

CSR Report 2015

Web Version



Editorial Policy

Toyo Tires Group believes that each individual member, who is a "connection" with society, must fulfill our corporate social responsibilities. Based on this belief, this website introduces our CSR activities under the theme of "connection."

In the sections "To Connect with Society," "Connecting with Stakeholders," and "Connecting with the Environment," the results of specific CSR activities and future plans are presented in the same format as the previous year's report, for the continuity of reporting and ease of understanding.

In the sections "Site Reports", more detailed information of our production sites in Japan and overseas are introduced.

· 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 2014 to December 2014

* Some information is from outside this period.

· Referenced Guidelines:

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

· Inquiries:

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CSR Policy

The Toyo Tires Group established a new CSR policy (basic policy and priority themes) in May 2014. The basic policy has been redefined based on our long-held beliefs and values, and 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 CSR issues and determining their materiality to the Group and its stakeholders. We will further strengthen our CSR management in accordance with the new CSR policy.

Basic Policy

The basic policy has been redefined based on our long-held belief that every single employee is an active CSR player and a point of contact with society, where "connections" are made, and on our view that the core values of CSR are "responsibility," "trust," and "integrity."

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.



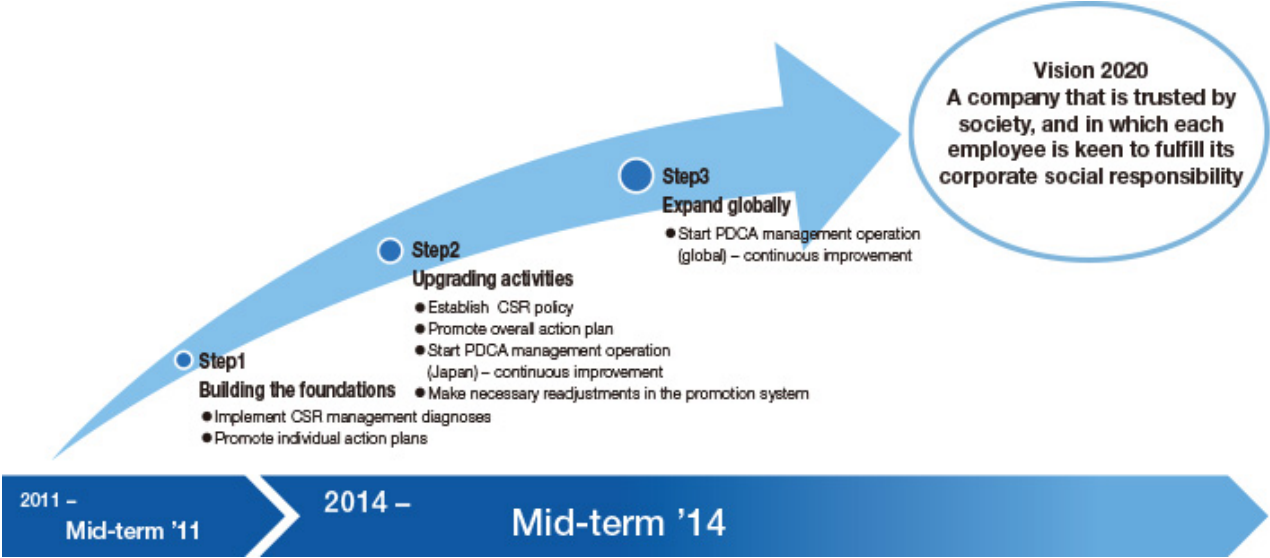
Priority Themes

We have identified particularly important CSR issues that we need to address, which we have categorized into seven priority themes. For each priority theme, our ideal status and achievements by 2020 are clearly envisioned.

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

CSR Activity Road Map

We will strive to further upgrade and globally expand our CSR activities, while implementing specific action plans developed based on the priority themes.



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

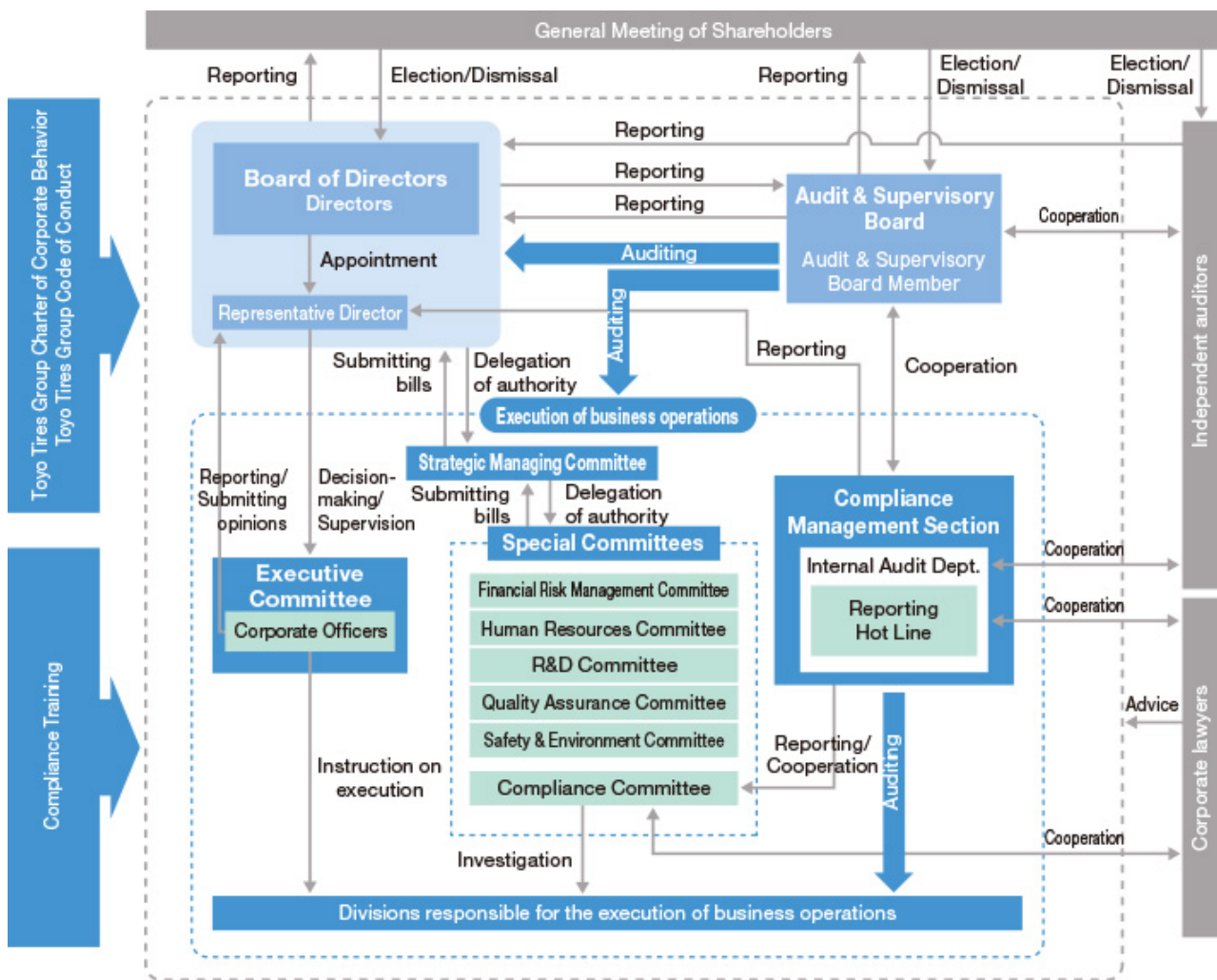
The Toyo Tires Group has established an effective corporate governance structure, comprising the "Board of Directors," which is responsible for managerial decision-making and supervision, the "Strategic Managing Committee," a decision-making body for business execution, "Special Committees," which act as deliberative and consultative bodies for their respective areas, the "Executive Committee," which is responsible for business execution, and "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 comprises four members (including two outside directors [one female director]), makes decisions on important matters such as management policies, goals, and strategies, and supervises business operations. The Strategic Managing Committee and Special Committees hold prior consultations on important matters to support decision making by the Board of Directors, and deliberate and decide on matters that have been delegated by the Board of Directors. The Executive Committee comprises 17 members (including two 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. "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 September 1, 2015.)

The outside directors 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.

Corporate Governance Structure (as of September 1, 2015)



Establishment and Improvement of the Internal Control System

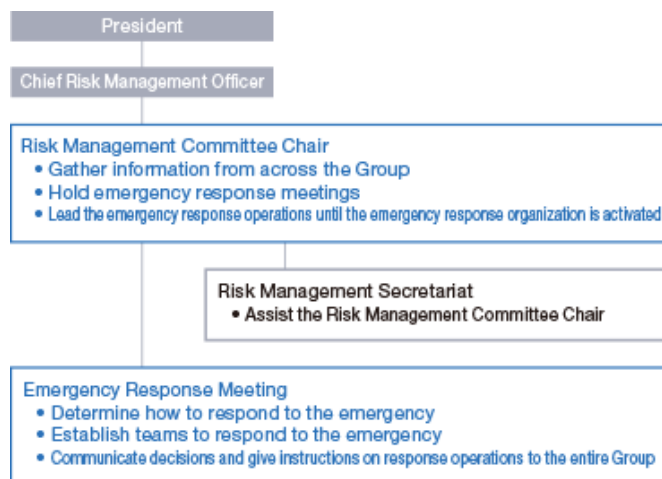
In November 2012, the Toyo Tires Group Charter of Corporate Behavior and the Toyo Tires Group Code of Conduct were established to ensure that all directors, officers, and employees of the Group companies act in accordance with applicable laws and regulations, the Articles of Incorporation, and ethical standards. Furthermore, we seek to improve the performance of the entire Group by strengthening and enhancing the functions of the Special Committees- Quality Assurance, Safety & Environment, R&D, Human Resources, Financial Risk Management and Compliance. In July 2015, we introduced a compliance officer system and established the new Compliance Committee to understand, handle and manage all compliance-related matters for the Group in an integrated manner. We 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. In August 2015, we reviewed our internal control system in accordance with the partial amendment of the Ordinance for Enforcement of the Companies Act and to reflect recurrence prevention measures of non-compliant seismic isolation rubber problems.

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.

Emergency Response System (for Group-wide emergency situations)



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. As of the end of fiscal 2014, the development of BCPs was completed for 17 operations bases, including all production bases, and BCM training sessions were conducted to verify the effectiveness of BCPs. Joint BCM training was conducted by headquarters and the Tire Technical Center, based on a scenario in which the headquarters building was seriously damaged by a major earthquake and rendered unable to be used. The training session was conducted on the assumption that the initial response (for which training was conducted in the previous fiscal year) was complete, to check whether the alternative base could carry out important tasks with priority levels 1 to 3 specified in BCP and to identify problems.



Joint BCM training

In future, we will hold BCP 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.

Information Security Efforts

In accordance with our information security policy and information security management regulations, we implement various measures to prevent information leakage, computer virus infections that can lead to computer system failure, and other information security incidents. We continually strive to raise employee awareness and to ensure compliance with information security guidelines and thorough application of security update programs, in order to maintain and continuously improve the level of information security so as to effectively respond to changes in the environment. In line with our confidential information management regulations, we regularly check the status of confidential information classification and management in each department, according to the Information Management Checklist. If improper practices are discovered, appropriate improvement measures will be implemented immediately.

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.

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.



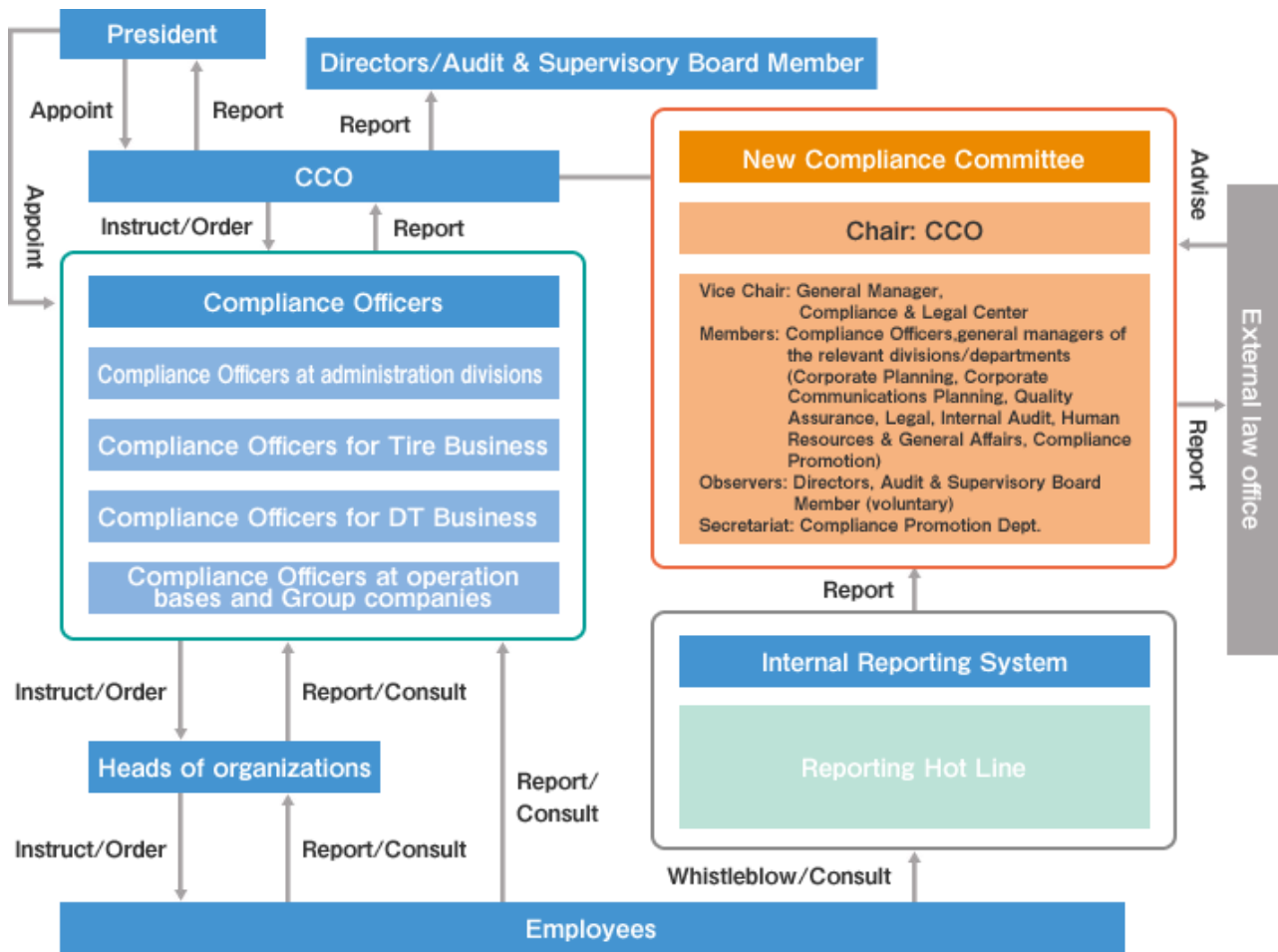
Toyo Tires Group Code of Conduct Handbook (third edition)

Compliance System

As part of efforts to prevent the recurrence of non-compliant seismic isolation rubber problems, we introduced a compliance officer system on July 1, 2015, to ensure that all compliance-related matters for the Group are understood, handled and managed centrally, under the supervision of the Chief Compliance Officer (CCO).

