical of minivans, that is, instability due to their height, especially during changing lanes at high speed and coping with lateral winds.

In Japan, a sizable market continues to exist for minivans. As their loading capacity and total vehicle weight continue to grow at each model change while the tire size remains unchanged, minivan tires are exposed to increasingly greater physical burdens. At the same time, high fuel efficiency is becoming an essential requirement for all tires.

In the new development process of the TRANPATH series, we worked on the challenging objective of simultaneously realizing vehicle stability and fuel efficiency. The tire’s structural design was reviewed to maximally expand the contact area to improve stability. Since this alone would lead rolling resistance to increase, hence lowering fuel efficiency, the material design technology that had derived from NANOENERGY development was employed, along with other new technologies applied to manufacturing processes, thereby achieving high fuel efficiency as well.

As in our TRANPATH experience, we intend to offer, through our products, safety, comfort, and a sense of well-being for drivers and both front and backseat vehicle occupants, while fulfilling the requirements for basic vehicle performance such as stability while in motion, as well as for environmental performance.

## DiverTech Business

### Developing Parts and Components that Contribute to Automobile Fuel Efficiency

In the area of automobile parts and components, the Toyo Tires Group develops high-performance parts and components that are used in eco-friendly cars such as hybrid and electric cars. At the same time, we are working on the size reduction of parts and components so as to contribute to vehicle weight reduction for the purpose of fuel efficiency enhancement. While we focus on size reduction, we also pursue technological development so that smaller parts and components can maintain the same levels of functionality and performance. We remain committed to these endeavors that economize the resources required for manufacturing products and lead to improved automobile fuel efficiency.



Bush

Flexible coupling



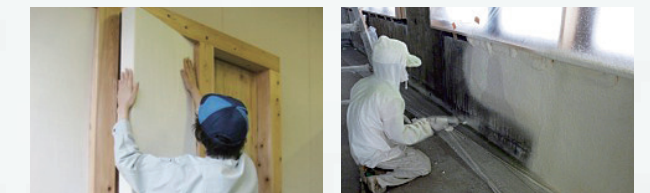
Liquid-filled engine mounts

### Energy Conservation in Buildings

The Toyo Tires Group’s originally developed rigid polyurethane foam is widely used as thermal insulating materials for buildings, helping cut down on energy consumption.

The Group has succeeded in significantly reducing the environmental impact generated from its industrial activities by replacing hydrofluorocarbons (HFCs), used as foaming agent to boost thermal-insulating performance and contributing to ozone layer depletion and hence global warming, with water, carbon dioxide (both chlorofluorocarbon-free) or the fourth-generation foaming agent, HFO-1233zd,\* with low greenhouse gas emissions.

\* The structural name of HFO-1233zd is 1-Chloro-3,3,3-trifluoropropene.



Installing “Aitas,” a CFC-free insulation material for houses

Applying rigid polyurethane foam prepared on site

### Responding to Modal Shift Expansion

While the environment-friendly functions of automobiles are reinforced, a transportation modal shift is being promoted across the world, that is, a shift to modes of transportation that generate smaller environmentally adverse impacts, such as trains and coasters.

Carriages for railway transportation, which features low CO<sub>2</sub> emission and high transporting efficiency, must be highly stable while in motion to withstand weight-bearing high-speed movements. To fulfill this and other various requirements for train carriages, the Toyo Tires Group has been developing anti-vibration rubber and air springs. In the future, we will continue to support the expansion of the transportation modal shift through the development of parts and components that assure safety in increasingly high-speed rail transportation.



Anti-vibration rubber



Air spring



# Deeping “Connections” with Stakeholders

We strive to grow and develop together with our employees, business partners, and local communities while deepening our connections with them.

Priority Themes	Priority Theme	Ideal status in 2020
	3. Respect for human rights and diversity	Diverse employees actively working in an environment with a global sense of human rights
	4. Collaboration with business partners	Entire supply chain engaging in CSR activities
	5. Harmony with local communities	Contributing to local community development while responding to stakeholders' voices

## Enabling diverse employees to work actively

Reflecting the Toyo Tire Group’s global business expansion, 49.2% of the Group’s total workforce was outside Japan, as of the end of December 2013. In such a situation, the Group is promoting the creation of workplaces that respect the local cultures and customs of the countries and regions where the Group operates, as well as respective employees’ individuality and values. At the same time, various efforts are being made to disseminate and share the Toyo Tires values as manifested in the Corporate Mission Statement and the Corporate Philosophy widely within the Group.

In fiscal 2013, a seminar was organized for employees in managerial posts at the two Group subsidiaries in Malaysia to cover not only management strategies but also the Group’s history and values. The seminar, punctuated with active information and opinion exchanges, was favorably received by the participants, who said that it allowed them to deepen their understanding of the Group’s long history, Japanese culture, and the Group’s way of viewing compliance and quality.

The Group will continue such seminars for employees in the future, expanding them to cover other regions while enriching the contents and curricula, aiming to develop global human resources who will support the Group’s growth strategies.



Seminar for sharing the Toyo Tires values



Group discussion on the theme of compliance

## Together with Business Partners

Recent years have seen ever growing demand on corporations to pursue their business operations while fulfilling their social responsibilities involving the entire supply chain, in the areas of human rights, labor issues, environmental protection, and so forth.

In 2010, we established the Toyo Tires Group CSR Procurement Guidelines, and with our business partners’ cooperation have been pursuing CSR procurement accordingly. Today, as the Group’s business expands globally, we are required to respond to an even broader range of social issues in our purchasing activities. In view of this and the establishment of the new Charter of Corporate Behavior and the new CSR policy, we are revising our CSR Procurement Guidelines.

We are planning to publish new CSR Procurement Guidelines during fiscal 2014, revised from a global perspective and covering thorough compliance—including corruption prevention, sustainable procurement of natural resources, exclusion of child and forced labor, and appropriate response to the conflict mineral issue.\* We will then introduce the revised Guidelines to our business partners in and outside Japan.

We remain committed to contributing to society’s sustainable growth and development through our CSR procurement in collaboration with our business partners.

\* Conflict minerals refer to tin, tantalum, tungsten, and gold which are produced in and around the Democratic Republic of the Congo and sales from which are believed to finance the local armed forces that propagate conflicts and violations of human rights.

## Building Harmonious Relationships with Local Communities

### Participating in the Millennium Hope Hills Project (Japan)

The Toyo Tires Group supports the Millennium Hope Hills Project, launched by Iwanuma City, Miyagi Prefecture, where the Group’s Sendai Plant is located, as part of its efforts for recovery and rebuilding after the Great East Japan Earthquake. The Millennium Hope Hills Project involves building hills using rubble and debris from the earthquake, planting some 70,000 trees there to form a green breakwater, while at the same time developing it as an emergency evacuation site and biodiversity conservation center. As a local corporation, the Toyo Tires Group has been cooperating in this project since 2013, with Sendai Plant and local sales company employees and their families participating in tree-planting.



Tree-planting festival on the Millennium Hope Hills

### Supporting Local Community Development (USA)

Nitto Tire U.S.A. Inc., a Toyo Tires Group company and a local tire seller, engages in social contribution activities as a Nikkei (Japanese-American) company to express respect and gratitude to the local Nikkei community, which has built the foundation for Nikkei businesses, and to return part of its profits to further development of the Nikkei community and American society at large.

As one of its activities, since fiscal 2011 Nitto Tire has either undertaken or sponsored the production of documentary films that depict Nikkei people’s achievements and the history of ties between the Nikkei community and the United States on themes proposed and designed by Nitto Tire (seven films in total as of fiscal 2014, three of which were sponsored by the company). Journey to Washington – On the Trail of Senator Daniel Inouye, Japanese-American Pioneer, the film produced in 2013,\* received the bronze award in the Biography/Profile category of the International Advertising Awards of the New York Festival in 2014.

\* Produced by Fujisankei Communications International Inc.



Members promoting the Group’s social contribution



Award-winning film

### Supporting Education for Next-Generation Leaders (Malaysia)

In 2014, Toyo Tyre Malaysia Sdn Bhd, a Group company that manufactures and sells tires in Malaysia, began a program of presenting scholarships to highly motivated students who do not enjoy a favorable learning environment due to financial reasons in the state of Perak, where it is located. The project includes the Undergraduate Scholarship Program for university students, and the Student Education Assistance Program for elementary students. Through these programs, the company is supporting the education of Malaysia’s next-generation leaders and contributing to regional development.



Attendees at the first scholarship presentation ceremony

# Progress of CSR Activities

\* From this page onward, for continuity of reporting, the progress of CSR activities are reported on based on the medium-term themes established in fiscal 2012. From the next report, we will report on our CSR activities in line with the priority themes in our CSR policy, established in May.

Items	Medium-term themes	Fiscal 2013 major results	Self-evaluation	Fiscal 2014 major initiatives	Reference pages	
To Connect with Society	Corporate governance	Strengthening corporate governance	●Appointed an outside director (continued since fiscal 2012)	○	●Increase outside directors to three (including one female director) (as of March 28, 2014) ●Revise Special Committees (establishment of Strategic Managing Committee, etc.) ●Strengthen Group governance in response to global business expansion	P.15-16
		Strengthening the internal control system	●Reviewed the basic policy for internal control	○	●Review the basic policy for internal control	
	Compliance	Implementing Charter of Corporate Behavior and Code of Conduct	●Revised the Code of Conduct Handbook, and created and rolled out tools for overseas Group companies	○	●Disseminate the Charter of Corporate Behavior and the Code of Conduct throughout the Group on a global basis	P.17-18
		Establishing compliance promotion system	●In Japan: Promoted autonomous activities by compliance promotion leaders ●Overseas: Appointed compliance promotion leaders and hold regional meetings (North America, Europe, and China)	○	●Promote autonomous activities of compliance promotion leaders ●Hold regional meetings	
		Enhancing education and awareness-raising activities	●Created teaching aids for sales companies and held theme-specific training programs ●Held Compliance Promotion Month at overseas bases	○	●Improve grade-specific, department-specific, theme-specific training programs ●Hold Compliance Promotion Month at overseas bases ●Conduct compliance awareness survey	
Strengthening monitoring	●In Japan: Promoted use of the internal reporting system ●Overseas: Promoted establishment of the internal reporting system (external hotline) ●Promoted global implementation of CSA (at overseas bases)	○	●Promote use and establishment of the internal reporting system (external hotline) ●Promote global implementation of CSA and improve contents			
Connecting with Stakeholders	Customers	Strengthening quality management	●Strengthened conformance to the quality assurance standards of each country ●Acquired ISO 9001 certification at a new overseas base (Malaysia)	○	●Strengthen the quality assurance system in response to global business expansion ●Promote acquisition of ISO 9001 and ISO/TS 16949 certification	P.19
		Improving customer satisfaction	●Conducted questionnaire survey of customer satisfaction for inquiry/complaint handling ●Based on the inquiries/complaints received, made improvement suggestions to the relevant departments within the company	○	●Improve customer satisfaction for inquiry handling ●Improve customers' understanding and satisfaction regarding the company's response and solutions to their complaints ●Make effective improvement suggestions in a timely manner	P.20
	Business partners	Promoting fair transactions	●Introduced electronic bidding system to overseas bases ●Held Subcontract Act seminars and checked compliance status	○	●Introduce electronic bidding system to overseas bases ●Hold Subcontract Act seminars and confirm compliance status	P.21
		Promoting CSR procurement	●Considered revision of CSR Procurement Guidelines (global deployment) ●Surveyed ISO/TS 16949 certification renewal status	△	●Revise CSR Procurement Guidelines and roll out the revised guidelines on a global basis ●Survey ISO/TS 16949 certification renewal status	
	Shareholders/investors	Strengthening communication with shareholders and individual/ institutional investors	●Held policy briefing sessions and exchange meetings by new management team	○	●Increase opportunities for management to interact with shareholders and individual/ institutional investors	P.22
	Employees	Employing diverse human resources	●Employed global leaders ●Participated in seminars for international students ●Supported recruitment activities at new overseas bases	○	●Employ global leaders ●Employ international students, women, foreign nationals, returnees from abroad ●Support recruitment activities at new overseas bases	P.23-24
		Promoting work-life balance	●Expanded the application of the annual leave restoration system (child-rearing, nursing, volunteer activities) ●Introduced the reemployment system for former employees	○	●Promote the taking of child-care leave by male employees ●Promote the taking of refreshment annual leave	
		Developing global human resources	●Held seminars for managers at overseas bases (Malaysia) ●Made a plan for self-development-oriented Global Program (scheduled to start from fiscal 2014)	△	●Develop next-generation leaders ●Introduce self-development-oriented Global Program	
	Local communities	Introducing the Occupational Safety and Health Management System (OSHMS)	●Acquired OSHMS certification at the Sendai Plant ●Promoted acquisition of OSHMS certification at other business sites ●Conducted employee stress checks.	○	●Promote acquisition of OSHMS certification at large business bases ●Promote acquisition of Good Safety Company certification at small business bases ●Conduct stress checks and organizational examinations at all domestic bases	P.25-26
		Preventing recurrence of major accidents	●Established a Safety Hazard Prediction Training Hall at the Kuwana Plant, and held training	○	●Establish a Safety Hazard Prediction Training Hall at the Sendai Plant	P.27-28
Strengthening communication with local communities		●Participated in or sponsored community events at each base ●Promoted social contribution activities at overseas bases (United States, Malaysia)	○	●Actively participate in and sponsor community events at each base ●Plan new projects		
Enhancing environmental protection activities	●Launched the in-house fund of the Toyo Tires Group Environmental Protection Fund ●Participated in the Millennium Hope Hills Project	○	●Promote use of the Toyo Tires Group Environmental Protection Fund ●Expand forest maintenance activities in areas around business bases			
Connecting with the Environment	Environmental management	Maintaining and expanding the environmental management systems (ISO 14001)	●Strengthened the operation of environmental PDCA by increasing the frequency of working group meetings ●Promoted acquisition of ISO 14001 certification at overseas bases (United States)	○	●Continuously improve environmental management at business bases in Japan and abroad, through operation of environmental PDCA	P.29-30
		Improving environmental compliance	●Promoted the use of software for managing information on revisions to laws/regulations ●Conducted on-site inspections of industrial waste collecting, transporting, and processing companies	○	●Promote the use of software for managing information on revisions to laws/regulations ●Conduct on-site inspections of industrial waste collecting, transporting, and processing companies	
	Preventing global warming	Reducing CO <sub>2</sub> emissions	●15.6% reduction compared to 1990 levels by fuel shift from heavy oil to city gas for boilers	○	●Achieve at least 1.5% reduction from previous year (Reducing emissions by 15% from fiscal 2005 levels by the end of fiscal 2020)	P.31
		Promoting energy-saving activities	●1.9% reduction from previous year, due to conversion to LED lights and reduction of energy losses	○	●Achieve at least 1% reduction from previous year	
	Reducing environmental impacts	Achieving complete zero emissions by fiscal 2015 (Reducing total waste generation from previous year)	●Total waste generation decreased by 8.4% from previous year ●Although complete zero emissions have not been achieved (4.8%) since fiscal 2011 due to the impact of the Great East Japan Earthquake, the amount of direct landfill waste decreased by 27% from previous year	○	●Reduce the total amount of waste generation from previous year ●Promote efforts toward complete zero emissions	P.32
Preventing environmental pollution	Reducing emissions of PRTR-designated chemical substances	●Amount handled decreased by 3.5% from previous year due to implementation of reduction measures	○	●Maintain the amount of PRTR-designated chemical substances handled at fiscal 2013 levels	P.33	
Reducing VOC emissions	●66% reduction from fiscal 2000 levels, due to improved production methods and processes	○	●Maintain VOC emissions at fiscal 2013 levels (Reduce emissions by at least 50% from 2000 levels by the end of fiscal 2015)			

