

Priority
Theme 4Collaboration with
Business Partners

Ideal Status in 2020

Entire supply chain engaging in CSR activities

Priorities

- Supply chain management (Society and Environment)

Reasons for being Priority Issues

We are aware that solving the various and increasingly diverse social issues through our business activities is the corporate responsibility of the Toyo Tires Group as well as our significance in society. In order to solve social issues, we share the Group's thoughts on sustainable purchasing with business partners and position the avoidance of risk through collaboration and contributing to solving global social problems throughout the supply chain as issues what should be addressed with priority.

Policies

We formulated the Toyo Tires Group's Basic Purchasing Policies in order to comply with laws and regulations related to free competition and fair transactions in every country and region as well as pursuing appropriate quality and price through fair transactions. Toyo Tires Group CSR Procurement Guidelines were also established. We will promote sustainable purchasing in collaboration with business partners, the goal of which is to reduce, prevent, and minimize the negative impact that business activities have or could have on the environment or society and simultaneously raise corporate value and competitiveness. We will also secure stable supplies.

Management Approach

Goals

We share our sustainable purchasing policy with all business partners and efforts are made to ascertain conditions throughout the supply chain and conduct fair transactions.

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.

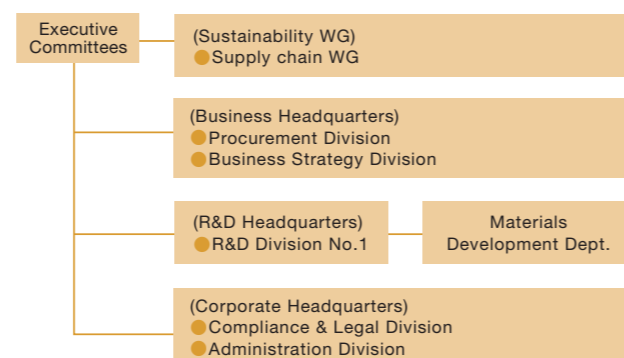
4 Environmental responsibility

Promote purchasing activities that also aim to reduce impact to the global environment.

Responsibilities

Corporate Officer of Business Headquarters

Activity Promotion System

Promotion of Fair and
Transparent Transactions

The Toyo Tires Group includes free competition and fair transactions in the Toyo Tires Group Code of Conduct, and it adheres to antimonopoly laws and the Subcontract Act, undertaking fair purchasing activities, compliance with import and export related-laws and regulations, and provides appropriate labels and explanations.

For example, at Toyo Tire & Rubber Co., Ltd., we ensure our business activities are based on fair and free competition by formulating purchasing transaction rules and cartel prevention rules.

Thorough Compliance in Purchasing Transactions

With the Toyo Tires Group Code of Conduct as our action guidelines, we formulate our own codes of conduct to reflect differences in laws, regulations, and customs of each country and regions, and strive to spread and promote compliance.

For example, at our company in fiscal 2017, our Legal Affairs Department worked with the Compliance Department and Purchasing Department to conduct a self-assessment by all departments within the Group that work with suppliers. The assessment was intended to determine how well the departments understood the Subcontract Act and how much they complied with the law. We analyzed the assessment results and are implementing corrective and preventative actions as necessary.

Through the Subcontract Act Compliance Managers Meeting, have on-going study groups, started using standard manuals, and share information within the group. We ensure that those managers have adequate knowledge and understanding of the law.

Use of Electronic Bidding System

With the goal of preventing misconduct and collusion due to contact between parties in charge of purchasing and reducing bidding-related costs, we introduced an electronic bidding system for selecting business partners at main locations in and outside Japan.

The system is designed to ensure fairness and transparency of our supplier selection process.

Partnership with
Business Partners

Promotion of CSR Procurement

Creating a sustainable supply chain is indispensable for continuing to ensure a stable supply of natural rubber and other raw materials with the quality and volume essential for the growth of the Toyo Tires Group business.

Because this is an urgent high priority issue for the Group, 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.

We conduct audits and inspections regarding the quality of purchased products and whether they contain regulated chemical substances. We have also formulated the Toyo Tires Group CSR Procurement Guidelines to respond to environmental and social issues within the supply chain and created the CSR Self-Assessment Checklist. We have also published Japanese, English, and Chinese versions of the CSR guidelines and provided them to overseas business partners. We hold briefing sessions in and outside Japan, share the spirit of the CSR Procurement Guidelines with business partners, and request that self-assessments and improvements be made.

Response to the Conflict Minerals Issues

Conflict minerals refer to tin, tantalum, tungsten, and gold which are produced in conflict areas such as Central Africa. The US, Europe, and other countries are moving toward regulating these minerals since purchasing them could finance the local armed forces that propagate conflicts and violations of human rights. We conduct thorough investigations by tracing all the way back along the supply chain to refining companies to determine whether the materials or products supplied to us contain conflict minerals from the relevant countries, in cooperation with our customers and suppliers.

TOPICS

Supporting Efforts to Develop an Initiative to Achieve Sustainable Natural Rubber

The World Business Council for Sustainable Development's (WBCSD) Tire Industry Project Sustainable Natural Rubber Working Group has declared that it will launch an initiative to achieve sustainable natural rubber by involving a wide range of stakeholders in the natural rubber supply chain. In addition to participating in this working group, we are providing support for the initiative. And we are moving forward with efforts to revise the guidelines into a CSR Procurement Policy that respects the principles of this initiative.