In conjunction with the introduction of the compliance officer system, the New Compliance Committee was established as an advisory body to CCO. The Committee is mandated to report to the directors and Audit & Supervisory Board Member, and the external law office performs oversight functions. The Compliance Promotion Department serves as the Committee's secretariat, and is charged with the handling of compliance cases, development/implementation of company-wide measures and support for each workplace. Under the leadership of the General Manager, the designated staff members in the Department perform these tasks in cooperation with the relevant departments.

Compliance 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 2014, we worked to enhance education programs by job type (for production, sales and technical staff, etc.), by increasing the number of training sessions held at each operation base. As in previous years, we also held executive training targeted at directors, officers, and general managers of departments/operation bases.



Training at the Sendai Plant



Training at the Fundamental Technology Center

Implementation of Compliance Promotion Month

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

Activities undertaken in fiscal 2014 include read-out sessions in which employees jointly read out the Toyo Tires Group Code of Conduct Handbook, acquisition of written covenants, and posting of awareness-raising posters. As in Japan, awareness-raising activities are conducted autonomously at overseas bases as well, for example, a compliance slogan contest was held in China.

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, at a tire manufacturing plant in China



The winner of the slogan contest receiving a commendation, at a tire manufacturing plant in China



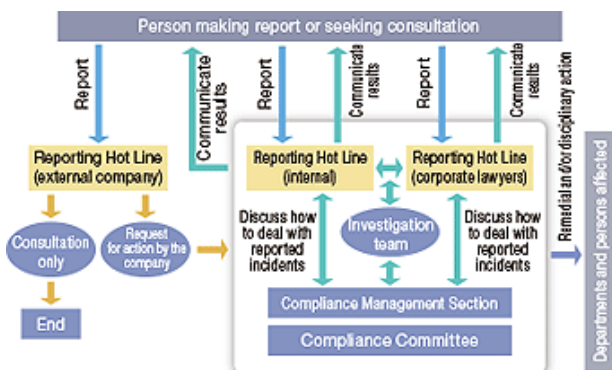
Poster for Compliance Promotion Month

Internal Reporting System

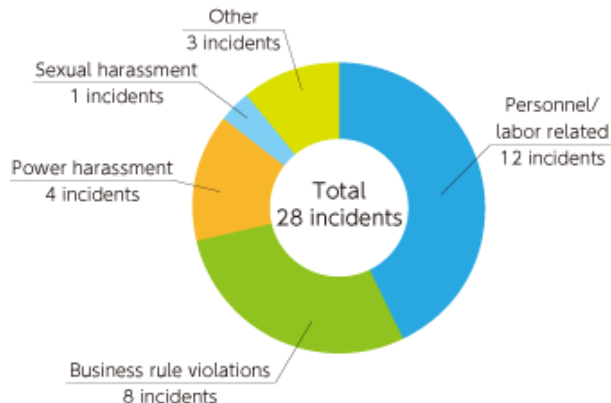
With the aim of proactive prevention and early detection of compliance violations, we have been operating an internal reporting system since fiscal 2006. Reporting Hot Lines have been established both inside and outside the company, to enable not only our employees but also our business partners to report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

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 2014, a total of 21 whistleblowing reports were received, all of which were handled appropriately.

Flow of Internal Reporting



Breakdown of incidents reported (fiscal 2014)



* 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 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.

Respecting and Utilizing Intellectual Property

The Intellectual Property Department is responsible for the protection and management of intellectual property.

We respect the intellectual property rights of others by conducting thorough prior-art searches. Also, by applying for and obtaining patents for newly developed technologies, we protect our own proprietary technologies, which we actively incorporate into our products.

We also educate our employees to fully understand the importance of intellectual property rights, through the following training programs by hierarchical level and job type.

Training programs

Job level/Occupation	Contents
New employee training	Types of intellectual property, importance of protecting the company's proprietary technologies, etc.
Technical staff training	For junior-, middle- and leader-level technical staff; Importance of using patents and design rights, etc.
Sales staff training	Importance of trademark rights and brand protection, etc.
Seminars for executives	Recent trends, etc.

Violation of United States Antitrust Laws

In November 2013, Toyo Tires & 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 had violated U.S. Antitrust Laws in connection with sales of automotive anti-vibration rubber products and constant-velocity-joint boot products.

As part of recurrence prevention measures, we established the "Guideline on Compliance with the Competition Law" as of January 1, 2014, and set up an internal reporting desk dedicated to antitrust-related matters, "Antitrust Law Hot Line." We also provide antitrust compliance training for sales personnel both in Japan and overseas, and acquire written covenants from them. At the end of fiscal 2014, self-inspections and special audits were conducted at the relevant departments to confirm the compliance status of the Guideline. We will continue education/awareness-raising activities and monitoring to prevent recurrence of antitrust violations.

Fraudulent acquisition of fireproofing certification for some of our rigid polyurethane thermal insulation panels

In November 2007, fraudulent acquisition of fireproofing certification was discovered for some of our rigid polyurethane thermal insulation panels. As of the end of August 2015, 97.5% of the replacement work (158 objects of all 162 objects) was completed. We will continue efforts to complete replacement work as soon as possible.

Toyo Tires Group Charter of Corporate Behavior

At the Toyo Tires Group, we have a commitment to creating new value through innovation in advanced, proprietary technologies so that we continue to be a company admired by individuals and society. To realize this goal, we pledge to act with integrity by observing the following 10 principles.

Integrity

1. Comply with all laws, regulations, standards and internal rules.
2. Conduct business activities in conformance with the principles of free competition and fair trade.
3. Conduct ourselves with the highest ethical standards in our relations with the government.

Manufacturing

4. Strive for the highest levels of quality, safety and societal benefits in our products and services.

Human

5. Ensure a safe and healthy work environment for all of our employees.
6. Promote workplace diversity and inclusion of each employee.

Environment

7. Engage in sound, sustainable environmental practices.

Society

8. Communicate with stakeholders in an open and fair manner.
9. Contribute to the growth of the local economy and community.
10. Conduct business with respect for human rights, local cultures, and customs.

Toyo Tires Group Code of Conduct

The "Toyo Tires Group Code of Conduct" sets forth 15 rules of conduct for each individual to follow in order to put the Charter into practice, and it also functions as a guideline for each group company to formulate its own individual code of conduct.

Integrity

1. **Compliance**

We shall comply with laws and internal rules in all aspects of our business activities and shall conduct ourselves according to the highest ethical standards.

2. **Accounting Procedures**

We shall ensure proper accounting in accordance with laws and internal rules for financial reporting, accounting, tax and internal controls.

3. **Company Assets**

We shall properly manage and utilize tangible and intangible company assets, including intellectual property rights.

4. **Information Security**

We shall properly manage and protect both internal and external confidential and personal information.

5. **Free Competition and Fair Trade**

We shall conduct business in an open and fair manner in accordance with all applicable laws and regulations in each country and region.

6. **Gifts and Entertainment**

We shall not accept or provide gifts or entertainment in contravention of applicable laws and regulations or social practices in each country and region.

7. **Relationships with Politicians and Public Officials**

We shall not provide inappropriate money, goods or entertainment to politicians or public officials.

Manufacturing

8. **Provision of Products and Services**

We shall give top priority to safety and provide eco-friendly, high quality products and services in order to win public confidence.

Human

9. **Safe and Healthy Workplace**

We shall strive to improve safety, health, the environment and disaster prevention at our workplace.

10. **Respect for Diversity**

We shall respect each other and strive to create a dynamic workplace that is free of discrimination and harassment.

Environment

11. **Eco-friendly Activities**

We shall strive to promote eco-friendly activities in accordance with all applicable environmental laws and regulations.

Society

12. **Interactive Communication**

We shall build good relationships with stakeholders through appropriate disclosure and interactive communication.

13. **Prohibition of Insider Trading**

We shall never buy or sell stocks and other securities using non-public information about the Toyo Tires Group or other companies.

14. **Social Contribution Activities**

As members of the local community, we shall take an interest in social issues and strive to cooperate in addressing them.

15. **Human Rights and Local Communities**

We shall respect the human rights of people engaged in our business activities, local cultures, and customs.

Connecting with Customers <Quality Management>

Basic Approach

In its Charter of Corporate Behavior, the Toyo Tires Group states as its manufacturing principle that we will "strive for the highest levels of quality, safety, and societal benefits in our products and services." All directors, officers and employees of the Group are expected to put this principle into practice. We have also established the Toyo Product Safety Charter to clearly define the fundamental philosophy and action guidelines regarding product safety. To translate these philosophy and guidelines into practice, we have developed a concrete action plan and are implementing it.

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

As part of efforts to prevent the recurrence of non-compliant seismic isolation rubber problems, the former Quality Assurance Department was upgraded on July 1, 2015 to become the Quality Assurance Division with greater authority. Also, the quality assurance department at each production site was placed under the Quality Assurance Division to enhance the independence of quality assurance departments from other departments. At the same time, efforts are being made to strengthen the quality assurance function and personnel. Furthermore, the Standards Management Department was newly established as a dedicated organization to review and manage applications for external certifications.

With the aim of visualizing quality assurance rules, eliminating individual discretion, and standardizing and improving work processes, the Quality Assurance Division is working on the development of an effective quality audit system in cooperation with the Internal Audit Department.

Quality Assurance System



Quality Assurance Efforts

Quality management system certification status

We are implementing quality management systems based on ISO 9001 and ISO/TS 16949 standards.

As of the end of December 2014, in the Tire Business, all production bases (7 bases) in Japan and overseas have acquired ISO 9001 certification. Efforts to obtain ISO/TS 16949 certification are also ongoing at our domestic and overseas bases, resulting in four domestic and overseas plants receiving ISO/TS 16949 certification as of the end of December 2014.

In the DiverTech Business, vigorous efforts are being made to re-establish a quality assurance management system, under the new quality assurance system.

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. 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.

In the DiverTech business, we also carry out measures to ensure the quality meeting the requirements of customers as well as quality standards in each country.

Promoting QC circle activities

The Toyo Tires Group is promoting quality management activities through workplace-based QC circle activities. In fiscal 2014, a total of 272 circles worked on various themes such as the achievement of both productivity and quality, and the transmission of skills and techniques. The number of themes completed during fiscal 2014 totaled more than 900. In-house QC circle presentation events are held to provide QC circle members with the opportunity to present their activities and achievements and learn from other circles. In addition, information on QC circle activities and achievements is published serially in company newsletters to encourage mutual learning. In 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.

Connecting with Customers <Customers 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.

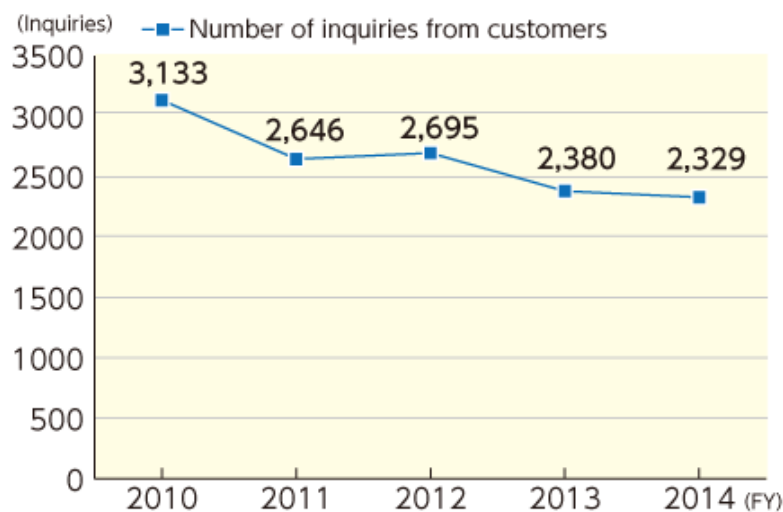
Responding to Customer Inquiries and Complaints

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.