○: Achieved △: Not achieved



# Corporate Governance

## Basic Approach

To meet the expectations of its stakeholders, the Toyo Tires Group seeks to establish and maintain an appropriate management system while pursuing transparency and efficiency in its management. We will continue striving to reinforce corporate governance, internal control systems and compliance, as well as to promote CSR management.

## Corporate Governance Structure

The Toyo Tires Group has established an effective corporate governance structure, comprising the "Board of Directors," which is responsible for managerial decision-making and supervision, the "Strategic Managing Committee," which acts as a decision-making body for business execution, "Special Committees," which act as deliberative and consultative bodies for their respective areas, the "Executive Committee," which is responsible for business execution, and the "Audit & Supervisory Board," which audits the performance of the Board of Directors and overall business execution. Our corporate governance structure allows these organs to effectively fulfill their respective functions and responsibilities.

The Board of Directors, which is a small management team comprising eight members, of whom three are outside directors (including one female director), makes decisions on important matters such as management policies, goals, and strategies, and supervises business operations. Since April 2014, with the aim of enhancing the quality of the Board of Directors and increasing corporate value, Director View-Exchange Meetings have been held to seek the views of outside directors and auditors with experience in other companies and specialized expertise and to deepen discussions at the time of decision-making, and the Strategic Managing Committee has been newly established to deliberate and decide on the Group's medium and long-term strategies, investment activities and other important matters. The Executive Committee comprises 18 members (including five corporate officers concurrently serving as directors). It is responsible for reporting on the status of business execution and on the decisions made by the Board of Directors. It also offers opinions to the Board of Directors. The Audit & Supervisory Board comprises four members, three of whom are outside auditors. These external auditors have been appointed to strengthen management auditing functions. (All the numbers of people indicated above are as of March 28, 2014.)

The outside director and outside auditors make proposals from an objective and knowledgeable perspective, thereby fulfilling their supervisory and checking functions from an external standpoint. To further promote business expansion and global business development, it is increasingly important to enhance our corporate governance. We will strive to further strengthen our Group governance, in cooperation with the Group companies in Japan and overseas.

## Establishment and Improvement of the Internal Control System

In November 2012, the Toyo Tires Group Charter of Corporate Behavior and the Toyo Tires Group Code of Conduct were established to ensure that all directors, officers, and employees of the Group companies act in accordance with the applicable laws and regulations, the Articles of Incorporation, and ethical standards. Furthermore, we seek to improve the performance of the entire Group by strengthening and enhancing the functions of the Special Committees—Financial Risk Management, Human Resources, R&D, Quality Assurance, Safety & Environment, and Compliance. We have also set up and operate "Reporting Hot Lines" to enable employees to directly report and consult on compliance matters.

Based on the Companies Act, the basic policy on the development of internal control system has been resolved by the Board of Directors, and in accordance with the basic policy, an internal control system has been established and continuously improved. The basic policy is reviewed each year to reflect changes in the management environment and to ensure that our internal control system remains effective.

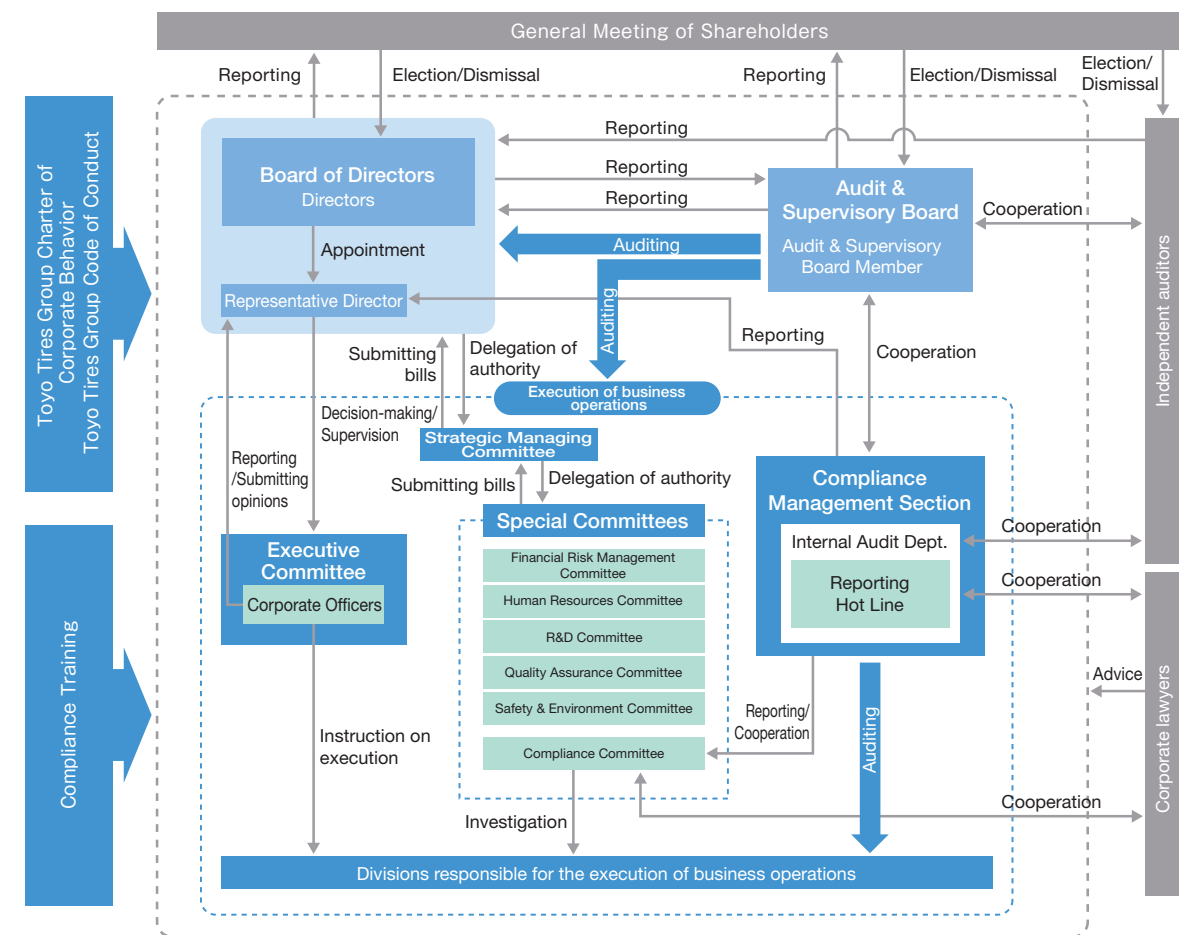
## Strengthening of the Risk Management System

The Toyo Tires Group has established its risk management guidelines, "Toyo Risk Avoidance Main Standard" (TRAMS). In accordance with the TRAMS, we have appointed a Chief Risk Management Officer to oversee the risk management of the entire Group and established the Risk Management Committee. We are working to reinforce and enhance our risk management system, with a focus on business continuity plans (BCPs). In addition, special committees and meetings are organized to discuss and respond to specific types of risk.



BCM training at the Headquarters

## Corporate Governance Structure (as of April 1, 2014)



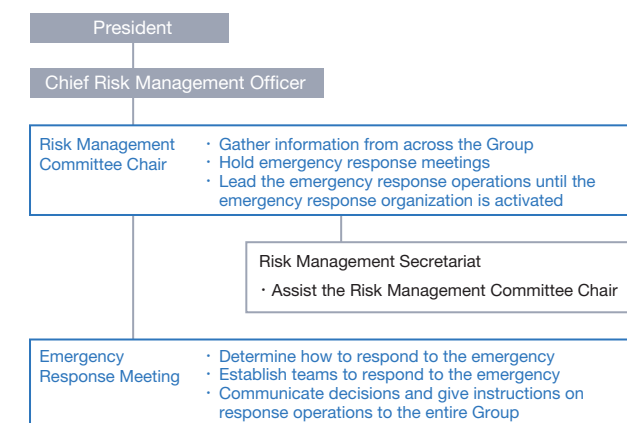
## BCP Development and BCM Training

The Toyo Tires Group promotes the development of business continuity plans (BCPs) and conducts business continuity management (BCM) training sessions in a systematic and comprehensive manner. In fiscal 2013, the development of BCPs was completed for 11 operations bases, including all production bases, and BCM training sessions were conducted to verify the effectiveness of BCPs.

The BCM training held at the headquarters was attended by more than 40 participants, including the President and executives. The training was conducted based on a scenario where a huge earthquake occurred centered in Osaka Prefecture. In the training session, under the direction of the Disaster Response Headquarters, each group organized and analyzed information coming in one after another and discussed how to respond. Also, participants confirmed their respective roles and how the different groups should coordinate their actions.

In the future, we will hold BCM training regularly at each business base. By incorporating the problems and issues that have been identified through training sessions into the procedure manuals and checklists, we will strive to improve the effectiveness of BCPs and to strengthen our capability to respond to emergency situations.

