

Resource Recycling Efforts

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

As the scale of our production activities expands, the amount of raw materials we use also increases. Therefore, we strive to secure a stable and sustainable supply of raw materials indispensable for business growth, such as natural rubber, the main raw material in the procurement stage, in terms of both quality and volume. We are also moving forward with efforts to develop new materials and to improve product design and production processes to make more efficient use of materials.

We are working to reduce waste in our business activities with a target of achieving a waste recycling rate of "100% by the end of fiscal 2020." As for when products are used, efforts are being made to extend the service lives of products, which includes manufacturing products with outstanding durability and producing reused tires (retreaded tires) from used tires.

There were no significant spills that we were liable for in fiscal 2017.

Examples of resource recycling efforts

- Moving away from incinerating waste and switching to thermal recycling
- Replaced wooden pallets with more durable plastic pallets
- Examining alternatives for regulated substances
- Efforts related to chemical substance risk assessments based on independent initiatives, wear dust, and used tires

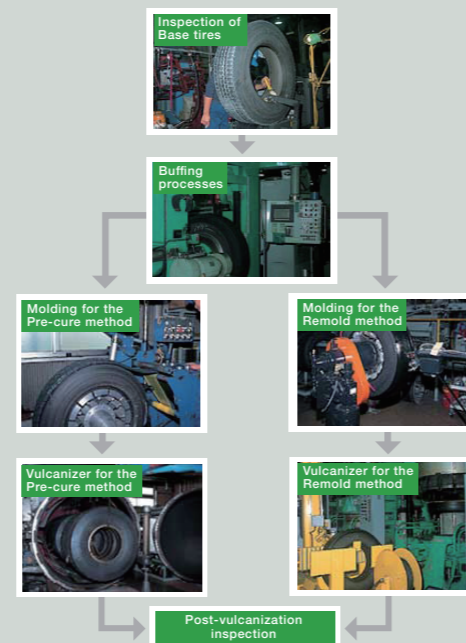
Main Materials used

	2015	2016	2017
Total weight of Main Materials used [1000t]	346.74	335.91	334.43
▶ Renewable materials used (Natural and Synthetic Rubber, Tire Cords, etc.) [1000t]	185.76	180.62	179.00
▶ Non-renewable materials used (Carbon Black, Cements, etc.) [1000t]	160.99	155.30	155.43
Reference: Raw material use efficiency during tire production	71.3%	73.8%	79.3%

Waste

	2015	2016	2017
Total weight of waste [1000t]	32.56	32.45	36.58
▶ Domestic [1000t]	18.88	17.81	19.25
▶ Oversea [1000t]	13.68	14.64	17.33
Domestic total weight of Recycling [1000t]	18.87	17.81	19.25
Domestic Recycling rate [1000t]	97.51%	99.38%	99.68%
Domestic total weight of Reuse [1000t]	1.18	1.08	0.90

Retreaded tire production flow



TOYO TIRES Brand, also known for High Quality Recycled (Retreaded) Tires

Collecting and recycling used tires is an important issue in the tire industry for recycling resources. As one solution, we are working to spread the use of retreaded tires. Retreaded 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*.

We produce and supply highly durable, high quality tires, and we have received high praise from users regarding retreaded products.

We contribute to the promotion of resource recycling in the transportation industry by spreading the use of high quality retreaded tires.

*Retreaded tires produce 59% less CO₂ in comparison to new tires during production. (Source: Japan Retreader's Association)

* See the website for details on scope of data collected, collection period, source of information, and calculation conditions and basis.

Priority Theme 3

Respect for Human Rights and Diversity

Ideal Status in 2020

Diverse employees actively working in an environment with a global sense of human rights

Priorities

- Fulfilling responsibility to respect human rights
- Review labor standards taking into consideration customary international law

Reasons for being Priority Issues

In order to respond to the greater diversity in stakeholders, the Toyo Tires Group supports and respects international norms, reduces the risk of business activities negatively impacting human rights, as well as positions opportunities to support and promote the benefits of human rights as issues that should be addressed with priority.