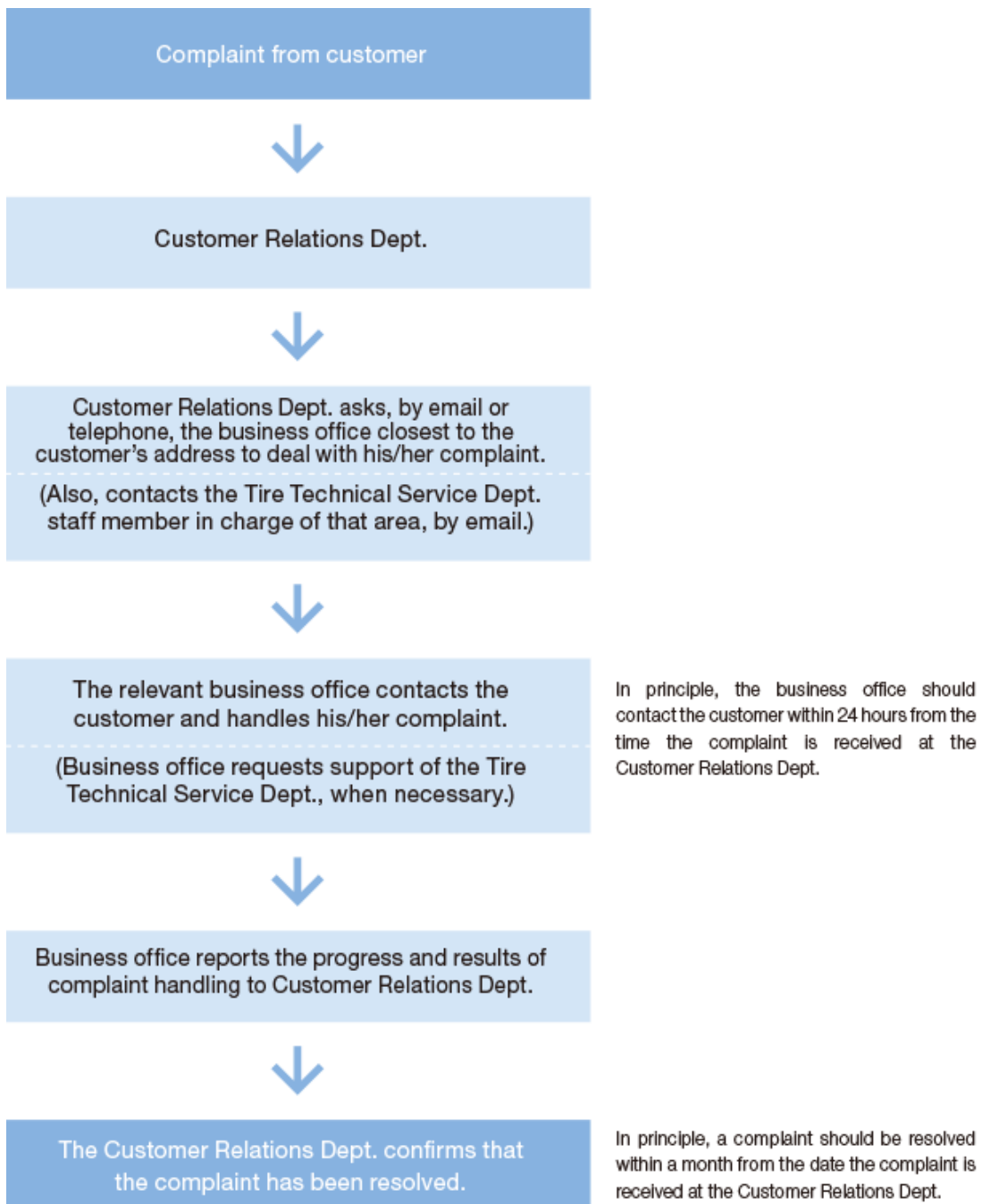
To customers who submitted inquiries via email, questionnaires are sent to obtain feedback on their level of satisfaction with the way their inquiries were handled (response content, response time, etc.). Based on the questionnaire results, the Customer Relations Department staff work to improve their response to customer inquiries. Efforts are also being made to maintain and improve the level of customer satisfaction with inquiry response, by setting numerical targets for customer satisfaction ratings and inquiry response times. In fiscal 2014, we achieved all the set targets.

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 and complaints 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



Connecting with Business Partners

Basic Approach

In accordance with the Charter of Corporate Behavior and CSR Basic Policy, 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: "Compliance"; "Partnership"; "Transparent and Fair Trade"; and "Environmental Responsibility." We carry out all purchasing activities in accordance with these policies.

Toyo Tires Group Basic Purchasing Policies

- 1. Compliance**
Comply with applicable laws, regulations, and social norms and strictly maintain confidentiality in all purchasing activities.
- 2. Partnership**
Build and maintain an honest, healthy, and cooperative relationship with suppliers as equal partners.
Aim for mutual growth and development through enhanced communication and stronger bonds of mutual trust.
- 3. Transparent and fair trade**
When selecting suppliers, assess them from a comprehensive standpoint that takes into account their willingness to share and collaborate on CSR initiatives as well as on quality, price, delivery, and sustainable supply capacity.
- 4. Environmental responsibility**
Promote purchasing activities that also aim to reduce impact to the global environment.

Thorough compliance

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

In fiscal 2014, we held Subcontract Act seminars for managers and staff members in purchasing-related departments, as well as the executives and relevant staff of affiliated companies. We also conducted interviews with the purchasing departments at overseas bases to ascertain their compliance promotion status.

We will strive to further enhance our education and awareness-raising activities to ensure full compliance in purchasing activities.



Subcontract Act seminar

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.

We established the Toyo Tires Group CSR Procurement Guidelines (Ver.1) in 2010, and we have been engaged in CSR procurement activities. In the light of the latest trends of CSR and the demands of international society, we further revised the Guidelines from a global perspective and published the second version (in Japanese, English and Chinese) in November 2014. To share the Guidelines with our business partners in and outside Japan and to promote CSR procurement throughout the supply chain, we held briefing sessions on the Guidelines for our business partners in and outside Japan.



Briefing session on the CSR Procurement Guidelines, held in Malaysia

We ask our business partners in Japan to conduct self-assessment using our company-designated checklist, and based on the results, we work to strengthen CSR procurement efforts across the entire supply chain.

To promote CSR procurement, it is also important for the Group's purchasing personnel to perform purchasing tasks based on a full understanding of the objectives and content of the Guidelines. So, prior to rolling out the Guidelines to our business partners, we held briefing sessions on the second version of the Guidelines for purchasing personnel, at the Global Purchasing Meeting in September 2014, where all purchasing managers of overseas tire production bases gathered together, and at a training session in November 2014 for purchasing staff members including those from Group companies in Japan.

Promotion of Fair and Transparent Transactions

Use of electronic bidding system

To improve fairness and transparency in the selection of suppliers, we have introduced and have been operating an electronic bidding system since fiscal 2003. In Japan, the system is being operated at all purchasing bases. The introduction of the system has been completed at overseas purchasing bases. In future, we will continue to promote fair and transparent transactions through active use of electronic bidding.

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 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 9001-certified, we investigate whether they have acquired or properly renewed certification.

Efforts at Overseas Bases

We are promoting the introduction of the electronic bidding system to our overseas production bases, to ensure 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 base. In future, we will continue to be committed not only to observing relevant laws and regulations, but also to achieving full compliance in all business activities, including supplier selection and pricing.

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 were held for institutional investors and securities analysts twice in fiscal 2014—at the time of releasing the second-quarter and full-year financial reports, attracting nearly 100 attendees. 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. Such interview sessions are conducted with a total of about 350 people a year. As part of communication efforts, guided tours are also conducted at our domestic business bases.

Holding of a Briefing Session on New Mid-term Business Plan

In conjunction with the announcement of our new mid-term business plan "Mid-term '14," we held a briefing session in June 2014, attracting about 100 institutional investors and securities analysts. Based on anticipated future global economic trends, we have created a new mid-term growth scenario for the future, and have formulated this new mid-term business plan as a declaration of our intent to take on the challenge of an even higher business stage. In the briefing session, our top executives directly explained the plan to help participants deepen their understanding of the ideal state our company aims to achieve and specific business strategies to achieve the objectives set in the plan.



Briefing session on new Mid-term business plan

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

In fiscal 2014, to increase its recognition in the stock market, Toyo Tire & Rubber Co., Ltd. participated in IR events for individual investors, organized by securities companies—IR seminars in March, July and August, and an IR fair in December. We explained our Group's business strategies and management policies to about 700 individual investors who attended these IR events. Following the explanation session, we answered various questions from them in a Q&A session. We will actively participate in IR events to increase individual investors' understanding and interest in our Group.



IR Fair for individual investors

Revamping annual report

We have revamped our annual report 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 have expanded the top message section, providing more detailed explanation of our new mid-term business plan "Mid-term '14," with enriched ESG information, etc. complementing the CSR report.



Redesigned annual report



Connecting with Employees <Employment and Human Resources Development>

Basic Approach

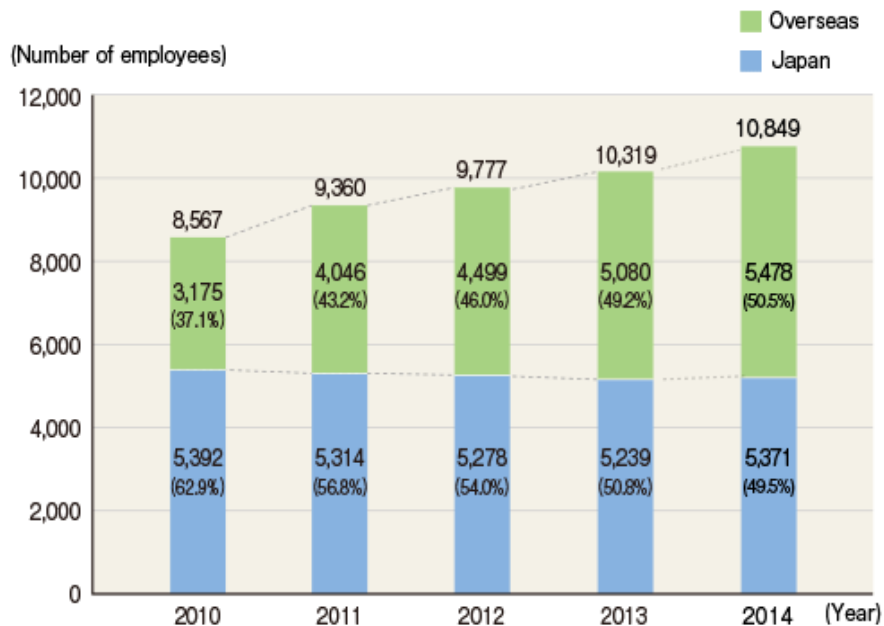
For an organization to achieve sustainable growth, it is essential to secure and develop capable human resources. Based upon this belief, the Toyo Tires Group is striving to promote the diversification of employment and workplaces, and to improve its training and career development programs. While respecting the individuality and values of each individual employee, we will continue working hard to become a "company rich in imaginative freedom, 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. As for employment of new graduates, we set an employment rate target for females, foreign nationals and returnees/students who returned from study abroad of 30%.

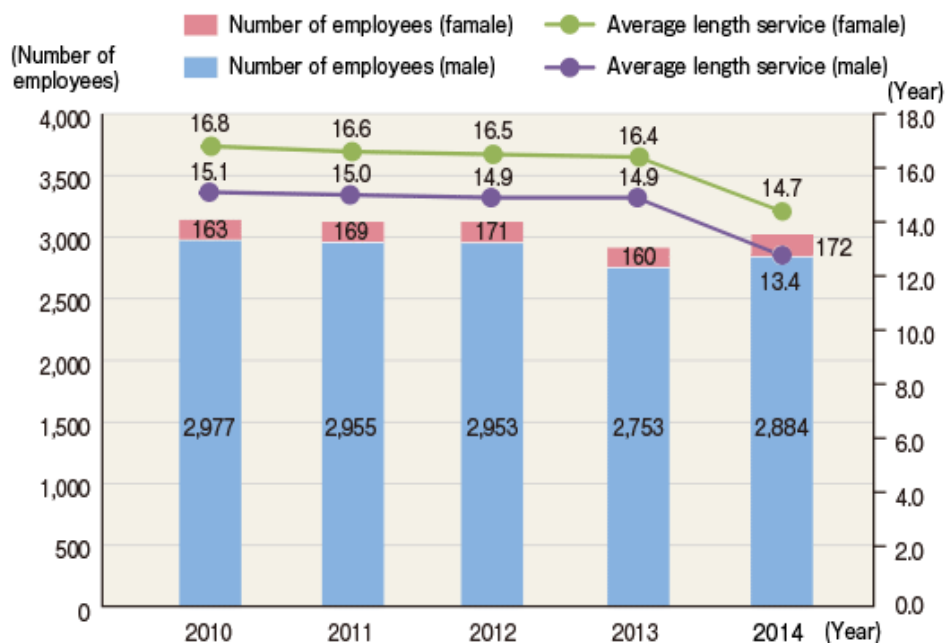
We are committed to ensuring fair employment practices and treatment of employees across our organization. We are striving to create workplaces where diverse individuals can fully demonstrate their capabilities, regardless of nationality or gender.