## Emergency Response System (for Group-wide emergency situations)



# Compliance

## Basic Approach

The Toyo Tires Group defines compliance as “not merely complying with laws and regulations, but also responding sincerely to social demands and needs.” Based on this idea, we have established the “Toyo Tires Group Charter of Corporate Behavior,” the principles of corporate behavior for all Group companies, and the “Toyo Tires Group Code of Conduct,” the standards of conduct expected of all directors, officers, and employees of the Group. We will create a corporate culture that places the highest priority on compliance through efforts to disseminate the Charter of Corporate Behavior and the Code of Conduct across the Group.

## Dissemination of the Charter of Corporate Behavior and the Code of Conduct

The Toyo Tires Group has established the Charter of Corporate Behavior as corporate action principles applied uniformly across the Group, and the Code of Conduct as the rules of conduct for each individual to follow in order to put the Charter into practice.

In fiscal 2013, as part of efforts to disseminate the Charter and the Code of Conduct throughout the Group, we published the Code of Conduct Handbook (third edition), which provides concrete guidance for Group members on the day-to-day conduct. We have also created pamphlets, posters and other education and awareness-raising materials in multiple languages, and have distributed them to Group companies both in Japan and abroad.



Toyo Tires Group Code of Conduct Handbook (third edition)

## Compliance Promotion System

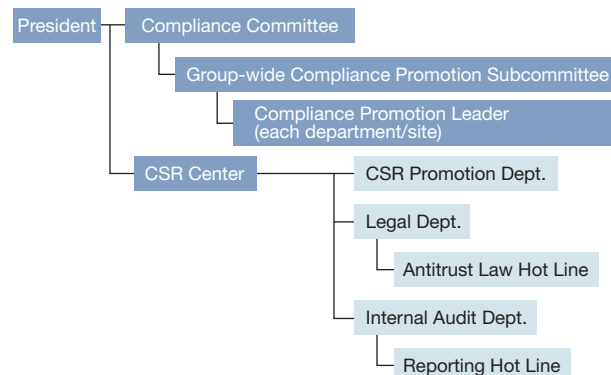
The Compliance Committee, one of the special committees, discusses and determines compliance related policies and measures for the entire Group. Implementation and promotion of these policies and measures are undertaken by the Group-Wide Compliance Promotion Subcommittee (operated jointly by labor and management) and the CSR Center.

In Japan, since fiscal 2012 we have appointed all department heads as “compliance promotion leaders.” In fiscal 2013 we also appointed compliance promotion leaders in each overseas operation base. Compliance promotion leaders are expected to take the lead in promoting education and awareness-raising activities in their respective departments and operation bases. In North America, Europe, and China, regional meetings were held to facilitate information sharing among operation bases within the area. In the future, we will step up our compliance promotion efforts through close cooperation among Group companies.



Compliance Promotion Leader Meeting in Shanghai, China

## Compliance Promotion System



## Enhancement of Compliance Education

To raise the compliance awareness and sensitivity of each individual, compliance education is provided in grade-specific training for all levels of employees—from new employees to managers. Compliance education is based mainly on group discussions and case studies.

In fiscal 2013, as part of efforts to improve department-specific and theme-specific training programs, we created supplementary teaching materials for sales companies and held seminars on insider trading regulations. As in previous years, we also held executive training targeted at directors and compliance promotion leaders. In fiscal 2014, we will work to further enhance compliance education by making effective use of awareness survey results.



Compliance Promotion Leader Training, held in Japan

## Efforts at Overseas Bases

Compliance education is provided in each region, using the *Code of Conduct Handbook* and pamphlets developed for overseas bases. In fiscal 2013, compliance training was held in Europe, Malaysia and China, cooperatively by the Headquarters and each overseas base.

## Implementation of the Compliance Promotion Month

Since fiscal 2008, November has been designated as Compliance Promotion Month, in which various awareness-raising activities are implemented.

In fiscal 2013, we launched Compliance Promotion Month at our overseas bases as well. As in Japan, various awareness-raising programs have been implemented, including read-out sessions, in which employees jointly read out the Toyo Tires Group Code of Conduct Handbook, submission of written covenants, and group discussions. In the future, we will continue to implement the Compliance Promotion Month programs to provide an opportunity for all Group members to recognize anew the importance of compliance.



Code of Conduct Handbook read-out session



Poster for Compliance Promotion Month

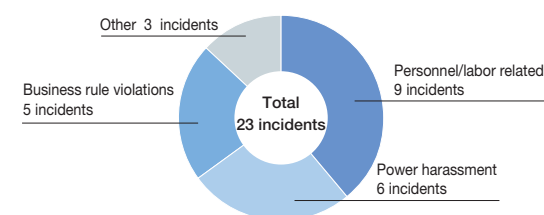
## Internal Reporting System

With the aim of proactive prevention and early detection of compliance violations, we have operated an internal reporting system since fiscal 2006. Reporting Hot Lines have been established both inside and outside the company, to enable not only our employees but also our business partners to report compliance incidents or concerns.

Thanks to our efforts to promote the use of the internal reporting system through distribution of portable cards and putting up posters, the number of incidents reported has been on the rise in recent years.

In fiscal 2013, a total of 21 whistleblowing reports were received, all of which were handled appropriately. In the future, we will promote the use of the internal reporting system and establishment of external hot lines at overseas bases.

## Breakdown of incidents reported (fiscal 2013)



\* One report may contain multiple incident categories; the sum of the incidents by category differs from the total number of whistleblowing reports received.

## Implementation of CSA

The Internal Audit Department, which has been established in the CSR Center, monitors and evaluates the status of business execution and internal controls.

In fiscal 2012, Control Self-Assessment (CSA) program was introduced to all operation bases/departments in Japan, to establish a system in which each department evaluates its own management status, including compliance, and based on the evaluation results, conducts improvement activities. In fiscal 2013, the CSA program was also introduced to overseas bases. In the future, we will strive to strengthen the internal control system throughout the Group through vigorous implementation of the CSA program.

## Violation of the United States Antitrust Laws

In November 2013, Toyo Tire & Rubber Co., Ltd. entered into a plea agreement with the United States Department of Justice, agreeing to pay a fine of US\$120 million based on charges that it violated U.S. Antitrust Laws in connection with sales of automotive anti-vibration rubber products and constant-velocity-joint boot products.

Taking this matter seriously, the Toyo Tires Group will further strengthen its corporate governance, internal control system and compliance programs, and implement recurrence prevention measures, to restore the public trust.

## Progress of recurrence prevention measures

Implementation Items	Details and Times
<b>Emergency Measures</b>	
Delivery of President's message to all employees	President instructed employees to comply with all relevant laws. [November 2013]
Instructions by each Business Group's Executive Officer to Sales Department	Each Business Group's Executive Officer gives instructions and guidance at the Business Group Headquarters meeting, etc. [On every possible occasion after January 2014]
Training for Sales Department staff by external lawyers	Provide training, in line with actual sales activities of each business group [After January 2014, sequentially at business bases in Japan and overseas]
<b>Permanent Measures</b>	
Establishment of "Guideline on Compliance with the Competition Law"	Established internal regulations concerning compliance with antitrust laws [January 2014]
Acquisition of written covenants on compliance with antitrust laws	Acquire written covenants from sales personnel, based on the internal regulations [Once a year, after January 2014]
Establishment of an Antitrust Law Hot Line	Established an internal reporting desk dedicated to antitrust-related matters, in the Legal Department. [January 2014]
Strengthening of internal audits	Increase items relating to compliance with antitrust laws (Auditing of Sales Departments, implementation of CSA) [After May 2014]



# Connecting with Customers

## Quality Management

### Basic Approach

In accordance with the Toyo Product Safety Charter, setting safety as its top priority, the Toyo Tires Group has developed a concrete action plan to achieve the objectives set out in the Charter. In response to our global expansion, we will step up our efforts in preliminary investigations of the market environment and usage conditions in individual countries, so as to provide safe and the most appropriate products for each market.

## TOYO Product Safety Charter

### 1. Fundamental Philosophy

Throughout our corporate efforts to provide better movement and greater comfort, we provide even safer products to customers, consumers, and society, and contribute to the creation of a wealthy and abundant society.

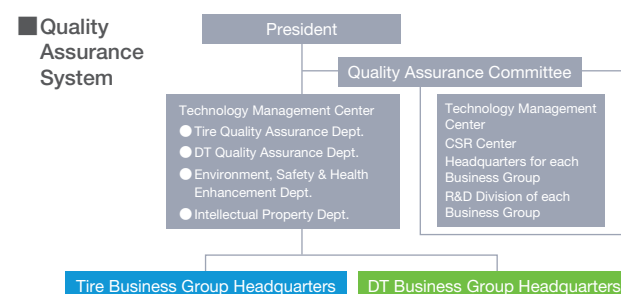
### 2. Action Guidelines

- 1) As an environment-creating corporation that seeks to make even more symbiotic relationships between people and the earth, Toyo Tire & Rubber provides customers, consumers, and society with products and services that are trusted and safe.
- 2) To assure the safety of products, Toyo Tire & Rubber complies with the necessary internal rules and external laws, regulations, standards and guidelines, and based on conformity with them, seeks even higher product safety.
- 3) Toyo Tire & Rubber considers product safety from the stages of product planning, development and design, through to production, sales, and even after the end of use.
- 4) Toyo Tire & Rubber conducts education and awareness-raising concerning product safety for every employee layer and seeks to raise product safety consciousness.
- 5) At Toyo Tire & Rubber, in addition to informing and educating customers and consumers about methods of suitable use for products and misuse prevention, we listen earnestly to their opinions and desires and reflect them in our products as we pursue thorough product safety.

## Quality Assurance System

At the Toyo Tires Group, the Quality Assurance Committee (a special committee) plays a central role in operating a Group-wide quality assurance system that covers all Group companies.

The Quality Assurance Committee formulates basic policies and measures regarding quality assurance, and the Quality Assurance Departments are responsible for implementing the specific measures. When a major quality problem occurs, the Committee determines actions to be taken, and ensures that prompt and appropriate action is taken by the relevant departments, including the Quality Assurance Departments.



## Quality Assurance Efforts

### Quality management system certification status

We are working to improve the quality of our products by implementing quality management systems based on ISO 9001 and ISO/TS 16949 standards.

As of the end of April 2014, in the Tire Business, all production bases in Japan and overseas have acquired ISO 9001 certification; in the DiverTech Business, all production bases, excluding two newly established subsidiaries, have been certified ISO 9001. Efforts to obtain ISO/TS 16949 certification are also ongoing at our domestic and overseas bases.

### Conducting quality risk assessments

The Toyo Tires Group seeks to continuously improve the quality and safety of products, by conducting quality risk assessments from the perspectives of product, process, and quality management, and by implementing appropriate actions to eliminate, reduce, and prevent the risks identified.

### Responding to the quality standards of each country

In the Tire Business, to fully comply with the increasingly complex quality-related laws and regulations in each country, we collect information from around the world on a daily basis, in close cooperation with persons in charge at overseas Group sales companies/dealers and production bases, as well as industrial organizations. We also visit overseas regulatory authorities to exchange opinions. Furthermore, an annual briefing session on quality-related laws and regulations is held at all our domestic and overseas production bases and sales companies in North America. We are exerting group-wide efforts to strengthen our quality management by promoting the sharing of knowledge on relevant national and international laws/regulations among the Group companies, regardless of location.

### Promoting QC circle activities

The Toyo Tires Group is promoting quality management activities through workplace-based QC circle activities. In fiscal 2013, a total of 275 circles conducted QC circle activities in Japan and overseas, contributing to reducing the deficiency rates and the number of discarded products during production processes and to improving productivity. In-house QC circle presentation events are also held to provide QC circle members with the opportunity to present their achievements, as well as to learn from others. In the future, in response to overseas production expansion, we will work to further improve quality management levels at our domestic and overseas bases, as well as to develop human resources with sufficient quality management skills.



Presentation on QC circle activities by Toyo Automotive Parts (Guangzhou) Co., Ltd.

## Customer Relations Department

### Basic Approach

In conjunction with the enforcement of the Product Liability Act in 1995, the Toyo Tires Group has established and operates a Customer Relations Department with the aim of improving our capability to respond to product liability issues as well as increasing fans for Toyo Tires. Under the motto of prompt and accurate service, the Customer Relations Department staff respond to customer inquiries and provide information on products, including tires (main product) and industrial/automotive parts. The Customer Relations Department is committed to ultimate customer satisfaction through responsiveness and empathy.