Policies

We respect international norms related to human rights and labor, such as the Universal Declaration of Human Rights and the ILO Declaration. In addition, we actively contribute to the promotion and spread of human rights to the extent that they impact the Group's business activities in order to fulfill our responsibility to respect human rights.

In particular, for the work environment, we provide safe and healthy work conditions, thoroughly prohibit not only discrimination in HR practices but also the direct and indirect use of forced and child labor. We also support and promote the enjoyment of human rights in collaboration with business partners so that the Group does not take part in human rights violations.

We have positioned the promotion of diversity as an important human resources policy, and we are moving forward with efforts to reinforce systems to train diverse human resources and for them to fully demonstrate their capabilities.

The Toyo Tires Group Charter of Corporate Behavior was compiled as corporate action principles applied uniformly across the Group in order to faithfully conduct business activities. The charter addresses the undertaking of business in a manner that respects human rights and the culture and customs of each region as well as valuing diversity among all people in the workplace.

Management Approach

Goals

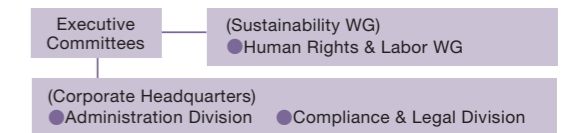
We respect human rights in the workplace and work to eliminate all forms of discrimination and to promote diversity.

Responsibilities

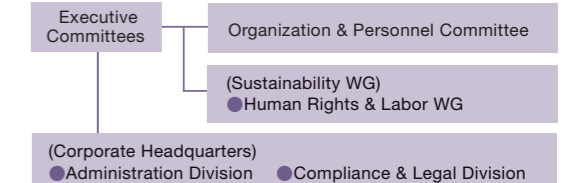
Corporate Officer of Corporate Headquarters

Activity Promotion System *Domestic

Human Rights



Employment



*Overseas (at affiliated companies), the HR and General Affairs manager of each company promotes activities based on the group policy examined and established by the Sustainability Promotion WG.

Respect for Human Rights

Fulfilling Responsibility to Respect human rights

At the Toyo Tires Group support the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. As for workplaces, business partners, and the communities in areas where we operate, we conduct business activities while addressing respect for the human rights of all people engaged in our work, whether directly or indirectly, as part of our code of conduct.

As a Group that conducts business throughout the world, we consider the respecting of human rights a business issue that should be addressed with priority. As such, we have established a company wide working group (WG) and discuss action plans, which include orientation, goals, and targets. The WG brings together the responsible parties in related business organizations, the discussed action plan is approved by the Executive Committee (chairperson: President), which the Board of Directors delegates authority to, and the plan is spread to all companies and organizations in the Group.

Furthermore, in fiscal 2017, we were unable to confirm any complaints regarding human rights-related concerns in the grievance mechanism disclosed by the Group, and we will continue to work to prevent or reduce any negative impact on human rights.

Diversity of Human Resources

Employment Situation

We are committed to ensuring fair employment practices and treatment of employees across our organization.

In terms of recruiting, the Toyo Tires Group endeavors to secure necessary human resources through various methods - not only new graduate and mid-career recruiting, but also disabled persons and the reemployment of retired employees.

For example, for Toyo Tire & Rubber Co., Ltd., the employment rate target for female, foreign nationals, and returnees/-students who returned from study abroad was 30% of new graduates, but in fiscal 2017, the figure was only 17.3%.

Efforts to promote diversity and equal opportunity, etc. include supporting women in the workplace.

Initiatives are not limited to women, and we work to create a workplace where all employees, whether male or female, can take on new challenges; to provide career development support, taking into consideration diverse values and lifestyles; and to strengthen workplace communication. As a rule, women and men receive the same compensation in our Group.

To create workplaces where diverse individuals can fully demonstrate their capabilities, we are promoting work-life balance through reforms to how people work. For example, 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).

We are also moving forward with efforts to formulate a policy to reduce excessive work time.

TOPICS

Contributing to the Creation of Employment from the local community by Enhancing Production Capability at Overseas Facilities

Since our foundation, the Group has worked to create a three-way (Japan, Americas, and Asia) global supply system and has contributed to the creation of employment and more reviving the economy in communities where the Group operates.