Number of employees and percentage by region



* Figures are as of December 31, each year.

Number of employees and average length of service by gender (non-consolidated)



* Figures are as of December 31, each year.

Promotion of Diversity

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. While receiving advice from job coaches of the Employment Support Centers for People with Disabilities regarding various matters, including identification of jobs suitable for disabled persons and improvement of the work environment, 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 2014, our company's employment rate of disabled persons was 2.04%, exceeding the legal requirement of 2.0%.

Promoting empowerment of women

In addition to the establishment of various personnel systems to create an easy-to-work-in environment, we promote the empowerment of female employees through various initiatives, including individual career interviews, development of career development plans, and awareness-raising seminars.

Through these efforts, we aim to increase the percentage of female employees in managerial positions, from about 2% (as of December 2014) to 4% by the end of December 2020.

Promoting reemployment of older employees

In line with the enforcement of the revised Act on Stabilization of Employment of Elderly Persons on April 1, 2013, we have revised our post-retirement reemployment system to enable employees wishing to be reemployed to work at least until they reach the pension age. Many employees choose to utilize this system, which enables them to pass on their long-accumulated knowledge and professional skills to younger workers at the workplaces where they used to work before retirement and other workplaces.

Support for child-rearing and nursing care

As part of efforts to support employees with family responsibilities, we have established childcare 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).

In April 2015, to respond more precisely to the unique work-life needs of each employee, we introduced a new personnel measure, changing the minimum increments for the use of annual paid leave from half-day to two hours to allow employees to take a very short leave to take care of personal or family matters such as a doctor's visit, and picking up/dropping off children (this new measure has not yet been introduced to some workplaces for staffing reasons). We have special working systems to allow employees with children and those who need to care for family members to be exempted from overtime/holiday work, and to work flexible and with reduced hours. To meet the demands from employees with children in the higher grades of elementary school who cannot attend after-school childcare programs, we have expanded eligibility for the special working systems, from employees with children "in the third grade or younger" to employees with children "in the sixth grade or younger."

We have also made changes to the childcare leave system, so that the first five business days of childcare leave is paid leave. Although there have been no male employees taking childcare leave in the past, as a result of our encouragement to take childcare leave even for a short period of time, some male employees have taken childcare leave. 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. In the past, allowable reasons for the use of the annual leave restoration system were illness/injury, childcare, family nursing care, and volunteer activities, but hospital visits and hospitalization for infertility treatment have been added to the list, enabling employees to use their expired annual leave to accompany their spouses for infertility treatment.

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

<p>Headquarters Human Resources Dept. – Union HQ</p>	<ul style="list-style-type: none"> • Central Labor-Management Conference (twice a year) • Labor-Management Conference on Business Management Measures of each Business Group (twice a year for each Business Group) • Labor-Management Conference on Business Management Measures of Corporate Division (once a year) • Labor-Management Regular Meetings (monthly)
<p>Business Site – Union Branch</p>	<ul style="list-style-type: none"> • Plant/Office Labor-Management Conference (monthly) • Safety & Health Committee Meeting (monthly) • Workplace Labor-Management Conference (monthly)

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

Education and Training System

Target [Concept]	Grade-specific training		Training for selected personnel	Departmental specialized training			Common & selective training	Global training	
	Domestic	Overseas		Manufacturing depts	Technology depts	Sales depts			
General Managers & representatives [Understand missions and roles of division manager]	Training for newly-appointed GMs and representatives	Global executive training	Director candidate training		MOT Advanced level		Good life design seminar		
Managers [Acquire leadership skills needed to manage people and the organization, and generate]	Group executive development training	Manager-class training	Training for GM candidates	Manager training	MOT Intermediate level		Negotiation/persuasion skills training (debate)	Global education program	
Mid-level employees [Acquire leadership skills to take initiative and lead the team to achieve greater results]	Career design training		Dispatch to external business schools		MOT External training				Global communication education / examination preparation support
	Assistant manager candidate training		Executive candidate training	Training for newly-appointed chiefs	MOT Entry level	Manager training (for GMs/Sales Leaders)			
Young employees [Demonstrate outstanding follow-ership and move toward true professionalism]	Brush-up training		Chief candidate training	Training for newly-appointed chiefs/group managers			Overseas trainee system		
	Training for employees hired through year-round recruitment			Manufacturing leader training	Sales training				
				TWI training	Individual training		Overseas trainee system (short-term)		
New employees [Change ways of thinking as a working professional, and understand the meaning of work]	Followup training for new employees				New employee training				
	New employee training								

Basic Policy on Human Rights

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.

Human Rights Education

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. We define global human resources as individuals with the language skills required to communicate globally and the ability to accept diversity. In Japan, we have introduced various new courses in grade-specific training programs, including a course featuring activities in foreign languages and a course designed to promote the understanding of different cultures. We also provide learning support for employees who are self-studying foreign languages and who are preparing for certificate exams. Since April 2014, TOEIC scores have been added to the criteria for promotion to managerial positions. We also have an overseas training program, under which employees are dispatched to overseas bases for in-service training for a certain period to nurture a global mindset and broad perspective. For locally-hired executives at our overseas bases, seminars are held to encourage them to share the history and values of the Group. Following seminars for two subsidiaries in Malaysia in fiscal 2013, in September 2014 a seminar was held on the theme of "harmony," in which executive candidates recommended from five subsidiaries in China shared the management vision, business strategies and values of the Group.



Seminar held in China, aiming to develop global human resources

In future, we will strengthen our efforts to develop global human resources by creating opportunities for 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

Striving to unlock human resources potential in line with corporate globalized view and achieving it with localized approach.

Toyo Tires Corporate view in being a globalized entity has always been our focus point of the Human Resource department with great aspiration to produce a globally competent pool of resources. This approach has been a success when Toyo Tire launched yet another of its subsidiaries in the state of Perak, Malaysia. Our Human Capital made up from the local talents was further strengthened through the efforts of our highly skilled Japanese counterparts thus producing a competitive and competent global workforce.

This empowerment of a diverse global workforce crosses boundaries not only by just managing human capital as an entity but rather taking account and managing the cultural diversity that exist. Hence, our HR team members place great importance in providing a high level of professionalism in managing our expatriates in the areas of accommodation, travel arrangement, employment, travel document and logistics. It is through such efforts that we allow skill and expertise transfer necessary for continuity of our operation and production. We also engaged the Japanese expatriates in our recent team building event and annual dinners to create a new experience for them while they are living in Malaysia. Our continued and renewed effort in achieving a globally competent human capital, will allow Toyo Tires Groups to be a competitive brand globally.



Tryphena Mathius
Executive -
Human Resource
Human Resource
Department
Toyo Tyre
Malaysia Sdn
Bhd

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 2014 Safety, Health, and Disaster Prevention Management Policy, and Targets and Results

Theme	Policy	Target	Results
Overall policy	Achieve zero accidents	Steady reduction of work-related accidents	No. of lost-time accidents: 10 No. of non-lost time accidents: 16 No. of minor accidents: 9
Safety management	Take thorough measures to prevent recurrence of major accidents*	Frequency rate: 0.5 or below	Frequency rate: 1.86
Health management	Reduce number of employees on sick leave	Sick leave rate: 0.5% or below	Sick leave rate: 0.74%
Disaster prevention management	Enhance disaster drills based on the scenario of a major disaster.		Conducted disaster drills based on the scenario of an earthquake, focusing on Initial response and safety confirmation.
Traffic safety management	Implement traffic safety management to reduce traffic accidents.		Installed/managed driving data recorders in company-owned cars.

* Major accident: Accident resulting in death or disability (disability grade 7 or above)

Creating Safe Workplaces

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

In fiscal 2014, as in the previous year, we achieved zero major accidents. However, the lost-time accident rate deteriorated from the previous year, and the safety management target of reducing the frequency rate to 0.5% or below was not achieved due to the occurrence of minor accidents (non-lost time accidents and minor accidents due to failure to follow certain procedures in the manual, failure to identify possible hazards in non-routine tasks, etc.). To prevent minor accidents, we are promoting activities 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. A 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 nearby bases. We improve the content of the training each year and conduct hazard prediction training repeatedly, on a continuous basis.

In fiscal 2014, a Safety Hazard Prediction Training Hall was also established at the Sendai Plant, and all employees in manufacturing departments of the Sendai Plant have received hazard prediction training at the Hall. We also created 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 & calling activities at a morning meeting (Kuwana Plant)



Safety Hazard Prediction Training (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 2016. From fiscal 2014 to fiscal 2015, Fukushima Rubber Co., Ltd. and the Akashi Plant in Hyogo manufacturing complex obtained OSHMS certification, and Orient Machinery Co., Ltd., Ayabe Toyo Rubber Co., Ltd. and the Iwaki and Atsugi Plants of Soflan Wiz Co., Ltd. were registered as Good Safety Company.



JISHA OSHMS Standards Certification (Fukushima Rubber Co., Ltd.)

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

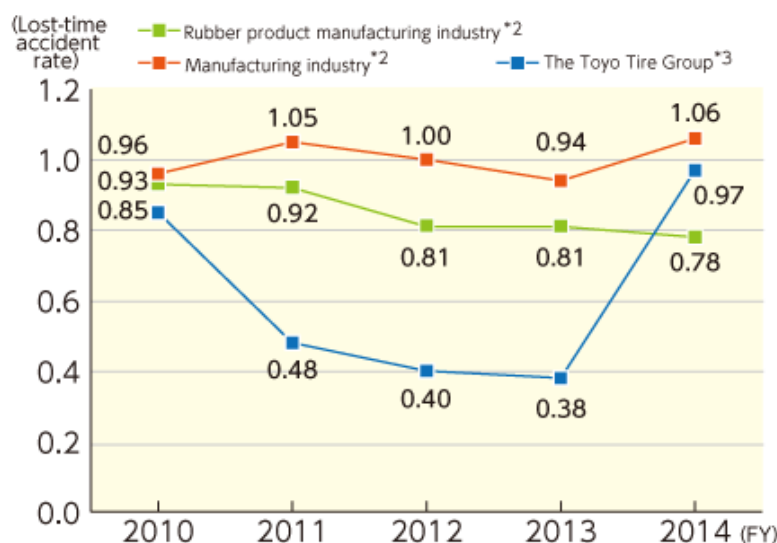
*2 Safety and health performance evaluation services offered by the Japan Industrial Safety & Health Association for enterprises with less than 300 employees

Target and plan of each business site

Target	Business site		Planned achievement time
Acquisition of JISHA OSHMS standards certification	Sendai Plant		November 2013 (Achieved)
	Kuwana Plant		by the end of February 2016
	Fukushima Rubber Co., Ltd.		November 2014 (Achieved)
	Hyogo Manufacturing Complex	Akashi Plant	June 2015 (Achieved)
	Toyo Soflan Co., Ltd.*		by the end of FY2015
	Toyo Advanced Technology Inc.		by the end of February 2016
Acquisition of "JISHA Good Safety Company" certification	Ayabe Toyo Rubber Co., Ltd.		March 2015 (Achieved)
	Soflan Wiz Co., Ltd.	Iwaki Plant	March 2015 (Achieved)
		Atsugi Plant	October 2015 (Achieved)
		Akashi Plant	by the end of FY2015
	Orient Machinery Co., Ltd.	Itami Plant	December 2014 (Achieved)
		Kuwana Plant	December 2014 (Achieved)
		Sendai Plant	March 2015 (Achieved)

* Toyo Soflan Co., Ltd. is considering the acquisition of ISO45001 certification (to be published in September 2016) instead of JISHA OSHMS.

Lost-time accident rate *1



*1 Lost-time accident rate: Number of lost-time accidents per million hours worked.

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

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

Traffic Safety Efforts

In fiscal 2014, with the aim of improving traffic safety and encouraging safe driving manners, we started introduction/management of driving data recorders in company-owned cars. Company-owned cars other than sales cars have a 100% installation rate of driving data recorders. As for sales cars, a driving data recorder is installed in about 14% of sales cars, which are driven by new drivers (new employees with less than one year of service). In fiscal 2015, we started management of accident rates of company-owned cars. In addition to this, we will strengthen traffic safety measures by providing safe driving and hazard prediction training, training for improving driving manners through the use of images of accidents recorded by driving data recorders, and accident prevention education.

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 2014, as part of efforts to prevent workplace mental health problems, stress check events were held at all business sites and subsidiaries in Japan, and a total of 5,240 people received stress checks. And, based on the check results of each organization, mental health care seminars were held at each business site. A mental health care seminar was also held at Headquarters for department heads and managers of Headquarters and subsidiaries, inviting a professional counselor as lecturer. A total of 58 people attended the seminar.



Mental health seminar held at a business site

Furthermore, we work to reduce long-term sickness absences by promoting early detection and intervention through individual guidance and consultation in cooperation with industrial health staff and Employee Assistance Program (EAP) companies. We also provide support for employees on long-term sickness absence to ensure a smooth return to work. We plan to review our return-to-work support measures so that we can provide appropriate support for each employee according to their physical and mental condition.

Measures against metabolic syndrome

Since fiscal 2008, to help prevent metabolic syndrome, we have conducted specific health examinations and specific health guidance. Thanks to the effects of health guidance and increased health awareness, on the whole the health status of employees has improved, with an increase in the percentage of those assessed as having no risk* and a decrease in that of those assessed as having low or medium risk.* However, in view of the fact that there was a slight increase in the number of those assessed as having high risk,* industrial health staff-especially nurses-step up awareness-raising efforts for employees subject to specific health guidance.