## Responding to Customer Inquiries and Complaints

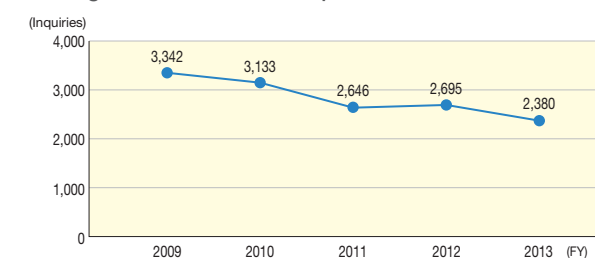
For inquiries and requests received via toll-free number and website, the Customer Relations Department staff provide clear and accurate explanations so that customers can gain a full understanding of the issue.

To customers who submitted inquiries via email, questionnaires are sent to obtain feedback on their level of satisfaction with the way their inquiries were handled (response content, response time, etc.). Based on the questionnaire results, the Customer Relations Department staff work to improve their response to customer inquiries. Efforts are also being made to maintain and improve the level of customer satisfaction with inquiry responses, by setting numerical targets for customer satisfaction ratings and inquiry response times.

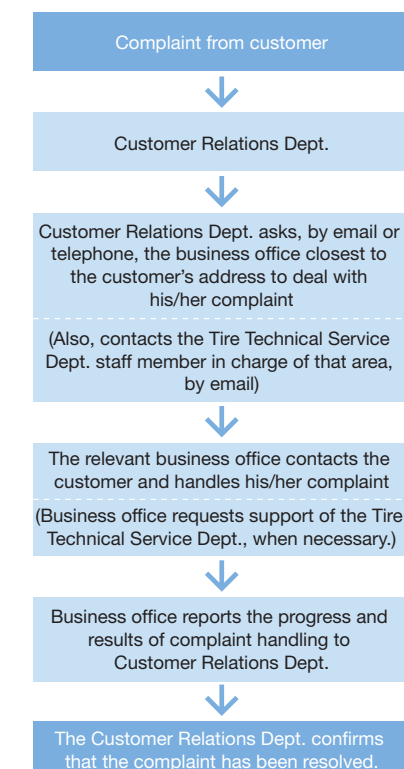
As for products about which we received many inquiries and requests, the contents of the inquiries and requests are communicated to the relevant departments, which will then make the relevant improvements, such as adding explanations concerning those products on the company website and product catalogues.

For any complaints received from customers, the Customer Relations Department staff work sincerely, in cooperation with the relevant business offices and the Tire Technical Service Department, to resolve problems quickly and satisfactorily, so as to build and maintain good relationships with our customers.

### Changes in the number of inquiries from customers



### System for responding to customer complaints



In principle, the business office should contact the customer within 24 hours from the time the complaint is received at the Customer Relations Dept.

In principle, a complaint should be resolved within a month from the date the complaint is received at the Customer Relations Dept.

## Voice



Masato Miki  
General Manager,  
Customer Relations Dept.

### Incorporating customer feedback to improve product quality

We at the Customer Relations Department believe that in the case of complaints, a quick response is the best way to improve customer satisfaction. We always strive to resolve the actual issues as soon as possible. Upon receiving a complaint, we will conduct an investigation (by examining the actual item and its condition) and generate a positive and speedy solution in close cooperation with the relevant departments.

In addition to striving to improve customer satisfaction with inquiry/complaint handling, the Customer Relations Department provides feedback regularly to the relevant departments within the company to ensure that useful feedback and information received from customers are reflected in the continuous improvement of existing products and the development of new products.

# Connecting with Business Partners

## Basic Approach

In accordance with the Charter of Corporate Behavior, the Toyo Tires Group aims to carry out fair and open purchasing activities with all our business partners, inside and outside Japan. To this end, the Group has established its Basic Purchasing Policies, with four pillars: "Transparent and Fair Trade"; "Partnership"; "Compliance"; and "Environmental Responsibility." We carry out all purchasing activities in accordance with these policies.

## Toyo Tires Group Basic Purchasing Policies

### Transparent and Fair Trade

We select suppliers and other business partners based on a comprehensive evaluation of quality, price, delivery timing, and stable supply capability.

### Partnership

We maintain sincere and sound relationships and build cooperative relationships on an equal footing with our business partners.

We aim to grow and develop together with our business partners by enhancing communications and promoting mutual trust.

### Compliance

In purchasing activities, we comply with all applicable laws/regulations and social norms and protect confidential information.

### Environmental Responsibility

We promote purchasing activities that have less impact on the global environment.

## Thorough Implementation of Fair Transactions

### Use of electronic bidding system

To improve transparency in selection of suppliers, we introduced an electronic bidding system in fiscal 2003. In the future, we will continue to promote fair and transparent transactions through active use of electronic bidding.

### Thorough compliance

Since we conduct our business with cooperation from numerous business partners, we believe it is our grave responsibility to comply with all applicable laws/regulations, including the Subcontract Act, and social norms, and protect confidential information.

Under this belief, we have continued to hold training sessions covering the Subcontract Act for managers and staff members in purchasing-related departments, as well as the executives and relevant staff of affiliated companies. In fiscal 2013, we surveyed the purchasing-related departments and affiliated companies in Japan to assess their compliance status with the Subcontract Act. We also conducted interviews with the purchasing departments at overseas bases to ascertain their compliance promotion status.

Our Group's "Reporting Hot Lines" are open not only to our employees but also to our business partners to report compliance-related concerns.

In the future, we will continue striving to ensure full compliance, by further enhancing our education and awareness-raising activities.

## Partnership with Business Partners

### Promotion of CSR procurement

In recent years, it has been increasingly required to fulfill social responsibility throughout the entire supply chain. The Toyo Tires Group aims to grow and develop together with our business partners, by building and maintaining sincere and sound relationships and by cooperatively addressing human rights, labor, and environmental issues. Regarding conflict mineral issues, we conduct thorough investigations by tracing all the way back along the supply chain to refining companies to determine whether the materials or products supplied to us contain conflict minerals from the relevant countries.

In fiscal 2014, we will work on revising and rolling out the Toyo Tires Group CSR Procurement Guidelines, to further promote CSR procurement on a global scale.

### Consideration for both quality and the environment

To ensure that all parts and materials procured from our suppliers meet the required quality and environmental standards, we visit our suppliers on a regular or as-needed basis to perform quality audits and chemical substance inspections (in which we inspect procured parts and materials to determine whether they contain any regulated substances). For suppliers required to be ISO/TS 16949-certified, we investigate whether they have acquired or properly renewed certification.

## Efforts at Overseas Bases

We are promoting introduction of the electronic bidding system to our overseas production bases, to ensure a high level of fairness and transparency in their purchasing activities. The responsible Headquarters staff visit overseas bases to check their purchasing practices against the Group's purchasing regulations, thereby promoting the improvement of purchasing practices as well as compliance with regulations at each overseas Group company.

In the future, we will continue to be committed not only to observing the laws and regulations, but also to achieving full compliance in all business activities, including supplier selection and pricing. We will also strive to further promote CSR procurement at our overseas bases by disseminating the revised Toyo Tires Group CSR Procurement Guidelines.

# Connecting with Shareholders and Investors

## Basic Approach

The Toyo Tires Group is committed to fully disclosing information regarding its management and business activities in a fair, timely, and appropriate manner. To fulfill our accountability to all stakeholders, we will design, implement, and improve various communication activities.

## Close Communication to Promote Understanding

Financial results briefing sessions are held for institutional investors and securities analysts twice a year—at the time of releasing the second-quarter and full-year financial reports. In the briefing sessions, our top executives communicate detailed business information, including financial results, future business outlook, business environment, and market trends. In addition, at the end of each quarter, we hold individual interview sessions for investors and securities analysts, in which our IR staff answer questions from them to help deepen their understanding of our Group's business activities and management direction. As part of communication efforts, guided tours are also conducted at our domestic business bases.

### Policy briefing session by the new management team

The new management structure was launched in March 2013. In June 2013, a policy briefing session was held, which about 80 institutional investors and securities analysts attended. In the session, the new President explained his business policy and Business Group Executive Officers presented their business outlook. In conjunction with the session, a friendly exchange meeting was held to promote mutual understanding. At the venue, various products were exhibited, including tires for SUVs (which are very popular in North America) and automobile components to enable participants to see and touch our company's products, thereby developing their interest in our Group's business. Through these events, the new management team was able to listen and learn directly from investors and securities analysts about their opinions, interests, and expectations. These events created meaningful opportunities for both parties.



Policy briefing session

### Participation in IR seminars for individual investors, organized by securities companies

In March and July 2014, Toyo Tire & Rubber Co., Ltd. participated in IR seminars for individual investors, organized by securities companies. We explained our Group's business strategies and management policies to about 300 individual investors who attended the March and July IR seminars. Following the explanation session, we answered various questions from them in the Q&A session. These events greatly helped increase individual investors' understanding and interest in our Group.

## Improvement of Communication Tools

We publish annual reports to encourage as many people as possible to learn about the goals and objectives set out in our Vision and Business Plan, as well as specific activities we are currently undertaking to achieve them, thereby developing their interest in our Group. We also publish a wide range of information on our website, to help general shareholders and individual investors easily understand the attractiveness and latest development of our Group.

In June 2014, our corporate website and IR website were redesigned. We have made our IR information website more user-friendly, by enriching the content and enhancing browsing usability.



Redesigned IR website



# Connecting with Employees

## Employment and Human Resources Development

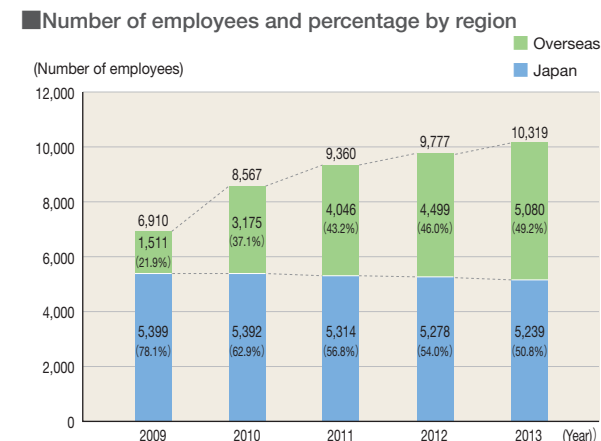
### Basic Approach

For an organization to achieve sustainable growth, it is essential to secure and develop capable human resources. Based upon this belief, the Toyo Tires Group is striving to promote the diversification of employment and workplaces, and to improve its training and career development programs. While respecting the individuality and values of each individual employee, we will continue working hard to become a “company rich in flexible thinking, challenging spirit, energy and vitality,” as stated in our “Vision 2020.”

### Employment Situation

To respond to global business expansion and an increasing demand for specialized skills, the Toyo Tires Group endeavors to secure the necessary human resources through various methods—not only new graduate and mid-career recruiting, but also the reemployment of retired employees. We also actively employ foreign nationals, through participation in job-hunting events for international students.

We are committed to ensuring fair employment practices and treatment of employees across our organization. We are striving to create workplaces where diverse individuals can fully demonstrate their capabilities, regardless of nationality and gender.



\*Figures are as of December 31, each year.

### Promoting Employment of Disabled Persons

With the aim of becoming a company where people with and without disabilities can work together in a supportive environment, we are implementing various initiatives to promote the employment of disabled persons, mainly at Showa Estate Co., Ltd., a special subsidiary established for the employment of people with disabilities. Each business office is also making efforts to expand the employment of disabled persons, by creating working opportunities in the areas of clerical and technical work, and light work such as cleaning and management of company housing and premises. As of the end of December 2013, our company’s employment rate of disabled persons is 2.1%, exceeding the legal requirement of 2.0%.

### Promoting Work-Life Balance

#### Support for child-rearing and nursing care

As part of efforts to support employees with family responsibilities, we have established child-care and family-care leave systems, which enable employees to concentrate on raising their children (up to the age of two) or caring for family members (for a maximum of one year). There are also male employees who have taken child-care leave. Further, we have introduced special working systems to allow employees with children in the third grade or younger, and those who need to care for family members to be exempted from overtime/holiday work, and to work flexible and reduced hours.