For example, Toyo Tire North America Manufacturing Inc. (TNA) has expanded its supply system since it was established in 2004, and even though the number of employees has grown to over ten times the original number since that time.

And we will move forward with an examination of creating new production sites with the idea of reinforcing a system with greater production capability at Toyo Tyre Malaysia Sdn Bhd (TTM) and supplying products to global markets.



Staffs of TNA (up) and TTM (down)

Review Labor Standards Taking into Consideration Customary International Law

The Group makes various pledges in its Toyo Tires Group Code of Conduct Handbook, including to support the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work; to prohibit harassment and all other forms of discrimination in the workplace and to prohibit forced labor as well child labor of children under the working age.

We view labor-related issues as priority issues and have

established company-wide working groups and are moving forward with efforts to review labor standards and establish company policies taking into consideration customary international law so that we can construct a decent work environment in all workplaces as the foundation of our Group's future growth.

Current Situation of Labor Management Relations

We consider the establishing of constructive dialogues between companies and labor representatives is a way to share information on workplace issues which will lead to solutions to these issues.

For example, having obtained the approval of the Toyo Rubber Labor Union, the sole negotiating organization, Toyo Tire & Rubber Co., Ltd. clearly states terms related to discussions and negotiations with the union in its labor contracts. The Toyo Rubber Labor Union has 3,330 members (as of the end of September 2017). All employees of the Company join the labor union except managers and executives.

We hold the Labor-Management Conference on Business Management Measures (six times a year) and Central Conference (once a year).

Improvement of Education and Training Programs

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

For example, Toyo Tire & Rubber Co., Ltd. divides its training programs into three categories: "Grade-Specific Training", "Selective Training", and "Independent Training". We created training programs to meet the objectives of these three categories and employees' grade levels and years of service. In particular, for fiscal 2017, we reinforced training related to basic business skills required for employees until they become managers.

To encourage our employees to work toward their future goals, our Company defined our career development policy. Each department develops career path plan and share it with the rest of the company.



Advanced Facilitation Training

FY2017 Training

Stratified Training

Title	Target	Times/Periods	Trainees
Logical Thinking	5th year of joining company	14 hours	18
Presentation	6th year of joining company	15 hours	18
Advanced Facilitation	6th year of joining company * Superiors	14 hours	17
Management Literacy *Correspondence training			
▶ Basic Management strategy	6-9th year of joining company	3 months	91
▶ Advanced Management strategy	12-15th year of joining company	3 months	98
▶ Basic Marketing	6-9th year of joining company	4 months	91
▶ Advanced Marketing	12-15th year of joining company	4 months	97
▶ Basic Accounting	6-9th year of joining company 12-15th year of joining company	4 months	188

Selection Training

Title	Times/Periods	Trainees
Overseas Trainee	2years *Max	4
Management Personnel Development		
▶ ACT I	156.5 hours	11
▶ ACT II	156.5 hours	10

TOPICS

Selective Management Human Resources Education and Training on the Theme of Toyo Tires Group Vision for 2030

Every year, we hold selective management human resources education and training where they study various management ideas from a variety of perspectives. In the training, business strategy proposals are developed through group discussions based on case studies and efforts are made to create human networks through inter-departmental exchanges of leaders.

In fiscal 2017, we conducted an extensive eight-month business environment analysis related to Toyo Tires Group Vision for 2030.

The analysis covered numerous topics such as changes in the state of world, mainly the automotive industry, and customer demands. Discussions were held on business strategy orientation as we look ahead to 2030.



Management Human Resources Education and Training Achievements Presentation Session

Information on employees (FY2017, Nonconsolidated)

Total number and rate of new employee hires

*Full-time employee including mid-career hiring

- Total number: 260
- Rate by age group:
(Under 30age) 191: (30-50age) 67: (Over 50age) 2
- Rate by gender: (Male) 236 : (Female) 24

Diversity of employees *Full-time employee

- Rate by gender: (Male) 3,624: (Female) 222
- Rate by age group:
(Under 30age) 813: (30-50age) 2,353: (Over 50age) 680
- Number of People with Disabilities: 22
- Number of Female Managers: 41
- Number of Foreign Managers: 7