The Health Insurance Society implements lifestyle-related disease prevention programs, through external institutions. In future, the Health Insurance Society plans to mandate those assessed as having low or medium risk to receive specific health guidance.

*No risk: Within the standard

Low risk: Health guidance required

Medium risk: Doctor consultation recommended

High risk: Medication and doctor consultation required

First-aid and life-saving training

We distribute to all business sites DVD recordings of a first-aid and lifesaving training session held at the Kuwana Plant representing our major manufacturing sites, 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

Fire prevention efforts

In fiscal 2014, evacuation drills at night were conducted at each business site based on more specific fire 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 2015. 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.



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



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

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.

Local Community Contribution Activities

Support for the Saroma Grand Harvest Festival

On a day in October 2014, we opened the grounds of the Saroma Tire Proving Ground (Saroma town, Tokorogun, 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 2014

In August 2014, the Sendai Plant held its annual "Fureai Community Fair" to deepen ties between employees, and local residents and fellow employees' family members. Since 2014 was the 50th anniversary of the commencement of operations of the Plant, the fair was held in a leisure facility near downtown instead of its usual location in the Plant, to accommodate more visitors. The 2014 fair—the 22nd in the series—attracted about 4,000 visitors. This event is held in cooperation with Group companies, with employees from Group companies participating in the operation of the event. The fair featured food stalls, game stalls and various attractions that both adults and children could enjoy. Employees, their families and local residents had a great time together.



Fureai Community Fair 2014

Holding TOYO TIRES Cherry Blossom Festival

In April 2014, the Fundamental Technology Center (Kawanishi City, Hyogo Prefecture) held the "Toyo Tires Cherry Blossom Festival" to promote interaction among employees, their families and local residents and to deepen their understanding of the Toyo Tires Group and the Center. It was the first cherry blossom festival held after the opening of the Center in 2013. The festival attracted about 280 visitors. The festival featured a variety of fun events such as a quiz corner about the Group and a performance show. As part of the festival, a guided tour of the Center was conducted for local residents.



Company introduction video corner



Venue with cherry blossoms in full bloom

Participating in Community Cleanup Activities

Our plants and business offices actively participate in cleanup activities in their respective communities, to contribute to creating a pleasant environment for local residents. Recognizing these activities as opportunities to convey our gratitude to local residents for their understanding and support for our business, we will continue actively participating in community cleanup activities.



Around the Headquarters



Around the Fundamental Technology Center

Producing a Documentary Film in Honor of the Achievements of a Japanese American

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 business, and to return part of its profits to further the 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 the achievements of prominent Nikkei and the history of ties between the Nikkei community and the United States on themes proposed and designed by Nitto Tire (15 films in total as of fiscal 2015, 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.

Forest Development Activities

Corporate Forest "TOYO TIRES Midori-no Tsunagari Mie"

Toyo Tire & Rubber Co., Ltd. is engaged in a five-year project "TOYO TIRES Midori-no Tsunagari, Mie" to turn a thickly wooded area in Toin-cho, Inabe-gun, Mie Prefecture, where the Kuwana Plant is located, into a healthy forest. In November 2014, the first forest development activities were conducted, in which about 100 Kuwana Plant employees and their families performed tree thinning in cooperation with an NPO called Mori-no Kaze. We will promote forest development activities systematically and on a continuous basis, to turn the forest area of about 5.27 hectares (large enough for Tokyo Dome to fit inside) into a green space where local residents can meet and relax.



Employees and their families participating in forest development activities

Participating in the Millennium Hope Hills Project

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 the City's efforts to recover and rebuild after the devastation caused by the Great East Japan Earthquake. The Millennium Hope Hills Project involves building hills along the shoreline, (where there used to be a tide-water control forest consisting of Japanese black pine trees) using rubble and debris resulting from the earthquake, and planting some 300,000 trees there to form a green breakwater, while at the same time developing it as an 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. We also conduct volunteer activities in cooperation with the City, such as weeding to promote the growth of the planted seedlings.



Planting *Machilus thunbergii* and *Prunus jamasakura* seedlings

Support for Nurturing Next-Generation Human Resources

Career Education Support through On-Site Lessons

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. In fiscal 2014, we provided on-site lessons to eight classes at five schools from elementary to high school. In fiscal 2015, 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

Launching Education Scholarship Programs (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 constraints 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 school students. Through these programs, the company is supporting the education of Malaysia's next-generation leaders and contributing to regional development.



Attendees at the scholarship presentation ceremony

WBCSD Activities

The World Business Council for Sustainable Development (WBCSD) is an international non-profit organization representing about 200 companies around the world, which seeks to address important environmental and social issues and develop proposals to promote sustainable development worldwide. The Toyo Tires Group participates in the WBCSD, and actively works as a member of the Tire Industry Project. With the aim of turning the tire industry into a sustainable industry, this project conducts a range of activities including a study to identify and address the potential health and environmental impacts of materials associated with tire making and use.



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 2014, we held a Tire Safety Awareness Event at a shopping mall near the Tire Technical Center in Hyogo Prefecture. At the event venue, we displayed panels showing how to check tire pressure, how to measure the remaining tread depth, and how to check for tire damage, and held a quiz contest hosted by a guest in a stage show. Through these events, we communicated to visitors the importance of proper tire care to ensure safety, in a fun and entertaining way.



Tire safety-aw areness event

The Toyo Tires Group Environmental Protection Fund

Further Enhancing Support Activities

The Toyo Tires Group established the Toyo Tires Group Environmental Protection Fund in 1992 to provide financial assistance to 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 gift matching system, under which the company donates the same amount of money as donated by employees. Donation to the Fund has taken root throughout the Group, with the participation rate of employees reaching about 90%. Donations have been managed as a foundation fund of the Osaka Community Foundation since fiscal 1993. As of fiscal 2015, the fund has provided financial aid of 418 million yen to a total of 744 organizations. In fiscal 2013, we launched an in-house fund (direct donation to organizations selected independently by our company) to support a wider range of activities, including humanitarian assistance.

Major activities supported by in-house fund

- Tree planting and management of forests around our business sites, in which Group employees participate as volunteers
- Biodiversity conservation activities
- Activities to help build a sustainable society through agroforestry

Beneficiaries of In-House Fund in Fiscal 2015

Category	Organization/ Activity Name	Location	Activity Outline
Disaster prevention/ tree-planting	Millennium Hope Hills	Iwanuma City, Miyagi Pref.	Activities to build hills using rubble and debris from the earthquake, and planting trees on them to form a breakwater to reduce and disperse the power of a future tsunami, while at the same time developing the area as an evacuation site and a biodiversity conservation center (employees participate in the activities as volunteers)
Forest development/ maintenance	TOYO TIRES Midori-no Tsunagari (Green Connection), Mie	Inabe-gun, Mie Pref.	Activities to turn a thickly wooded area into a healthy forest so as to preserve biodiversity as well as to create a place where residents can relax (employees participate in the activities as volunteers)
Wood education	Osaka Prefecture Greenery Fund (Wood education fund)	Osaka Pref.	Activities to create rooms with wooden floors and walls in childcare facilities, including nursery schools, in Osaka Prefecture, using timber produced in Osaka Prefecture ("Osaka timber"), aiming to promote the healthy growth of children and to grow and maintain forests in Osaka in a sustainable way
Pond ecosystem protection	Society for Shinaimotsugo Conservation (NPO)	Osaki City, Miyagi Pref.	Activities to conserve the rich nature of the area through conservation and reproduction of endangered species such as Shinaimotsugo (<i>Pseudorasbora pumila pumila</i>)
Overseas tree-planting	Niranjana Sewa Sanga (NPO)	Osaka City, Osaka Pref.	Activities to plant trees and fruit trees in devastated lands in Bihar State, India and develop and promote agroforestry in the region to prevent desertification and floods as well as to restore biodiversity and eradicate famine in the region
River ecosystem protection	The Environment Network of Forest & Rivers in Hokkaido (NPO)	Hakodate City, Hokkaido	Activities to restore riparian forests along the Ninnikuzawa River in Hokkaido by planting deciduous broad-leaved trees in areas with no trees on both sides of the middle reaches of the river, thereby creating a good river ecosystem and expanding the biodiversity conservation area

Category	Organization/ Activity Name	Location	Activity Outline
Forest development	Buna-wo Uerukai (Society for planting beech trees)	Kobe City, Hyogo Pref.	Activities to develop forests with a rich biodiversity in Hyogo Prefecture by planting and cultivating beech and deciduous broad-leaved trees
Marine ecosystem protection	Sennen Sango to Ikiru Machizukuri Kyogikai (Council for Revitalizing the Town with Thousand-year Coral)	Anan City, Tokushima Pref.	Activities to protect a huge <i>Porites lutea</i> coral—one of the largest in the world—found in a cove of Mugi-Oshima island in Tokushima Prefecture, by removing coral-eating creatures



Activities to protect endangered pond species



Tree-planting activities on devastated land overseas



Activities to restore riparian forest

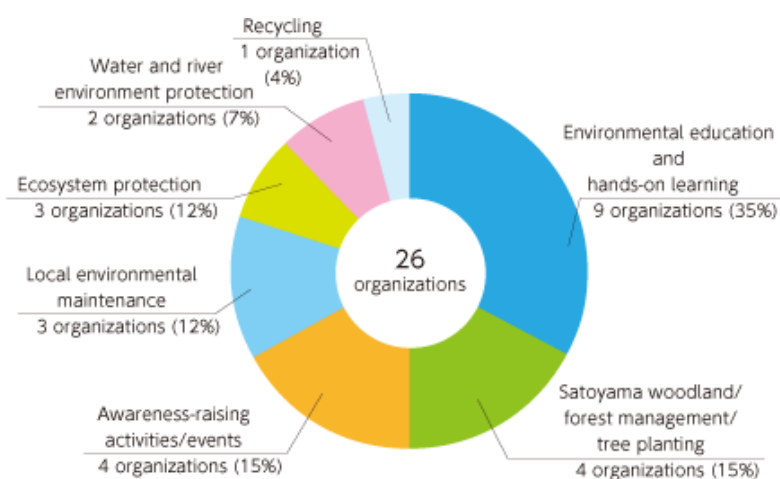


Forest maintenance activities



Sea life conservation activities

Foundation Fund: Areas of activities of the organizations to which funds were provided (Fiscal 2015)



Foundation Fund: Financial assistance made in the past (cumulative total)



Funders List

Category	No.	Group Name	Location	Activity Outline
Environmental education/hands-on learning	1	ASOASO Nature School	Toyama	Providing on-demand nature experience and extracurricular nature activities to after-school children's clubs
	2	Environmental Learning Group MIE	Mie	Communicating the importance of preventing global warming through hands-on environmental learning programs
	3	E-Being (NPO)	Osaka	Conducting forest thinning and maintenance of afforested areas in Yoshino Town in Nara Prefecture, as well as forest-related seminars
	4	Akarui Kodomo-no-kai (Children's Learning Club)	Osaka	Providing children with hands-on experience of nature, through activities such as restoration and maintenance of satoyama forest, and experiments and observation in the natural environment
	5	Kitaharima Chiiki-zukuri Oendan (Kitaharima Cheering Squad for Regional Development)	Hyogo	Forest development and maintenance activities to promote harmonious coexistence with nature, including agricultural experience using forest resources
	6	Environment 21 Society (NPO)	Hyogo	Preventing global warming through the use of charcoal and natural energy and promoting regional exchange activities
	7	TANADA LOVER's (NPO)	Hyogo	Conducting environmental learning activities on terraced paddy fields and in the surrounding cities and villages
	8	Rokko wo Katsuyosuru-kai (Society for Promoting the Use of Mt. Rokko)	Hyogo	Training people involved in activities to improve the environment of Mt. Rokko
	9	Yamada no Sato Green Club	Hyogo	Satoyama forest maintenance and operation of a learning facility "Yamada no Sato Learning Forest"
Satoyama woodland/forest management/tree-planting	10	The Shirakami Mountains Preservation Society (NPO)	Aomori	Project to raise and plant seedlings to restore destroyed beech forests in the Shirakami-Sanchi mountain area in Aomori Prefecture
	11	Satoyama-teki kurashi ECO TASK TEAM	Kyoto	Activities to restore/maintain satoyama forests and restore the natural ecosystem, and holding events to interact with local residents
	12	Machi-zukuri Kenkyusho (Town Development Laboratory) (NPO)	Saga	Holding residents participatory-type nature experience and exchange events on abandoned farmland in Misato District in Ogi City
	13	Aso Flower Field Association (NPO)	Kumamoto	Activities to restore flower fields in Aso through mowing and burning and to protect habitats for endangered species

Category	No.	Group Name	Location	Activity Outline
Awareness-raising activities/ events	14	Tojiba (NPO)	Chiba	Development and manufacture of bamboo powder and public awareness activities
	15	Chikurin-kyuentai (Bamboo Grove Rescue Squad) (NPO)	Gifu	Activities to promote communication with local residents through bamboo grove maintenance
	16	Umibe Kobo Hitode (Seaside Studio Hitode)	Shizuoka	On-demand lessons using local sea creatures, in childcare centers and elementary schools in Shizuoka City
	17	Institute of Energy and Environment Education, Yokkaichi University	Mie	Joint research on soil improvement through the use of bamboo powder
Local environment maintenance	18	Gongenmori Nature Research Society	Miyagi	Maintenance of the Sendai Recreation Forest and environmental experience activities in cooperation with local schools
	19	Tagoto no Tsuki Tanadahozon Dokokai (Tagoto no Tsuki Conservation Club)	Nagano	Conservation of terraced rice paddies of Obasute called Tagoto-no-Tsuki in Chikuma City, Nagano Prefecture
	20	Sohchikukai (NPO)	Mie	Maintenance of abandoned bamboo forest in Renge-ji Temple and holding of get-together events for members
Ecosystem protection	21	Yamazaki River Green Map	Aichi	Activities to protect native species of turtle in the Yamazaki River in Nagoya City and hearing investigation to explore the past state of the river and its inhabitants
	22	Dandelion Research/West Japan Executive Committee	Osaka	Conducting research on dandelion in 19 prefectures in West Japan, with the participation of local residents
	23	Otoyo Peony Society	Kochi	Activities to convert abandoned farmland into land covered with endangered Peony flowers
Water and river environment	24	Arakawa Clean Aid Forum (NPO)	Tokyo	Activities to raise public awareness toward an environmentally conscious lifestyle by promoting re-use of PET bottles
	25	The Setagawa Preservation & Pastime Trust (NPO)	Shiga	Cleaning activities for the Seta River, and the holding of seminars, environmental learning workshops and training sessions
Recycling	26	Class for Everyone (NPO)	Chiba	Promoting the reuse of PCs (that are candidates for disposal) in developed countries and the transfer of used PCs to developing countries

Environmental Management

Toyo Global Environmental Charter

The Toyo Tires Group carries out its business activities with a commitment to being environmentally aware and providing high-quality products and services. Our commitment to environmental responsibility is attested by the Corporate Environment Improvement Committee (present Safety & Environment Committee) established in 1972 and the 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

At the Toyo Tires Group, the Environment Subcommittee of the Safety & Environment Committee develops a policy each year. We promote environmental management by ensuring that the working groups, which are formed for each of the business segments (Tire and DiverTech) take the lead in implementing environmental activities while following the PDCA cycle.