Furthermore, we have also introduced a system to restore expired annual leave (annual leave restoration system), to allow employees to use their unused paid leave granted in the year before last not only for illness or injury, but also for child care, family nursing care, and volunteer activities. We encourage employees to effectively use this system and take leaves.

We are striving to further promote the improvement of operational efficiency and to establish flexible work systems, so that individual employees can realize the working style they desire and live a fulfilling life.

#### Introduction of reemployment system

In April 2013, we introduced a reemployment system to rehire former employees who left the company for reasons such as marriage, childbirth, child-rearing, family-care, or spouse’s or fiancé/fiancée’s transfer, under certain conditions. To ensure proper operation of the system in the future, we are now working to disseminate the system to employees through various means.

### Current situation of labor-management relations

The Company and its labor union maintain a good relationship that has been built based on long-term mutual understanding and trust. The company and the labor union hold many meetings to discuss a wide variety of issues, covering management issues and problems at each workplace, and work collaboratively on improvements and reforms.



Central Labor-Management Conference

### Improvement of Education and Training Programs

We are working to enhance our education and training programs, to bring out the potential of all our employees, to provide them with career development opportunities, and to increase their motivation. To enable employees to acquire the education and skill training needed to advance on their career path, we have established a training system that comprises various training programs, including grade-specific training, training for selected personnel, and department-specific training. In the future, we will work to develop training programs that enable employees from different countries and regions to learn from each other while enjoying interacting and communicating together.



In-house training



### Human Rights Education

As clearly stated in the Toyo Tires Group Charter of Corporate Behavior and the Toyo Tires Group Code of Conduct, we fully respect basic human rights and strive to create and maintain a sound workplace that is free from discrimination and harassment. Also, we are against the use of forced labor and the employment of children under legal working age.

Based on these ideas, human rights education is provided in grade-specific training. Our human rights education is conducted on various themes, such as “personal information and privacy,” “sexual harassment,” “power harassment,” “social discrimination,” and “human rights of children, elderly, and disabled people.” As part of our efforts to promote understanding and elimination of social discrimination, we actively participate in local activities in the areas where our business sites are located.

### Development of Global Human Resources

To support the global expansion of our Group’s business, we are working vigorously to develop global human resources. As part of such efforts, various new courses have been introduced in grade-specific training programs held in Japan, including a course featuring activities in foreign languages and a course designed to promote the understanding of different cultures. For local executives at our overseas bases, seminars are held to encourage them to share the history and values of the Group. In the future, we will strengthen our efforts to develop global human resources by creating opportunities for the next-generation Group executives to gain the necessary experience and skills.

### Support for Career Development

To support the medium and long-term development of employees, we have established and are operating the “Individualized Human Resources Development System.” Under the system, career interviews are conducted in which employees are encouraged to discuss their career plans with their supervisors. In conjunction, the “Human Resources Development Committee” has been established to ensure that each department develops and implements the medium and long-term development plans for individual employees (including career development, assignments, and transfers).

We are implementing various initiatives to promote the growth of individuals and the organization, with the aims of “building a strong organization that promotes and stimulates the growth of people” and of “ensuring that each individual with diverse strengths and skills is assigned to an appropriate workplace so that he or she can realize their potential to the fullest extent.”

We also offer Career Design Training for employees who reach 40 years old to provide them an opportunity to think about their own professional and personal career path.

## Voice

**We aim to create an environment where every employee can work to their full potential as global human resources.**



Yuko Iwasaki  
Global Human Resources Section  
Human Resources & General Affairs Dept.

The globalization of our Group’s business is rapidly progressing; now about half of the Group’s employees are foreign nationals. Given such situation, with the aim of disseminating the Toyo Tires Group’s corporate philosophy and business strategies to overseas employees, in fiscal 2013 we launched the Global Executive Training program for managers at some overseas subsidiaries. In the future, we will roll out this training program to other overseas bases. We also plan to enhance our Overseas Trainee System and short-term study abroad program to develop our domestic employees into competent global human resources. We will redouble our efforts to create an environment where national and cultural diversity is not simply recognized, but embraced, thereby creating synergy out of differences and inspiring employees to learn from each other and grow into globally competitive individuals.



# Connecting with Employees

## Safety, Health, and Disaster Prevention Activities

### Basic Approach

At the Toyo Tires Group, both labor and management are working together in safety, health, and disaster prevention activities, with senior management and those in charge at each business site taking leading roles. As for safety efforts, we are working on the development of a system to prevent the recurrence of major accidents. With regards to disaster prevention efforts, based on our belief that when a natural disaster or an infectious disease occurs, it is the highest priority to keep damage to employees to a minimum and confirm their safety, we focus our efforts on developing effective disaster mitigation measures and providing practical training on how to react appropriately in the event of a disaster.

### Fiscal 2013 Safety, Health, and Disaster Prevention Management Policy

Overall policy	Achieve zero accidents	[Target] Steady reduction of work-related accidents
Safety management	Take thorough measures to prevent recurrence of major accidents	[Target] Frequency rate: 0.5 or below
Health management	Reduce amount of sick leave	[Target] Sick leave rate: 0.5% or below
Disaster prevention management	Conduct and improve disaster drills, assuming a major disaster	

### Creating Safe Workplaces

We are working to create safe workplaces from the three perspectives of “equipment,” “personnel,” and “management system development.”

In fiscal 2013, as in the previous year, we achieved zero major accidents. Ayabe Toyo Rubber Co., Ltd. received the Kyoto Labor Bureau Director's Excellence Award for its no accident record for 17 consecutive years. The lost-time accident rate also decreased from the previous year. However, the safety management target of reducing the frequency rate to 0.5 or below was not achieved due to the occurrence of minor accidents. To prevent minor accidents, it is essential to raise safety awareness in each individual employee.

### Improving equipment safety (equipment)

We are working to improve the safety of not only new equipment, but also of existing equipment, by ensuring full compliance with the equipment safety design manual and by conducting risk assessments (for equipment and operations) from the planning and design stage. For high-risk operations and sites identified through risk assessments, we determine the order of priority according to the magnitude of anticipated risks and take appropriate measures, such as putting fences around dangerous areas and installing appropriate safety devices.

### Safety awareness raising and thorough safety training (personnel)

In addition to “stop, call and wait” activities and point & call checks, we are vigorously promoting hazard prediction (KY) activities so that they will take root throughout the organization as small group-based voluntary initiatives.

Each of our business bases conducts safety training, in line with the grade-specific safety education system. Our safety training focuses on hazard prediction training and hands-on experience. The Safety Hazard Prediction Training Hall was opened at the Kuwana Plant in May 2013. Since then, more than 2,000 people have received hazard prediction training there, including all employees in manufacturing departments of the Kuwana Plant and

employees from the nearby bases.

15/ In fiscal 2014, a Safety Hazard Prediction Training Hall has also been established at the Sendai Plant. The plan is to have all Sendai Plant employees receive hazard prediction training at the Hall. We will also create a database of accidents that have occurred over the past ten-plus years, to enable safety management staff to easily access the necessary information on the corporate network and use such information for safety training.



Molding section staff members pointing and calling activities at a morning meeting (Kuwana Plant)



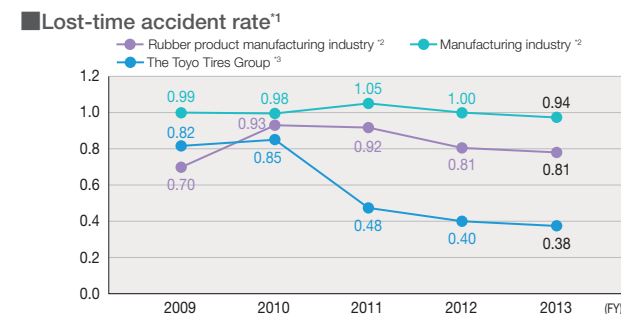
Safety Hazard Prediction Training Hall (Sendai Plant)

### Introduction of the Occupational Safety and Health Management System (Management system development)

Each of our production bases is striving to improve voluntary safety management activities, with large bases aiming to obtain OSHMS (\*1) certification and small bases aiming to be registered as a “Good Safety Company.”(\*2) All the production bases in Japan are making vigorous efforts to achieve their targets by the end of fiscal 2015. In fiscal 2013, the Sendai Plant obtained OSHMS certification.

\*1 Safety and Health Management System certification, accredited by the Japan Industrial Safety & Health Association

\*2 Safety and health performance evaluation services offered by the Japan Industrial Safety & Health Association for enterprises with less than 300 employees



<sup>1)</sup> Lost-time accident rate: Number of lost-time accidents per million hours worked.

<sup>2)</sup> Rubber product manufacturing industry, manufacturing industry: Data based on the Survey on Industrial Accidents (preliminary data) by the Ministry of Health, Labour and Welfare.

<sup>3)</sup> The Toyo Tires Group: Data for 16 business sites, including affiliated companies (for fiscal 2012, data from April to December).

### Creating Healthy and Comfortable Workplaces

#### Mental health care promotion

Mental health problems are one of the major causes of long-term sickness absence. The Toyo Tires Group has held mental health care seminars for all employees from managers and supervisors to general staff. In fiscal 2013, as part of efforts to prevent workplace mental health problems, stress check events were held at the Headquarters and Tokyo Branch, to help employees become aware of their own stress levels. We also encouraged employees to use consultation services (“Mental Health Consultation Desk”) when they feel depressed or mentally unwell. Mental health seminars were also held for general staff of Headquarters and subsidiaries, inviting professional counselors as lecturers. A total of 117 people attended the seminars.

In fiscal 2014, we plan to conduct stress checks at all business sites and subsidiaries in Japan, and to promote early detection and intervention through individual guidance and consultations in cooperation with industrial health staff and Employee Assistance Program (EAP) companies. We will also review our support measures for employees trying to return to work following long-term sickness absence.



Mental health seminar held at a business site

#### Measures against metabolic syndrome

Since fiscal 2008, to help prevent metabolic syndrome, we have conducted specific health examinations and specific health guidance. Industrial health staff—especially nurses—provide health guidance to employees at risk of developing lifestyle-related diseases, to raise their health awareness. The Health Insurance Society implements lifestyle-related disease prevention programs, through external institutions.

#### First-aid and life-saving training

We distribute to all business bases DVD recordings of a first-aid and lifesaving training session held at the Kuwana Plant, to ensure that all of our employees acquire basic first-aid and lifesaving knowledge and skills.

The installation of automatic external defibrillators (AEDs) has been completed at all business sites of the Toyo Tires Group in Japan. We also inform local residents that AEDs installed at our plants are available for their use.



DVDs of a first-aid and life-saving training session

### Creating Disaster Resistant Workplaces

#### Fire prevention efforts

In fiscal 2013, evacuation drills were conducted at each business site based on more specific disaster scenarios. Also, as fire prevention measures, rigorous voluntary inspections were carried out using thermography. However, there still exist risks associated with aging equipment and insufficient equipment maintenance/management resulting from the retirement of skilled workers. Therefore, we have decided to focus on preventing human disasters in fiscal 2014. In line with this idea, we will implement various measures, including the revision of the equipment safety & disaster prevention check procedures and the voluntary disaster prevention inspection standards, as well as securing and improving evacuation routes and congregation areas.

#### Earthquake and disaster drills

The installation of earthquake early-warning systems has been completed at 17 domestic bases of the Toyo Tires Group. In earthquake drills, employees are trained to make a calm initial response in the very short time between when an earthquake warning is issued (based on the location and depth of the epicenter) and when the earthquake occurs. At each of our business sites, joint fire drills are conducted with the local fire department and volunteer fire-fighting units.



Basic training, from fire reporting to fire-fighting activities (Hyogo Plant)



Joint fire drill with the local fire department and local volunteer fire-fighting units (Fukushima Rubber)

#### Safety confirmation training in the event of a disaster

The Toyo Tires Group has introduced an external safety confirmation system that covers all business sites and employees, and holds a Group-wide simultaneous disaster simulation drill four times a year based on a scenario in which a special emergency warning has been issued. Training on telephone safety confirmation procedures (in accordance with the contact network prepared by each department) is also conducted to ensure that the safety of employees is checked, not only by the safety confirmation system, but also by actually telephoning each other.

#### Response to Asbestos Issues

At the Toyo Tires Group, one employee has thus far been recognized as suffering from a work-related illness associated with asbestos. At present, seven people have been issued with personal health records (Kenko Kanri Techo). We will continue to conduct special health examinations for people who may have come into contact with asbestos in the past.



# Connecting with Local Communities

## Basic Approach

As a good corporate citizen, the Toyo Tires Group is committed to contributing to the development of local communities. To this end, we will strive to resolve social issues in collaboration with governmental agencies as well as various stakeholders, while listening to the opinions of local residents. We will also strive to support and enhance environmental protection activities, through the Toyo Tires Group Environmental Protection Fund.

## Harmony with Local Communities

### Support for the Saroma Grand Harvest Festival

On a day in October 2013, we opened the grounds of the Saroma Tire Proving Ground (Saroma town, Tokoro-gun, Hokkaido) for the "Saroma Grand Harvest Festival," organized by the Saroma Town Tourism and Products Association. The Saroma Grand Harvest Festival is an annual thanksgiving festival to celebrate the agricultural, forest, and marine harvest of the year, featuring the sale of a wide variety of local produce and specialties. The festival is a very popular event, attracting about 10,000 visitors from the surrounding areas each year. The Toyo Tires Group has offered part of the Saroma Tire Proving Ground for use as a venue since the 6th festival. During the festival, we set up a Toyo Tires booth and held a tire safety awareness event to remind visitors of the importance of maintaining proper tire pressure and of conducting daily tire checks and maintenance.



Saroma Grand Harvest Festival, held on a fine clear autumn day

### Holding the Fureai Community Fair 2013

In October 2013, the Sendai Plant held the "Fureai Community Fair" to express its gratitude to local residents as well as family members of its employees. The fair is held each year on the premises of the Sendai Plant, with employees from the Sendai Plant and Group companies participating in the organization of the event. The 2013 fair, which marked its 21st anniversary, attracted about 1,800 visitors. The fair features a variety of attractions that both adults and children can enjoy, and plant tours guided by Sendai Plant employees. Plant tours are designed to enable participants to gain a deeper understanding of business activities of the Toyo Tires Group and the workplace where their family members are working.



Fureai Community Fair 2013

### Holding the Kuwana Festa 2013

In August 2013, the Kuwana Plant held "Kuwana Festa 2013", with the theme of "Bringing employees, their families and local residents together to have a great time, sitting in a circle like a tire." The event attracted about 1,200 visitors. At the venue, where usually trucks loaded with tires are coming and going busily, many attractions were set up to entertain and interact with visitors. The attractions were organized and manned by Kuwana Plant employees. A portion of the proceeds from the food stalls was donated to the local government to be used for welfare and education.



Kuwana Festa 2013 venue, filled with a fun and lively atmosphere



Presenting donations to the town office

## Tire Safety Awareness-Raising Activities

The Toyo Tires Group implements various tire safety awareness-raising activities. At commercial facilities and event venues located near our business sites, we hold events to educate drivers about the importance of appropriate use of tires and daily tire checks and maintenance. In fiscal 2013, we held Tire Safety Awareness Events at shopping malls near our plants and offices. At the event venues, we displayed panels showing how to check tire pressure, how to measure the remaining tread depth, and how to check for tire damage, as well as poor condition tires, to communicate the importance of proper tire care to ensure safety. We also distributed "simple tread depth gauges" to visitors to enable them to measure the tread depth on their vehicle tires.



Tire safety awareness event at a shopping mall



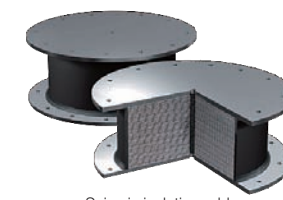
Simple tread depth gauge

## Increasing Public Awareness of "Disaster Mitigation"

We distributed a total of 400 "Disaster Mitigation" handkerchiefs to visitors at the Fureai Community Fair 2013 held at the Sendai Plant to promote disaster mitigation awareness. "Disaster mitigation" is a proactive approach aimed at minimizing the impact of a natural disaster and facilitating rapid recovery, by predicting probable damage and taking preventive measures in advance of a disaster. The Disaster Mitigation handkerchief has been created jointly by the International Research Institute of Disaster Science of Tohoku University and Sendai Television Inc. to widely disseminate the concept of disaster mitigation. The handkerchief illustrates how to prepare for a disaster and appropriate actions to take in the event of one, in an easy to understand manner. Three business bases of the Toyo Tires Group were damaged in the Great East Japan Earthquake. We will strive to raise public awareness of disaster mitigation through various initiatives, including creating an original disaster mitigation handkerchief and promoting widespread use of seismic isolation rubber, which is one of our products.



Handkerchief covered with disaster mitigation ideas



Seismic isolation rubber

## Support for Nurturing Next-Generation Human Resources

Our company has registered in the "Jonetsu Kyoshitsu" program, operated by the Kansai Career Education Support Council\*. Under the program, when requested by a local school, we dispatch our employees to them to provide on-site lessons. In recent years, a greater emphasis has been placed on career education, which aims to help children develop the skills and knowledge necessary to live and function independently in society when they are older. It is expected that job experience and job talks by working adults will increase children's interest in working. We will continue to cooperate in educational projects through on-site lessons, etc., thereby contributing to nurturing next-generation human resources.

\* With the Kansai Productivity Center as the representative secretariat, the Kansai Career Education Support Council supports career education at elementary, junior, and senior high schools in cooperation with industrial and labor organizations



On-site lessons

## The Toyo Tires Group Environmental Protection Fund

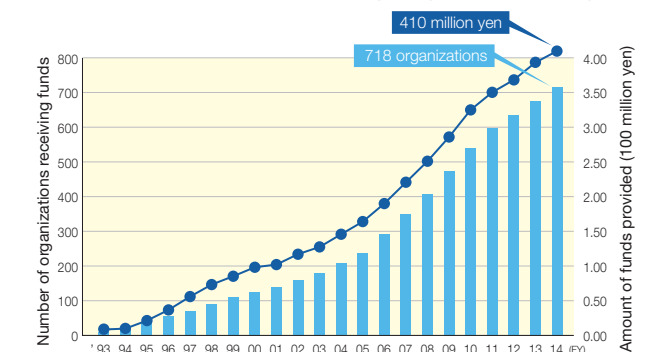
The Toyo Tires Group established the Toyo Tires Group Environmental Protection Fund in 1992 to provide financial assistance for nonprofit organizations involved in environmental protection activities. In line with the company's intention to support employees' commitment to environmental protection, the fund adopts a matching gift system, under which the company donates the same amount of money as that donated by employees. The Fund donation activities have taken root throughout the Group, with the participation rate of employees reaching about 90%.

The Toyo Tires Group Environmental Protection Fund has been operated as a fund established within the Osaka Community Foundation since fiscal 1993. In fiscal 2014, we plan to donate a total of 17.74 million yen to 42 organizations. Since its establishment, the fund has provided financial aid of 410 million yen to a total of 718 organizations. In fiscal 2013, we launched an in-house fund (direct donation from our company) to support a wider range of activities, including humanitarian assistance. Money in the in-house fund have been used mainly for supporting the maintenance of forests around our business sites.



Shredding and scattering work performed by Chikurin Kyuentai (NPO based in Gifu Prefecture), using a chipper (financial assistance from fiscal 2009 to 2014)

### Financial assistance made in the past (cumulative total)



### Areas of activities of the organizations to which funds were provided (Fiscal 2014)



# Environmental Management

## Toyo Global Environmental Charter

The Toyo Tires Group carries out its business activities with commitment to being environmentally aware and providing high-quality products and services. Our commitment to environmental responsibility is attested by our environmental department, established well ahead of competitors in the industry, as well as the "Toyo Global Environmental Charter" instituted in 1992 as the basis for our vigorous environmental efforts.

### 1. Fundamental Philosophy

Through corporate activities that offer the means to provide joy in movement and comfort in daily living, we protect the planet that is our home and contribute to the creation of a wealthy and abundant society.

### 2. Action Guidelines

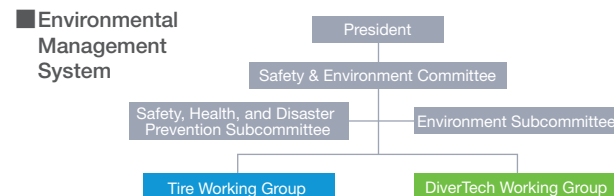
- 1) Compliance with laws and regulations**  
We comply with laws and regulations related to the environment and work to protect it.
- 2) Reduction of environmental impacts**  
We strive to generate fewer waste materials in our business activities and suppress the consumption of energy and harmful chemical substances as much as possible to reduce the negative impact on the environment. Moreover, we preserve and effectively use resources through recycling and other efforts.
- 3) Development of environment-friendly products**  
At the product planning stage, we consider every step, from production to post-use, and strive to develop new products and new technologies that are friendly to the earth. Moreover, we continue to develop and provide products, technologies and services that are useful for global environmental protection, including through energy conservation and pollution prevention.
- 4) Harmony with society**  
As a member of both global and local communities, we strive to realize even better living environments through use of the Toyo Tires Group Environmental Protection Fund and dialogues with different sectors in society.
- 5) Internal and external awareness raising and public relations activities**  
We implement clear and comprehensive education and awareness-raising activities about all aspects of the environment for every employee level. We also endeavor with public relations activities for our customers, society, and local residents.
- 6) Expansion of efforts overseas**  
We comply with local environmental laws and regulations in all countries and regions we conduct our business and establish environmental management systems there to build harmonious relationships with local communities.
- 7) Response to emergencies**  
To prevent environmental disasters, we conduct thorough management and maintain and improve our equipment. At times of emergency, we immediately carry out investigations, take countermeasures, and strive to prevent any recurrence.

### 3. Maintaining/Improving Management Systems

We appoint officers and staff members responsible for safety and environment and advance the improvement of management systems, while ensuring that the enforcement divisions clarify our action plans and work to realize an even better environment. Moreover, we conduct annual auditing to confirm the results of our environmental protection activities, evaluate them, and implement new measures.

## Environmental Management System

In 1972, the Toyo Tires Group established the Corporate Environment Improvement Committee (present Safety & Environment Committee). To enable the Committee to function even more efficiently, a working group was formed for each of the business segments (Tire and DiverTech) within the Committee in fiscal 2004. Each year, the Environment Subcommittee of the Safety & Environment Committee develops a policy, in accordance with which the working groups take the lead in implementing environmental activities while following the PDCA cycle.



**Environment Subcommittee Policy for FY 2013**  
**I. Improve environmental compliance**  
**II. Promote activities to reduce environmental impacts**  
**III. Promote activities to preserve biodiversity**

In fiscal 2013, the Environment Subcommittee increased its meeting frequency and reinforced PDCA operations.

For Item I, software for managing information on revisions to environment-related laws and regulations was actively used, while on-site inspections of waste management service providers were reinforced so as to reduce environmental risks at the respective business sites. For Item II, Sendai and Kuwana Plants were the main players in switching to LED lights. For Item III, supporting activities were launched for the Millennium Hope Hills Project (mainly involving the development of a facility that serves as a breakwater, emergency evacuation center and biodiversity conservation site) near Sendai Plant. Our support included employees' participation in the Project as volunteers.

Outside Japan, Toyo Tire North America Manufacturing Inc. completed its new acquisition of ISO 14001 certification.