Environmental Management System



Environment Subcommittee Policy for FY 2014

- I. Improve environmental compliance
- II. Promote activities to reduce environmental impacts
- III. Promote activities to preserve biodiversity
- IV. Establish Environmental Vision

In accordance with the 2014 policy, as part of efforts to improve environmental compliance, we promoted on-site inspections of waste management service providers. As activities to reduce environmental impacts, we promoted energy-saving mainly by switching lighting at Kuwana Plant to energy efficient LED lighting. Also, to achieve complete zero emissions by fiscal 2015, we promoted waste reduction and recycling efforts at each business site. As activities to preserve biodiversity, following tree-planting activities at the Millennium Hope Hills (to be developed to serve as a breakwater, emergency evacuation center and biodiversity conservation site) near the Sendai Plant, in November 2014 we launched a corporate forest development project "TOYO TIRES Midori-no Tsunagari, Mie" to develop a forest and conserve biodiversity in the area around the Kuwana Plant; employees from the Plant and their families participated in thinning and other activities as volunteers. To embody one of our CSR priority themes "contribution to the global environment," we are working on the development of an environmental vision, based on the environmental action principles set out in the Toyo Tires Group Charter of Corporate Behavior and Code of Conduct.

Environmental Management System (ISO 14001) Certification Acquisition Status

In fiscal 2014, Wuxi Toyo Meifeng Rubber Products Manufacturing Co., Ltd. acquired ISO 14001 certification.

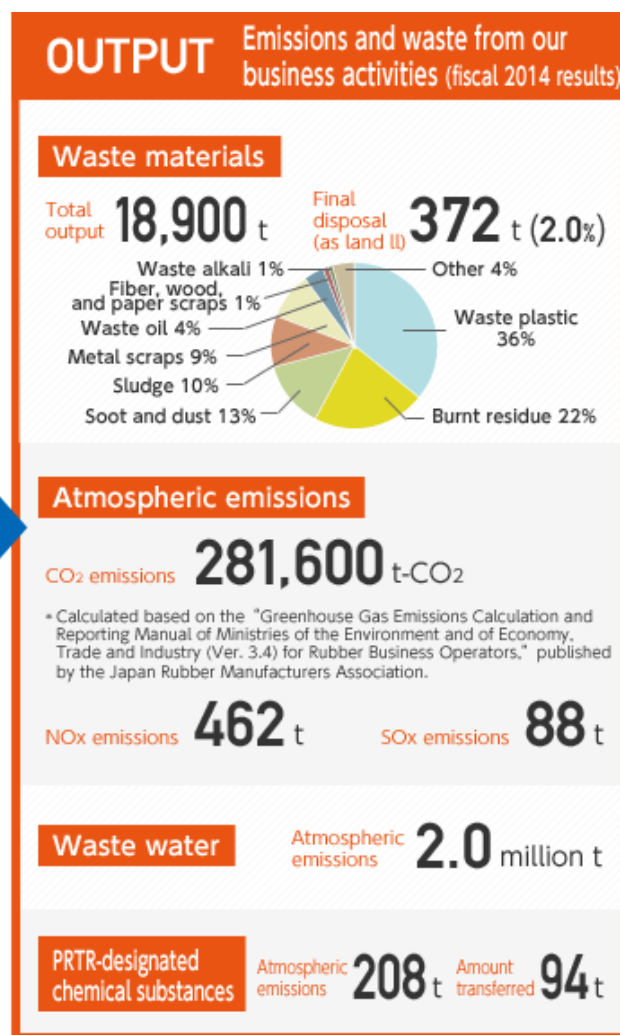
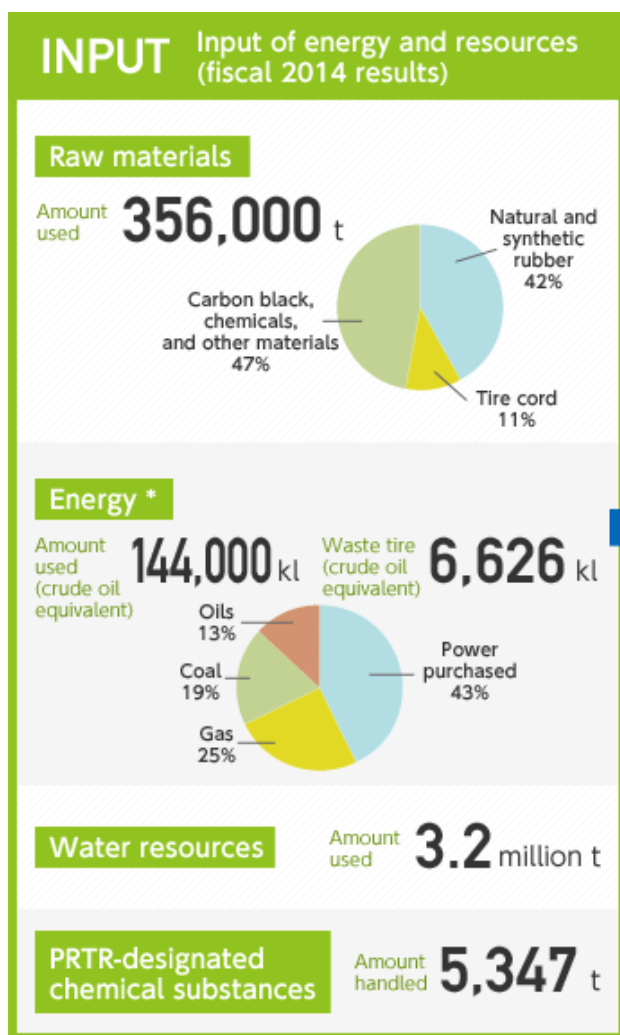
Domestic business site	Year/Month certified
Sendai Plant	1998/6
Kuwana Plant	1999/12
Toyo Soflan Co., Ltd. <Miyoshi Plant, Atsugi Plant>	1999/3 (2008/3: integrated)
Hyogo Manufacturing Complex <Ayabe Toyo Rubber Co., Ltd., Toyo Advanced Technology Inc.>	1998/6 (2007/6: integrated)
Fukushima Rubber Co., Ltd. <Soflan Wiz Co., Ltd. Iwaki Plant, F.C.C. Co., Ltd.>	2000/2 (2006/2: integrated)

Overseas business site	Country	Year/Month certified
New Pacific Industry Co., Ltd.	Taiwan	2000/8
Silverstone Berhad	Malaysia	2002/10
Toyo Automotive Parts (USA), Inc.	U.S.A	2004/9
Toyo Automotive Parts (Guangzhou) Co., Ltd.	China	2008/11
Toyo Tyre & Rubber Australia Ltd.	Australia	2013/1
Toyo Tire North America Manufacturing Inc.	U.S.A	2013/11
Wuxi Toyo Meifeng Rubber Products Manufacturing Co., Ltd.	China	2014/3

Correspondence with the Toyo Global Environmental Charter		Medium/Long-Term Targets (Japan)	
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 ₂ emissions per unit of production by 15% compared to fiscal 2005 by the end of fiscal 2020.
		Energy conservation	Reduce energy consumption per unit of production by an average of at least 1% per year on a medium- to long-term basis.
		Waste reduction	Achieve a 100% recycling rate by the end of fiscal 2020 and maintain it thereafter.
		Reduction of harmful chemicals substance use	Reduce VOC (volatile organic compound) emissions by 50% compared to fiscal 2000 and maintain it.
			Eliminate SOC (substances of concern) use.
	Green procurement	Promote preferential purchase of environment-friendly raw materials and development of environment-friendly technologies.	
	3) Development of environment friendly products	Environmental consideration at development stage	Minimize the use of environmentally hazardous substances in products at the development stage.
		Development and provision of products and technologies that reduce environmental impacts	Promote tire weight and noise reduction and fuel efficiency improvement, and develop energy-conserving products.
	4) Harmony with society	Toyo Tires Group Environmental Protection Fund	Contribute to environmental protection and the creation of a sustainable society by providing financial assistance to non-profit organizations involved in biodiversity and environmental conservation in Japan and overseas.
		Interaction with local communities	Participate in and cooperate with regional events (cultural festivals, cleaning, etc.)
			Support employees' voluntary social contribution activities.
	5) Internal and external awareness-raising and public relations activities		Raise employees' environmental awareness and disclose information on the Group's environmental activities to customers and the general public through CSR reports, etc.
			Provide environmental education and training suitable for employee's positions/duties.
	6) Expansion of efforts overseas	Management systems	Understand and comply with local laws and regulations.
		Harmony with local communities	Respect the culture and customs of each country/region and endeavor to harmonize with local communities.
	7) Response to emergencies	Prevention of environmental disasters and accidents	Execute thorough management of environmental conservation facilities, and measure and control pollution loads.
Review and improvement of emergency response and other related manuals		Conduct emergency response drills.	

Correspondence with the Toyo Global Environmental Charter		Medium/Long-Term Targets (Japan)
Reforming management systems	Management systems	Develop and improve a concrete action plan for each plant/business office in line with the Toyo Global Environmental Action Plan. Conduct business activities in accordance with ISO 14001 guidelines.
	Environmental accounting	Conduct environmental accounting in accordance with the Ministry of the Environment's Environmental Accounting Guidelines.
	Environmental auditing	Execute internal and external 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 CO₂ Emissions

Status of Scope 1 and Scope 2

Since fiscal 2013, the Toyo Tires Group has been working toward the target of reducing Scope 1 and Scope 2* CO₂ emissions per unit of production at its production sites in Japan by 15% from fiscal 2005 levels by the end of fiscal 2020.

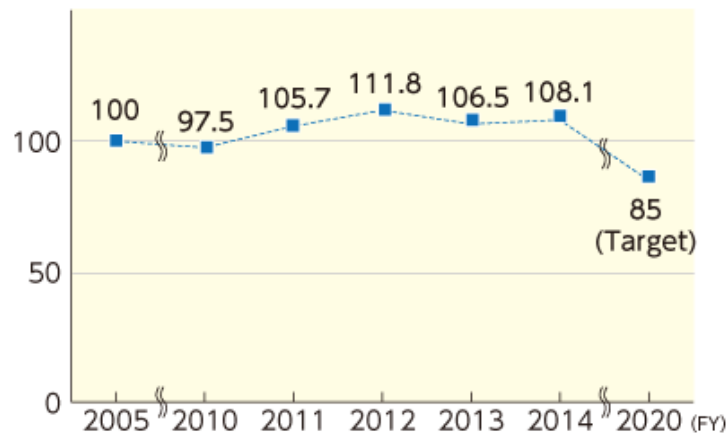
However, in fiscal 2014 CO₂ emissions increased by 8.1% compared to fiscal 2005. This was mainly due to a decrease in production volume in Japan compared to fiscal 2005 in spite of the completion of fuel switch for existing boilers (from heavy oil to town gas) by the end of fiscal 2013.

We aim to achieve the target by fiscal 2020 by implementing new measures to further promote a switch to fuels that emit less CO₂ emissions.

* 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)

CO₂ emissions per unit of production (Scope 1 and 2) (in Japan)

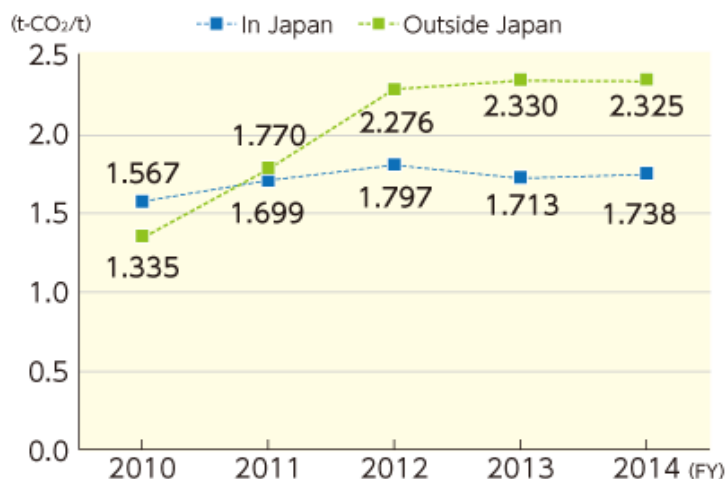


* CO₂ emissions calculated by the thermal power unit of production method in accordance with the "Greenhouse Gas Emissions Calculation and Reporting Manual of the Ministries of the Environment and of Economy, Trade and Industry for Rubber Business Operators," published by the Japan Rubber Manufacturers 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 at our production bases was used.

* Data collection period for each fiscal year was from April 1 to March 31 for fiscal 2011 and before, and from January 1 to December 31 for fiscal 2012 and thereafter.

Changes in CO₂ emissions per unit of production (Scope 1 and 2) (in/outside Japan)



* As a result of recalculating CO₂ emissions per unit of production for fiscal 2005 and onward, using the revised coefficient, the figures presented in the graph are different from those reported last year.

* Data collection period for each fiscal year was from January 1 to December 31.

Responding to Scope 3 emission control requirements

Since fiscal 2013, We have been calculating Scope 3 CO₂ emissions* from our tire business towards the goal of reducing CO₂ emissions throughout the entire value chain, from the procurement of raw materials to the disposal of products. In fiscal 2014, Scope 1 and 2 CO₂ emissions accounted for 3.5% of our total emissions, and Scope 3, 96.5%. The area with the most CO₂ emissions was Category 11 of Scope 3 (use of products), accounting for 86% of all scopes.

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 CO₂ emissions from product use, through further popularization and performance upgrading of fuel-efficient tires.

* Scope 3: Indirect emissions from other activities (e.g. transportation and use of products, employee commuting, and business trips)

Life Cycle Assessment of Tires

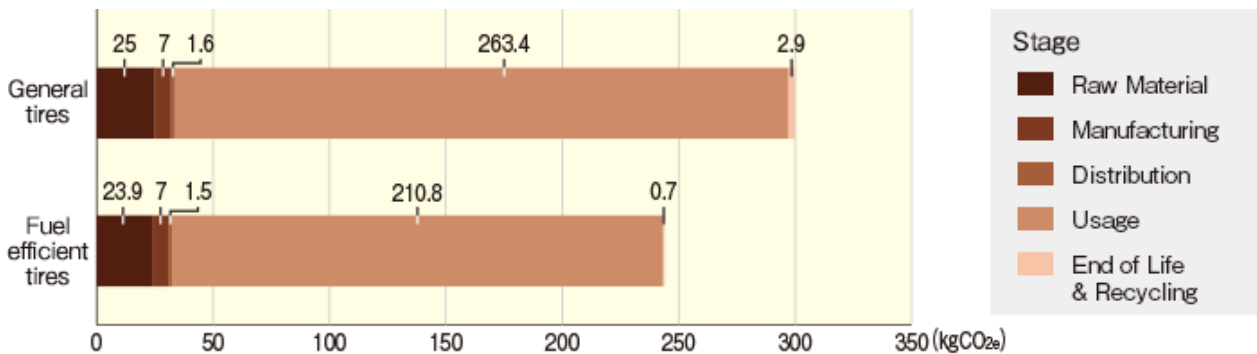
LCA (lifecycle assessment) is a method of quantitatively calculating, analyzing and evaluating impacts on the environment throughout a commercial product or service's entire lifecycle, from procurement of raw materials to discarding and recycling. To calculate CO₂ emissions in the lifecycle of tires, the Environment Subcommittee, Technical Committee, of the Japan Automobile Tyre Manufacturers Association, Inc. in April 2012 published "Tyre LCCO₂ Calculation Guidelines Ver. 2.0". These Guidelines have been developed based on the Tyre LCA Calculation Method, which has a track record for use in the Japanese tire and rubber industry, and by referring to standards and systems related to LCA in Japan and abroad (ISO 14044, the Japanese Carbon Footprint system, PAS2050, BPX30-323, and GHG protocol). Tire CO₂ emissions calculated in accordance with these Guidelines are as follows.

Greenhouse gas (GHG) emissions (converted to CO₂) over the lifecycle of one tire

[PCR (Tires for passenger vehicles)]* Calculation was performed using the volume retail tire size (195/65R15) as a model.

General tires (per tire): 300.6 kgCO_{2e}

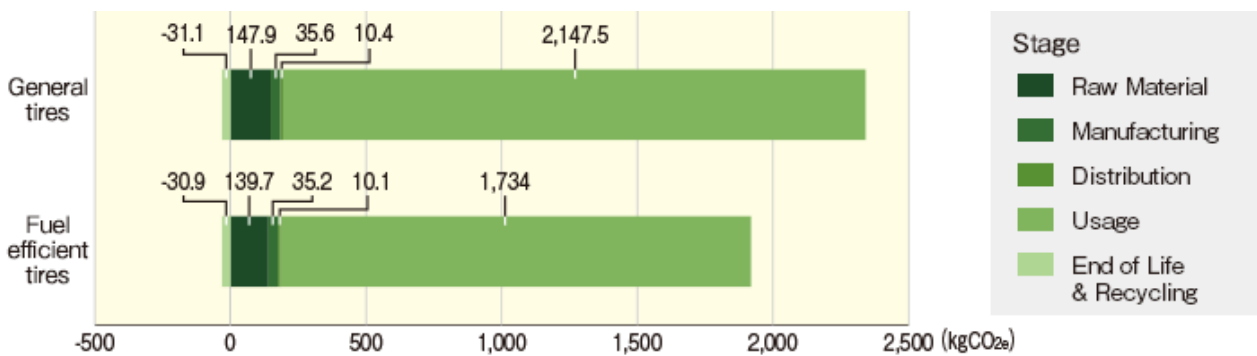
Fuel efficient tires (per tire): 243.9 kgCO_{2e}



[TBR (Tires for trucks and buses)]* Calculation was performed using the volume retail tire size (275/80R22.5) as a model.

General tires (per tire): 2,330.3 kgCO_{2e}

Fuel efficient tires (per tire): 1,888.1 kgCO_{2e}



* Regarding GHG emissions at the end of life & recycling stage

- For PCR, calculation was performed taking into account the emission reduction effects of thermal use (thermal recycling).
- For TBR, as a result of calculation taking into account the emission reduction effects of thermal use (thermal recycling), product reuse (retreading), and material reuse (material recycling), net GHG emissions became negative.

* Source: The Japan Automobile Tyre Manufacturers Association, Inc.

Promoting Energy-Saving Activities

We are pursuing Group-wide concerted energy-saving efforts to achieve the target of reducing energy consumption per unit of production by an average of at least 1% per year, from the medium-and- long-term perspective. In fiscal 2014, as in previous years, we implemented various energy-saving measures, including conversion to LED lights, replacement with high-efficiency equipment, and reduction of energy losses from steam and air leaks at manufacturing sites, as well as the use of renewable energy generated through solar power generating systems at business sites. Not only production plants, but also business offices vigorously worked on power-saving initiatives, such as a cool summer campaign (in conjunction with the Cool Biz campaign) and Warm Biz campaign. However, due to a decrease in production volume, energy consumption per-unit of production for the entire Group increased by 0.8% from the previous year.



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

In fiscal 2015 and onward, to help prevent global warming, we will further promote Group-wide energy-saving activities, involving all members, by further strengthening cooperation between business sites.

Major energy-saving and power-saving activities at production sites

- * Introducing a demand monitor to visualize power consumption
- * Replacing mercury and fluorescent lights with LED lights
- * Introducing high-efficiency transformers
- * Reducing energy losses from steam, air and nitrogen gas leaks
- * Reviewing and replacing heat-insulating materials for heating equipment
- * Using in-house power generators
- * Conducting energy-saving patrols

Major energy-saving and power-saving activities at R&D and administrative sites

- * Introducing solar power generation systems
- * Setting upper and lower temperature limits for air conditioning; turning off air conditioners where unnecessary
- * Removing lights where unnecessary, turning off lights (including during lunch breaks)
- * Frequently turning off office equipment and lowering the brightness of PC monitors
- * Implementing Cool Biz and Warm Biz activities
- * Introducing circulators
- * Encouraging the use of stairs instead of elevators
- * Thorough implementation of No Overtime Day

Energy-Saving Efforts in Logistics

We have been promoting energy-saving activities in logistics with the goal of reducing transportation energy consumption per unit of weight transported by an average of at least 1% per year, from the medium- and long-term perspective.

In fiscal 2014, the Group as a whole pursued various energy-saving efforts as listed below, such as gradual expansion of the use of 45 HC containers. As a result, the entire Group's transportation energy consumption per unit of weight transported dropped by 1.8% from the previous year. This means we have been in a state of continuous reduction since fiscal 2013. CO₂ emissions from transportation also decreased by 3.4% from the previous year. In fiscal 2015 and onward, we will continue our efforts to improve our logistics and making them even more environment-friendly.

Major energy-saving activities in logistics

- * Gradual expansion of the use of 45 HC containers* in export operations to North America
- * Promotion of import/export round use through the use of both 40HC and 45HC containers
- * Reduction of delivery frequency by mixed loading with other companies, etc.
- * For the transportation of shipments from overseas, reducing the overland travel distance within Japan by sending goods to ports nearest their respective destinations
- * Change of relay points for distribution and consolidation of distribution warehouses
- * Reduction of delivery frequency by improving loading efficiency
- * Promotion of energy saving through the use of fuel-efficient tires

* 12.5% improvement in load efficiency compared to conventional 40 HC containers

Reducing Environmental Impacts

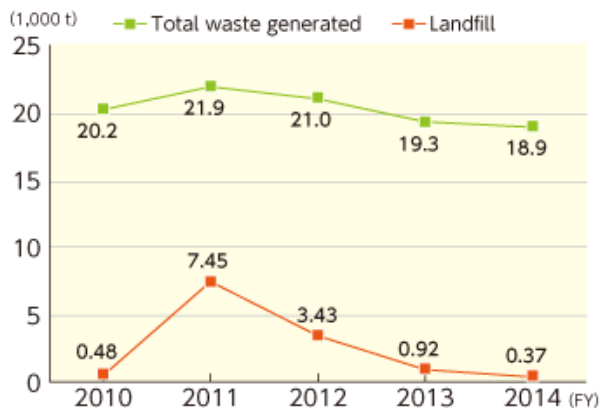
Waste Reduction

The Toyo Tires Group is striving to achieve the goal of realizing a waste recycling rate of 100% by the end of fiscal 2020.

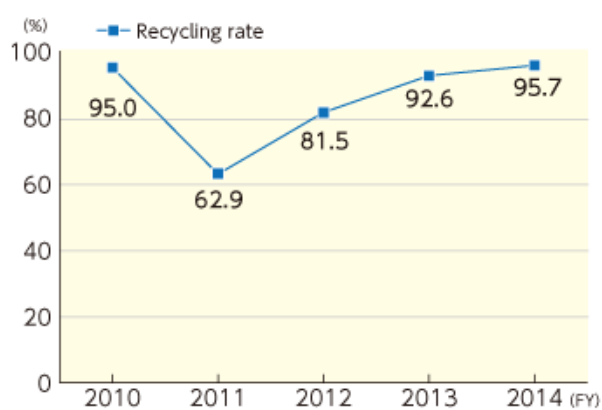
From fiscal 2004 to 2010, the final landfill waste volume was less than 1% of the total waste generated at all domestic business sites of the Toyo Tires Group (including production, R&D and administrative sites). In fiscal 2011, however, due to suspended operations of some industrial waste disposal operators affected by the Great East Japan Earthquake, part of the generated waste could not be recycled, resulting in an increase in our total landfill volume. In fiscal 2014, while we did not yet return to pre-earthquake levels, our performance has been clearly improving with a 1.6% decrease in the total amount of waste (18,941 t) and a 60% decrease in landfills (372 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 2015 and onward, we will continue our efforts to further improve waste recycling rates at all our business sites in Japan, while ensuring thorough compliance with environment-related laws and regulations.

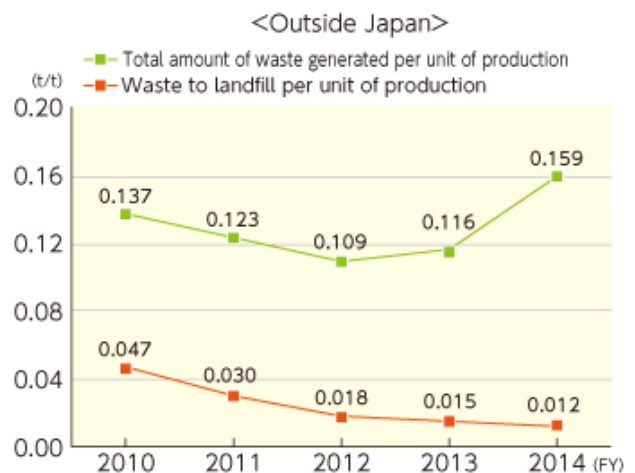
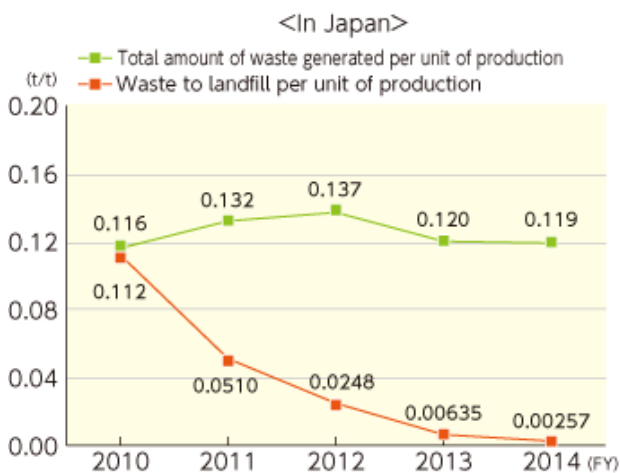
Total amount of waste generated and landfill (in Japan)



Changes in waste recycling rates (in Japan)



Total amount of waste generated and landfill per unit of production (in/outside Japan)



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 CO₂ 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.