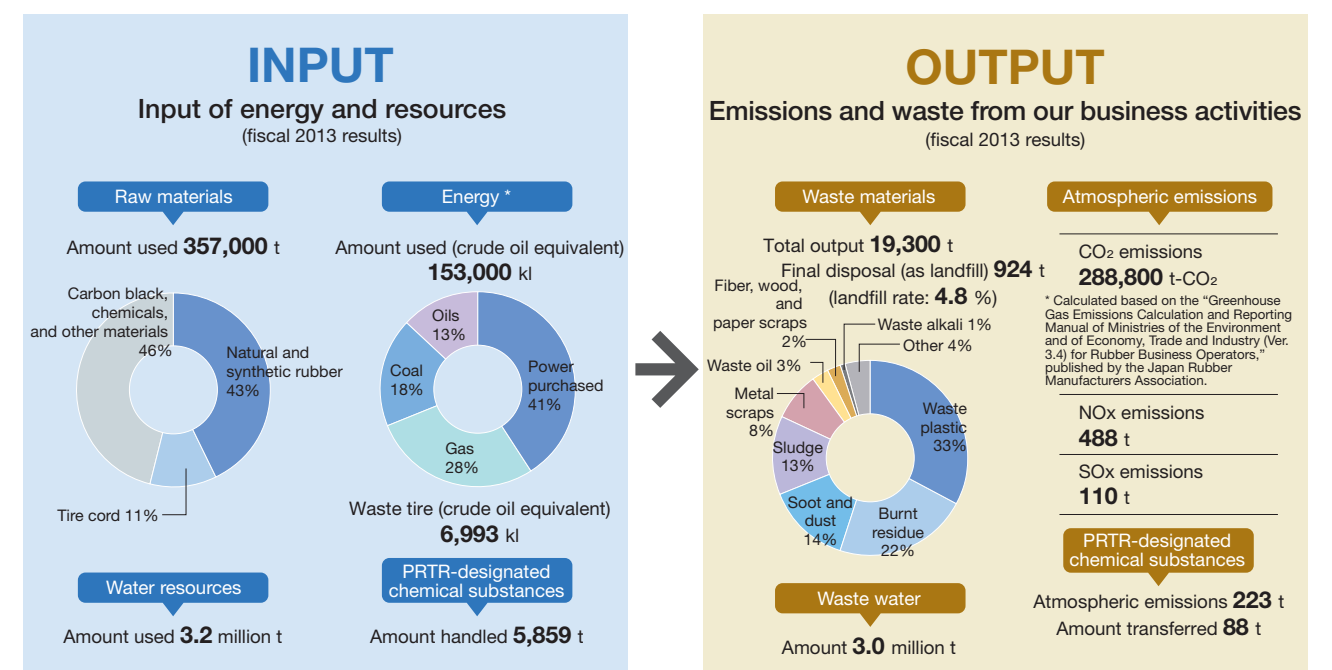
### Environmental Management System (ISO 14001) Certification Acquisition Status

Business site	Certified
Sendai Plant	June 1998
Kuwana Plant	December 1999
Toyo Soflan Co., Ltd.	
Miyoshi Plant	March 1999
Atsugi Plant	(March 2008: integrated)
Hyogo Manufacturing Complex	
Ayabe Toyo Rubber Co., Ltd.	June 1998
Toyo Advanced Technology Inc.	(June 2007: integrated)
Fukushima Rubber Co., Ltd.	
Soflan Wiz Co., Ltd. Iwaki Plant	February 2000
F.C.C. Co., Ltd.	(February 2006: integrated)
New Pacific Industry Co., Ltd.	August 2000
Silverstone Berhad	October 2002
Toyo Automotive Parts (USA), Inc.	September 2004
Toyo Automotive Parts (Guangzhou) Co., Ltd.	November 2008
Toyo Tire North America Manufacturing Inc.	November 2013

## Toyo Global Environmental Action Plan

Correspondence with the Toyo Global Environmental Charter		Medium/Long-Term Targets	
Action Guidelines	1) Compliance with laws and regulations	Protect the environment by complying with environmental laws and regulations and agreements with local residents	
	2) Reduction of environmental impacts	Global warming control	Reduce CO <sub>2</sub> emissions per unit of production by 15% compared to fiscal 2005 by the end of fiscal 2020.
		Energy conservation	Promote modal shift in logistics.
		Waste reduction	Reduce energy consumption per unit of production by at least 1% on annual average on a mid- to long-term basis
		Reduction of harmful chemical substance use	Achieve complete zero emissions at business sites in Japan by the end of fiscal 2015.
		Green procurement	Achieve zero emissions at business sites in China.
	3) Development of environment-friendly products	Environmental consideration at development stage.	Reduce VOC (volatile organic compound) emissions by 50% compared to fiscal 2000 by the end of fiscal 2015.
Development and provision of products and technologies that reduce environmental impacts.		Eliminate SOC (substances of concern) use.	
4) Harmony with society	Toyo Tires Group Environmental Protection Fund	Promote chemical substance management based on global standards such as the EU-ELV and RoHS Directives and REACH regulations.	
	Interaction with local communities	Promote preferential purchase of environment-friendly raw materials and development of environment-friendly technologies.	
5) Internal and external awareness-raising and public relations activities	Management systems	Minimize the use of environmentally hazardous substances in products in the development stage.	
	Harmony with local communities	Promote tire weight and noise reduction and fuel efficiency improvement, and develop energy-conserving products.	
6) Expansion of efforts overseas	Management systems	Ensure that all Toyo Tires Group products put on the market are environment-friendly by the end of fiscal 2015.	
	Harmony with local communities	Use the Fund for environmental protection and social contribution activities by providing financial assistance to non-governmental organizations (NGOs), etc. involved in biodiversity and environmental conservation in Japan and overseas and by participating in voluntary forest development activities.	
7) Response to emergencies	Management systems	Participate in and cooperate with regional events (cultural festivals, cleansing, etc.)	
	Harmony with local communities	Support employees' voluntary social contribution activities.	
Reforming management systems	Management systems	Raise employees' environmental awareness and publicize the Group's environmental activities to customers and the general public through CSR report, etc.	
	Environmental accounting	Define the content and then deliver education and training suitable for each grade (position/duties).	
	Environmental auditing	Understand and comply with local laws and regulations.	
Reforming management systems	Management systems	Respect the culture and customs of each country/region and endeavor to harmonize with local communities.	
	Environmental accounting	Execute thorough management of environmental conservation facilities, and measure and control pollution loads.	
	Environmental auditing	Conduct emergency response drills.	
Reforming management systems	Management systems	Develop and improve a concrete action plan for each plant in line with the Toyo Global Environmental Action Plan.	
	Environmental accounting	Conduct business activities in accordance with ISO 14001 guidelines.	
	Environmental auditing	Conduct environmental accounting in accordance with the Ministry of the Environment's Environmental Accounting Guidelines.	
Reforming management systems	Management systems	Execute internal and external auditing.	
	Environmental accounting		
	Environmental auditing		

## Environmental Performance at Business Sites in Japan



\* Starting from fiscal 2013, the amount of energy used is calculated using the latest unit heat-of-combustion coefficient according to law. The amount of waste tires is reported separately since it concerns a form of energy of a non-energy origin.



# Preventing Global Warming

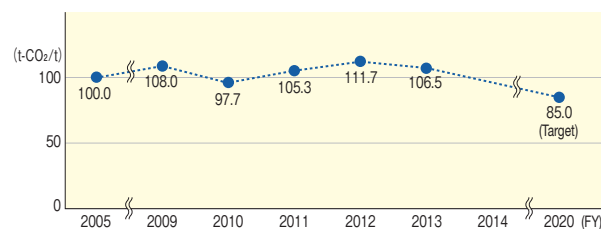
## Reducing CO<sub>2</sub> Emissions

### New targets (Scope 1 and Scope 2)

The Toyo Tires Group has set new targets and commenced efforts towards them: reducing Scope 1 and Scope 2\* CO<sub>2</sub> emissions per unit of production at its production sites in Japan by 15% from fiscal 2005 levels by the end of fiscal 2020. This is because it became clear that, thanks to various efforts, including Kuwana Plant's fuel switch from heavy oil to town gas, within fiscal 2013 we would reach the initially set target of reducing CO<sub>2</sub> emissions by 15% from 1990 levels by the end of fiscal 2015.

Although we achieved the initial target by reducing CO<sub>2</sub> emissions by 15.6% from fiscal 1990 levels, this figure still represents a 6.5% increase from the 2005 levels. We are continuing our efforts toward the new targets.

### CO<sub>2</sub> emissions per unit of production (Scope 1 and 2)



CO<sub>2</sub> emissions calculated by the thermal power unit of production method in accordance with the "Greenhouse Gas Emissions Calculation and Reporting Manual of Ministries of the Environment and of Economy, Trade and Industry (Ver. 3.4) for Rubber Business Operators," published by the Japan Rubber Manufacturers Association. As the electricity emission factor, the actual receiving-end emission factor for fiscal 2005 was used; as the denominator, the combined value of new rubber consumption and the amount of materials converted to new rubber was used.

### Responding to Scope 3 emission control requirements

We have commenced the calculation of Scope 3 CO<sub>2</sub> emissions\* from our tire business towards the goal of reducing CO<sub>2</sub> emissions throughout the entire value chain, from the procurement of raw materials to the disposal of products. In fiscal 2013, Scope 1 and 2 CO<sub>2</sub> emissions accounted for 2.7% of our total emissions, and Scope 3, 97.3%. The area with the most CO<sub>2</sub> emissions was Category 11 of Scope 3 (use of products), accounting for 90%.

We are working on the improvement of data collection and management accuracy and drawing up concrete measures with cooperation from our customers and business partners. Our focus will be placed in particular on the reduction of CO<sub>2</sub> emissions from product use, through further popularization and performance upgrading of fuel-efficient tires.

\* Scope 1: Direct emissions from business operations (e.g. fuel use in plants)  
 Scope 2: Indirect emissions from energy consumption (e.g. use of purchased electricity)  
 Scope 3: Indirect emissions from other activities (e.g. transportation and use of products, employee commuting, and business trips)

## Promoting Energy-Saving Activities

In energy-saving activities, we are working to achieve the target of reducing energy consumption per unit of production by at least 1% over the previous year. In fiscal 2013, the Group as a whole succeeded in achieving a 1.9% decrease from the previous year through such energy-saving measures as conversion to LED lights at manufacturing sites, replacement with high-efficiency equipment, and reduction of energy losses from steam and air leaks, as well as utilizing solar power generating systems at business sites.

To cut down on electricity consumption, the Group has set its voluntary targets, toward which efforts are made at respective business sites. In fiscal 2013, personnel at both manufacturing and administrative worksites participated in power-saving campaigns consisting of simple day-to-day efforts, such as dressing casually and adjusting clothing according to temperatures instead of excessively depending on air-conditioning ("Cool Biz" and "Warm Biz"). As a result, the entire Group succeeded in reducing power consumption by 9.8% from the fiscal 2010 level.\*

In fiscal 2014 and onward, we will further pursue Group-wide energy-saving activities, involving all members, by further strengthening cooperation between business sites.

\*When the Japanese government issues requests for electricity conservation in summer, the maximum consumption figures recorded in fiscal 2010 are used as the basis for comparison.



Tire Technical Center with solar panels on the rooftop (Itami City, Hyogo Prefecture)

## Energy-Saving Efforts in Logistics

We have been promoting energy-saving activities in logistics with the goal of reducing energy consumption per unit of production by at least 1% over the previous year.

In fiscal 2013, the Sendai Plant resumed its container-based product transportation as before the Great East Japan Earthquake, while the Group as a whole pursued various energy-saving efforts as listed below. As a result, the entire Group's transportation energy consumption per unit of weight transported dropped by 5.1% from the previous year. CO<sub>2</sub> emissions from transportation also decreased by 7.4% from the previous year. In fiscal 2014 and onward, we will continue our efforts to improve our logistics and making them even more environment-friendly.

- For the transportation of shipments from overseas, send goods to ports nearest their respective destinations so as to shorten the overland travel distance within Japan;
- Promote the use of consolidated cargo services in replacement of chartered cargo transportation, with cooperation from customers;
- Reduce delivery frequency by improving loading efficiency, and others.

# Reducing Environmental Impacts

## Waste Reduction

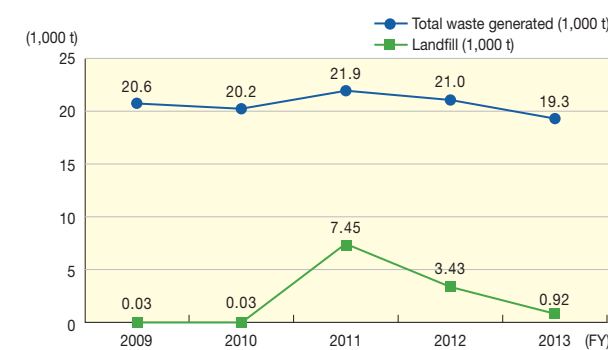
The Toyo Tires Group defines "zero emissions" as "reducing the final landfill waste to less than 1% of total waste generated" and has been striving to reduce such landfill waste.

From fiscal 2004 to 2010, we achieved zero emissions at all domestic business sites of the Toyo Tires Group (including production sites and technical management sites). In fiscal 2011, however, the tsunami following the Great East Japan Earthquake affected some industrial waste disposal operators, resulting in less than complete recycling of the generated waste and an increase in our total landfill volume.

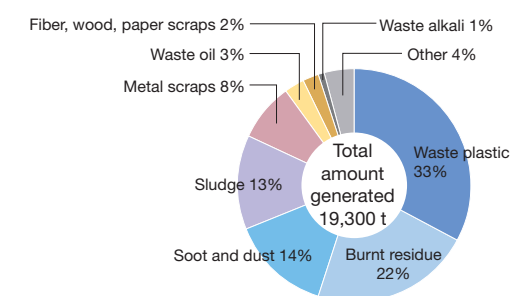
In fiscal 2013, while we were unfortunately unable to achieve zero emissions, our performance has been clearly improving with a 8.4% decrease in the total amount of waste (19,255 t) and a 27% decrease in landfills (924 t), both from the previous year. Moreover, we conducted on-site inspections of operators commissioned with industrial waste collection, transportation and disposal and confirmed the absence of problems with regard to environmental compliance.

In fiscal 2014 and onward, we will continue our efforts toward once again achieving zero emissions at all our business sites in Japan at the earliest possible time, while ensuring thorough compliance with environment-related laws and regulations.

### Total amount of waste generated and landfill



### Types and ratios of waste generated (fiscal 2013)



Final disposal (landfill) 924 t (landfill ratio) 4.8 %

## Recycling of Used Tires

Under the leadership of the Japan Automobile Tyre Manufacturers Association (JATMA), the tire industry as a whole is striving to promote the recycling of used tires. In 1990, ahead of other companies in the industry, the Toyo Tires Group introduced into the Sendai Plant a cogeneration system that uses scrap tires as a source of fuel. Through establishing such thermal recycling, we have been vigorously promoting the reduction of fossil fuel use and effective use of resources.

### Spreading Use of Retreaded (Reused) Tires

Retreading tires involves replacing the tread (the part of a tire that comes into contact with the road surface) on worn tires to make them serviceable again. Since retreading reuses all the remaining part of the tire, it naturally saves resources and even emits less CO<sub>2</sub> than in manufacturing new tires. Applied and managed in combination with fuel-efficient tires, retreading can bring about even greater energy-saving results. For these environmentally positive traits, in April 2002, retreaded tires were designated as a specified procured item under the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities ("Green Procurement Law") of Japan.

By further spreading the use of retreaded tires, the Toyo Tires Group intends to continue contributing to reducing environmental impact due to transportation.

### Retreading processes



#### Remolding

Raw rubber is applied to the tire casing; it is then placed in a mold so that rubber is vulcanized and the tread is formed.

#### Pre-curing

Prepared tread strip is applied to the tire casing; rubber is vulcanized in a dedicated case.

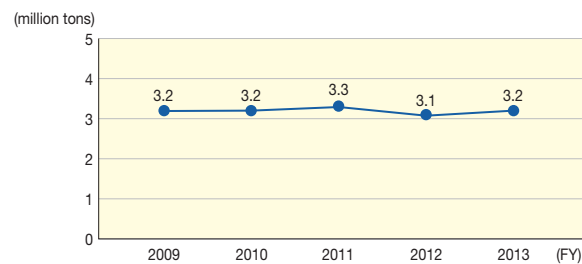
# Preventing Environmental Pollution

## Water Resource Conservation

The Toyo Tires Group uses large amounts of water to cool the equipment that generates heat during the manufacturing processes. We are striving to make effective use of water resources by circulating and reusing cooling water.

To regulate and manage our water consumption and waste water quantities, respective business bases set up their voluntary targets that vary according to their operational scale and the products handled.

### Amount of water used



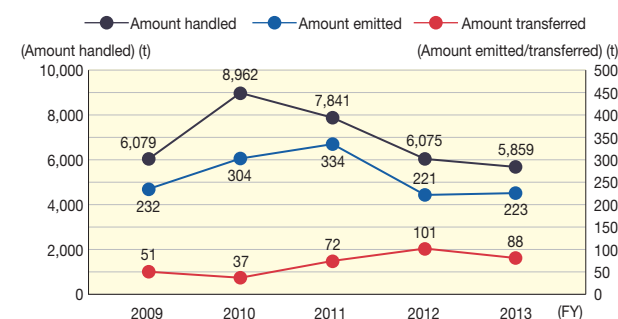
## Responding to the PRTR Law

In fiscal 2013, the Toyo Tires Group used a total of 28 PRTR-designated chemical substances, of which industrial operators are required to report the amount released into, and transferred in, the environment under the PRTR Law (Law Concerning Pollutant Release and Transfer Register).

Through our vigorous efforts to reduce the use of PRTR-designated substances, including a change in composition of products containing the said substances and the adoption of alternatives, the amount of PRTR-designated substances handled in fiscal 2013 totaled 5,859 tons, down 3.5% from the previous year.

We will continue to promote PRTR-designated chemical substance management to further optimize our environmentally responsible product development.

### Changes in the amounts of PRTR-designated chemical substances handled, emitted and transferred

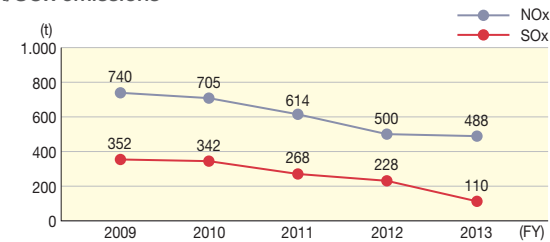


## Preventing Air Pollution

NOx (nitrogen oxide) and SOx (sulfur oxide) emissions have been steadily declining, through such measures as the introduction of cogeneration systems and a fuel shift from heavy oil to natural gas at the Kuwana Plant. In fiscal 2013, the discontinuation of Type-C heavy oil boilers with a high nitrogen and sulfur content resulted in a substantial decrease in SOx emissions to 110 tons or by 51.8% from the previous year, as well as NOx emissions of 488 tons or a 2.4% decrease.

In the future, we will continue regular emission monitoring and reduction efforts at our business sites.

### NOx/SOx emissions



## Reducing VOC Emissions

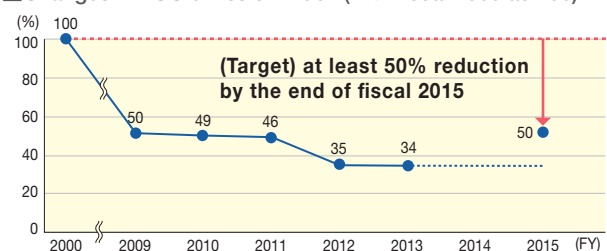
VOCs\*, released into the atmosphere, cause a photochemical reaction and hence air pollution, and their emissions are regulated under the law. The Toyo Tires Group, which uses VOCs in some steps of the tire manufacturing process, has been striving to reduce VOC emissions.

Improving production methods and processes toward the goal of reducing VOC emissions by 60% from the fiscal 2000 levels by the end of fiscal 2015, proved effective in fiscal 2013 as in fiscal 2012, allowing us to fulfill the target.

However, we have to anticipate an increase in VOC emissions in the future due to the changing composition of products. For this reason, the VOC emission reduction target by the end of 2015 has been revised to "by at least 50% from the fiscal 2000 level." Nevertheless, we are determined to do our utmost to contain VOC emissions at the fiscal 2013 level by making our production methods and processes even more environmentally responsible.

\* VOCs, which stands for "volatile organic compounds," is a collective term for organic chemical compounds that easily volatilize in the air and evaporate at normal temperatures and under normal pressure.

### Changes in VOC emission index (with fiscal 2000 as 100)



# Third-Party Comments

## Upon reading the CSR Report 2014 – CSR foundations in the process of reinforcement

The Toyo Tires Group's CSR Report 2014, on the theme of "connections," embodies the core values of the Group's CSR: responsibility, trust, and integrity. The first feature article explains the new CSR policy (basic policy and priority themes) envisaging the Group's ideal status in 2020 and the process towards adopting the new policy. To analyze the current situation and identify the challenges, ISO 26000 was adopted, suggesting the group's determination to take on global CSR challenges. From an outside perspective, seven priority themes were selected based on their materiality, ensuring transparency and conformity. The second feature article introduces concrete examples of the Group's contribution to environmental protection and safety enhancement through advanced technology-based product development. The third feature article describes the CSR activities that the Group has performed while reinforcing its connections with employees, business partners, and local communities. About 200 Group employees and their families participated in the Millennium Hope Hills Project, proof that the principle of "CSR practice by every single employee" has widely spread.

The CSR Report 2014 reports of the accumulation of the Group's steady activities conducted at connecting points with society, stakeholders, and the environment with the integrity and humility. It is worthy of trust, for the validity, carefulness and neutrality of its descriptions. Integrity is also found in the way information is disclosed with regard to the Group's recurrence prevention efforts following the antitrust charges in the United States. The Group's activities, including the global - level quality management, CSR procurement, and CO<sub>2</sub> emission reductions in response to Scope 3 are highly commendable since they embody the Group's responsibility for CSR activities. Moreover, it is noteworthy that in June 2014 the local community activity by a Group company in the United States, which is covered in the third feature article, received the JASSC (Japan America Society of Southern California) International Citizens Award for its contribution to the US-Japan relationship. Such unique CSR activities are expected to further develop globally.

The Report indicates that the Group's CSR foundation is in the process of solidification, as the Group is about to take the environmental, quality, and social activities that it has been steadily carrying out to a new stage in accordance with the new CSR policy. It is hoped that the Group will make active use of its strengths, such as its environmental technologies, which are among the world's most advanced, its innovativeness and originality, and its high levels of customer satisfaction, in future CSR activities. As for further improvement of future CSR reports, it is believed that greater clarity (more quantitative data and effective use of diagrams and graphs for graphic indication of achievement and progress level) and more emphasis on originality can emphasize the Group's strengths, which are modestly indicated at present. The CSR Report 2014 contains great potential, as a foothold for CSR activities during and after the next fiscal year.

## Toward "Strategic CSR" – CSR leading to victory in specialized trials in the main business activities

The Toyo Tires Group commenced global expansion early, supplying products and services in over 100 countries and regions. In the last three to four years, the Group has accelerated its globalization, with overseas employees already accounting for almost 50% of the total workforce. For a corporate group that operates beyond national borders, CSR serves as "soft law," and it has an inseparable close relationship with global operations. In this sense, it is good that the Toyo Tires Group began by establishing its "Fundamental CSR" and has moved on to developing CSR in a more dynamic manner to lead to CSV (Creating Shared Value). From now on, CSR activities are going to be deepened as specific action plans and KPIs are finalized to accomplish the priority themes, and progress management is set in motion. In deciding KPIs, it is desirable that CSR strategies be drawn up that demonstrate dynamism in the form of "strength and consistency," a marketing concept of North American origin; senior management's strong belief to move upward in the main business activities; renewed consciousness set on "sustainable"; and continued investment for growth, organically linking the KPIs of Shared Value with those of Corporate Value from the mid- to long-term perspective. That is to say, the Group should promote its CSR through the individual practice of CSR by all employees, which is becoming established, and as an organization, with "strength and consistency." When the Group's main business activities and CSR activities become one, and the Group's original community-based CSR activities across the world become more active with the Group's strengths and originalities, the Group will enjoy even greater trust from various parties through its "connections" as a corporation with a special presence that wins over the competition in specialized trials in its main business activities. The Toyo Tires Group's foundation for demonstrating its highest-level performance is already about to be completed through the development of the new CSR infrastructure, the individual practice of CSR, specialist training for overseas employees, and other effective endeavors.

## Chika SAKA

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Ph.D.; an associate member of the Science Council of Japan; a member of the Board of Directors of the Japan Corporate Social Accounting and Reporting Association and of the Japanese Federation for Business Education; and a Council Member of the International Association for Accounting Education and Research. Publications include Kankyo Kaikei-ron (Theory of Environmental Accounting) published by Tokyo Economic Information Publishing. Recipient of the Japan Accounting Association Award.



**Gentaro Aoki**  
Corporate Officer  
General Manager, CSR Center

## Upon Receiving the Third-Party Comments

Starting with this year's report, we are including third-party comments so that the Group's CSR activities may be evaluated from an external viewpoint. I very much appreciate Prof. Saka's assessment of our activities, as well as her pointers for future improvements, which we will pursue sincerely.

To improve clarity and highlight originality in our information disclosure, we intend to cover the newly set priority themes starting from next year's report. As for "CSR leading to victory in specialized trials in the main business activities," we are determined to make steady efforts while deepening our communications with our various stakeholders so that we can realize CSR that is unique to the Toyo Tires Group.