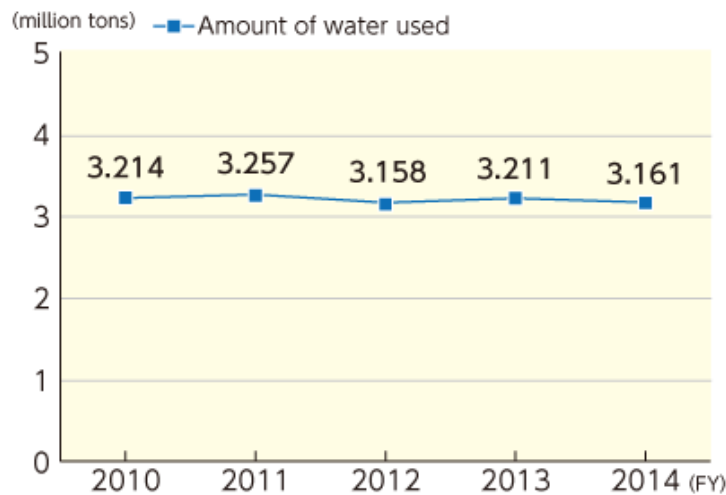
Preventing Environmental Pollution

Water Resource Conservation

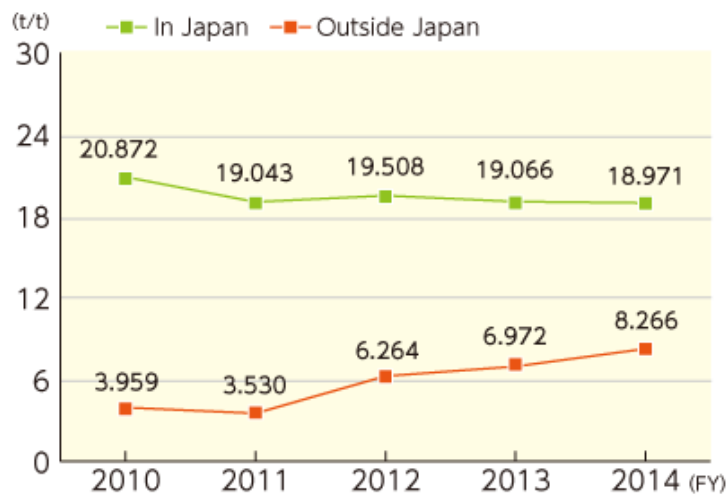
The Toyo Tires Group uses large amounts of water for boilers, parts processing equipment, cooling equipment for products, cooling towers, etc. We are striving to make effective use of water resources by circulating and reusing cooling water.

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

Amount of water used (in Japan)



Changes in the amount of water used per unit of production (in/outside Japan)



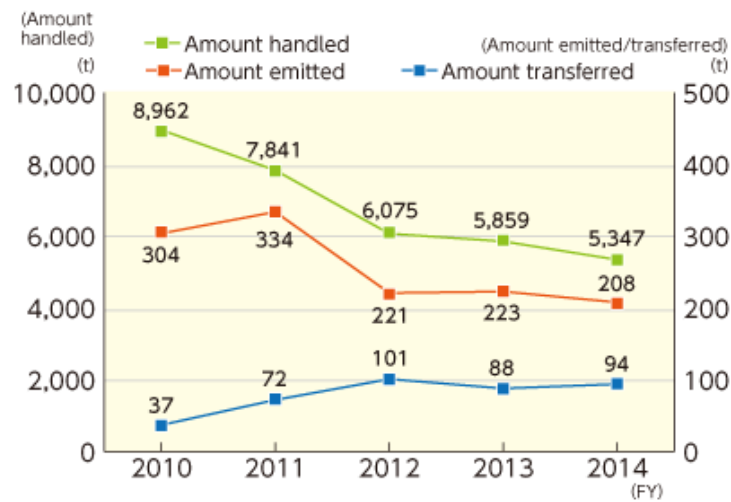
Responding to the PRTR Law

In fiscal 2014, 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).

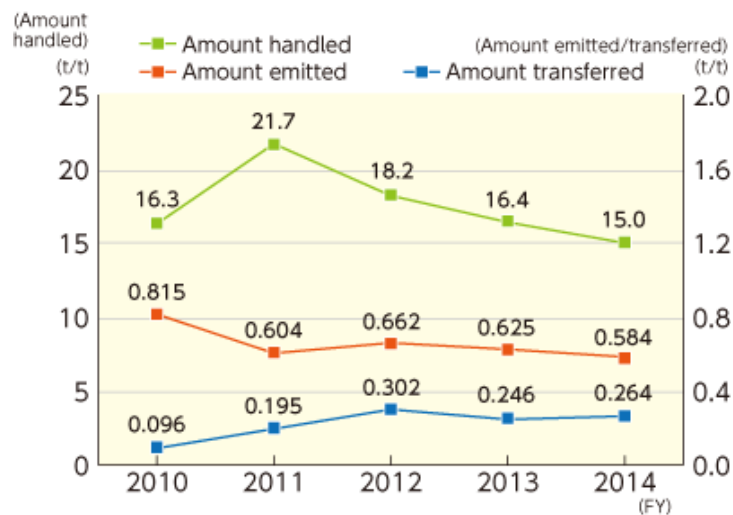
Through our vigorous efforts to reduce the use of PRTR-designated substances, including a change in composition of products containing the said substances and the adoption of alternatives, the amount of PRTR-designated substances handled in fiscal 2014 totaled 5,347 tons, down 8.7% from the previous 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 (in Japan)



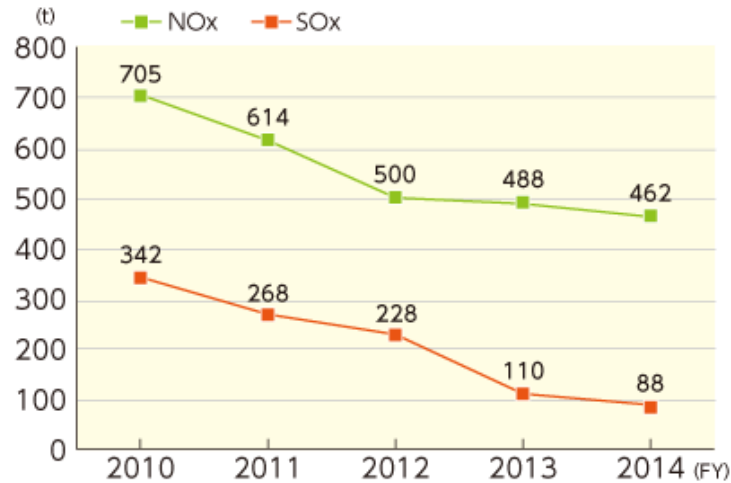
Changes in the amounts of PRTR-designated chemical substances handled, emitted and transferred per unit of production (in Japan)



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 2014, further reduction in use of Type-C heavy oil with a high nitrogen and sulfur content resulted in a decrease in SOx emissions to 88 tons or by 20.0% from the previous year, as well as NOx emissions of 462 tons or a 5.3% decrease from the previous year. In the future, we will continue regular emission monitoring and reduction efforts at our business sites.

NOx/SOx emissions (in Japan)



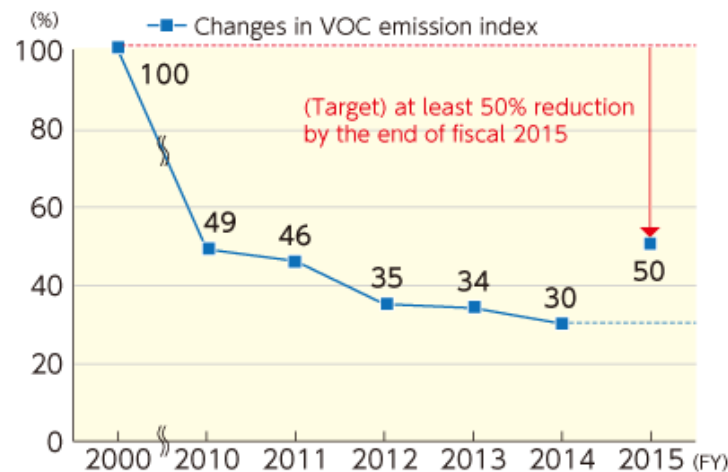
Reducing VOC Emissions

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. As a result of our vigorous efforts to improve production methods and processes, such as reduction of the use of tire surface treatment liquid, toward the goal of reducing VOC emissions by at least 50% from the fiscal 2000 levels by the end of fiscal 2015, in fiscal 2014 VOC emissions decreased by 12% from the previous year and 70% from fiscal 2000, resulting in the continuous achievement of the set targets since fiscal 2010.

We are determined to do our utmost to contain VOC emissions at the fiscal 2014 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) (in Japan)



Environmental Accounting

Range of data collection:	Toyo Tire & Rubber Co., Ltd. Headquarters, Sendai Plant, Kuwana Plant, Hyogo Manufacturing Complex, Fundamental Technology Center, Tire Technical Center, Automotive Parts Technical Center; Fukushima Rubber Co., Ltd.; Soflan Wiz Co., Ltd.; Toyo Soflan Co., Ltd. Miyoshi Plant, Atsugi Plant; Ayabe Toyo Rubber Co., Ltd.; Toyo Seiki Co., Ltd.
Period covered:	January 2014 - December 2014

Environmental Protection Costs

Environmental accounting review for fiscal 2014: For the Toyo Tires Group overall, in comparison with the previous fiscal year, investment in air pollution preventive measures and wastewater treatment facilities improvement, etc. Costs of processing and recycling of industrial waste, etc. within business area costs accounted for the largest portion of the total environment-related expenses.

(Unit: million yen)

Category	Major activities	Investment		Cost	
		FY2013	FY2014	FY2013	FY2014
1. Business area costs		280	318	1,000	957
Pollution prevention costs	Air pollution preventive measures and wastewater treatment facilities improvement, etc.	120	156	204	243
Global environment protection costs	Energy-saving measures, greenhouse gas emissions control measures, etc.	154	156	289	278
Resource recycling costs	Processing and recycling of industrial waste, etc.	6	6	507	436
2. Upstream/downstream costs	Purchasing of eco-friendly products, pulverization of waste tires, etc.	0	0	32	33
3. Administration costs	Operation of environmental management systems, environmental impact monitoring activities, etc.	0	6	81	79
4. R&D costs	Development of alternative materials, research and development of fuel-efficient tires, etc.	23	17	517	499
5. Social activities costs	Tree-planting activities, contributions to the Environmental Protection Fund, etc.	0	0	24	34
6. Environmental remediation costs	Payments of levies related to pollution burdens, etc.	0	0	10	9
Total		303	341	1,664	1,611

- Calculations conform to the Environmental Accounting Guidelines (2005 edition) published by the Ministry of the Environment.
- Depreciation of investments is included in cost.
- For costs spanning more than one category, only the costs related to environmental protection were included.
- In cases where environmental protection costs cannot be clearly separated, a proportional calculation was made using the "environmental ratio" considering the degree of reference to the environmental protection efforts.
- R&D costs include the costs of efforts to develop eco-friendly products and use alternative materials.
- Personnel expenses were calculated by man-hours and average wages.

Economic Effects of Environmental Protection Measures

The economic effects of environmental protection measures amounted to 280 million yen, mainly from cogeneration, energy-saving activities and profits from recycling and the sale of waste.

(Unit: million yen)

Category	Major activities	Amount	
		FY2013	FY2014
I . Cost reduction through energy saving	Cogeneration	16	207
	Energy-saving activities	60	58
II . Profits from recycling and sale of waste	Recycling and sale of waste materials	12	15
Total		88	280

Environmental Protection Effects (Quantitative Effects)

Category	Environmental performance indicators	Unit	FY2013	FY2014	In comparison with the previous year
Effects related to resources input in business activities	Total energy input	1,000 giga-J	5,916	5,851	-65
	Electricity	1,000 giga-J	2,495	2,406	-89
	Heavy oil and kerosene	1,000 giga-J	744	719	-25
	Gas (city gas and LPG)	1,000 giga-J	1,542	1,393	-149
	Other (coal and waste tires)	1,000 giga-J	1,298	1,322	24
	Water resource input	Million m ³	3.21	3.16	-0.05
Effects related to environmental impacts and waste generated by business activities	CO ₂ emissions	1,000 t-CO ₂	300	282	-19
	Emissions of PRTR-designated chemical substances	t	223	208	-16
	Transfer of PRTR-designated chemical substances	t	88	94	6
	Total emissions of waste materials	1,000 t	19.3	18.9	-0.4
	Waste materials sent to landfills	1,000 t	0.9	0.4	-0.5
	Total wastewater	Million m ³	3.0	2.0	-1.0
	Water quality BOD	t	31	6	-25
	Water quality COD	t	44	11	-33
	NOx emissions	t	488	462	-26
SOx emissions	t	110	88	-22	
Effects related to goods and services produced by business activities	Volume of tires collected	t	7,059	6,688	-371



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