

TOYO TIRES

Sustainability Report 2022

TOYO TIRES

Toyo Tire Corporation

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* It is English version published.
Japanese version was published in August 2022.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Open Roads Await



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About TOYO TIRE

Company outline (as of the end of 2021)

Company name	Toyo Tire Corporation
Headquarters	2-2-13, Fujinoki, Itami City, Hyogo, 664-0847, Japan
Paid-in capital	55,935 million yen
Number of employees*	11,524
Number of employees by region	Japan 5,076 (743); Americas 2,036 (409); Asia/Oceania 2,931 (33); Europe 281 (15) <small>(Numbers in parentheses are temporary employees) * Covers entities included in consolidated financial statements.</small>
Group structure	Toyo Tire Corp., 39 consolidated subsidiaries, 11 affiliated companies <small>Significant changes to the organization and its supply chain: In June 2021, tire production was ended at our consolidated Malaysian subsidiary, Silverstone Berhad, and the necessary procedures have been carried out to dissolve the company. There have been consequent changes to the structures of relevant organizations and their supply chains, as well as in contracts with business partners.</small>

Business profile

Our primary business, which accounts for over 90% of net sales, is the production of automotive tires in Japan, the U.S., Malaysia, and China. In 2022 we began operation at a new plant in Serbia. We will seek to make the Serbian plant highly cost competitive while optimizing global manufacturing operations according to changes in supply and demand trends and building a supply base for the U.S. market.

We also manufacture automotive parts that make use of our proprietary vibration control technology, such as automobile anti-vibration rubber, in Japan, the U.S., China, and Thailand.

Editorial policy

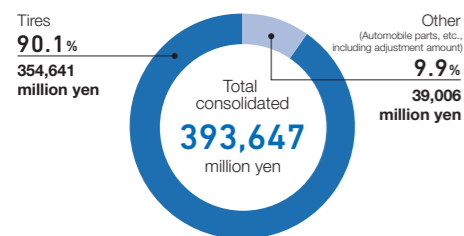
We have used some parts of the GRI Standards (published in 2016 or 2018), established by the Global Reporting Initiative (GRI), as a reference to determine the content and quality of this report. We have also determined the report content and topic boundaries by considering such factors as the organization's activities and their impact, as well as substantive expectations and interests of stakeholders.

In particular, items that represent the Group's significant impacts on the economy, environment and society, and that may have a substantial influence on stakeholders' evaluations and decision-making, have been positioned as material issues in this report.

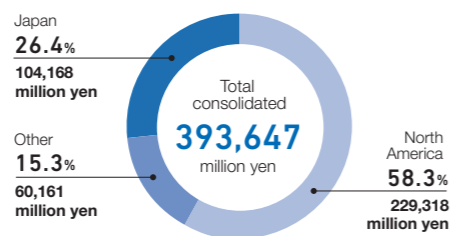
Remarkable initiatives from within the reporting period are featured as "TOPICS."

- Target organization
Toyo Tire Corporation and group companies (consolidated subsidiaries)
- Organization names in this report:
Toyo Tire Corporation itself is referred to as "Toyo Tire Corporation" or "we"
The entire Group is referred to as "Toyo Tire Group," "the Group" or "we"
Individual companies in the Group are referred to by their company name
- Reporting period: from January 2021 to December 2021
* More recent or past information is included in some parts of the report.
- Reporting cycle: once a year
- Report approval by governance body: approved by the Executive Committee in July 2022
- Contact for questions regarding this report: ESG Promotion Dept., Corporate Infrastructure Division, Toyo Tire Corporation
- * This report serves as a Communication on Progress (CoP) through which we provide information on our efforts related to the United Nations Global Compact (UNGC) and its principles.
- * Some information in this report may differ from previously published information due to change in the scope of calculations.

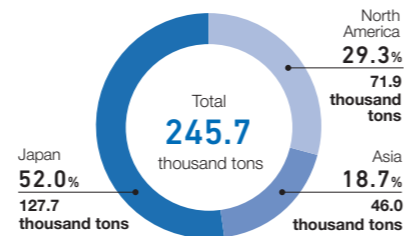
Net sales by business segment (2021)



Net sales by region (2021)



Percentage of tire production volume (new rubber) by region (2021)



Our information disclosure

This report (PDF version) is published in order to share with our value creation partners (customers, business partners and employees) our intended direction and recent major initiatives to achieve sustainability.

Further details on our activities are available in the online version.

This serves as a repository of information on our activity results, and a place to share and update new information.

The online version of the ESG Data/Survey Index provides a complete collection of links to related information on the company website, including pages that are not a part of the sustainability section.

The online version provides further details on our activities, and can be used in conjunction with this PDF version.

Online version of the sustainability report

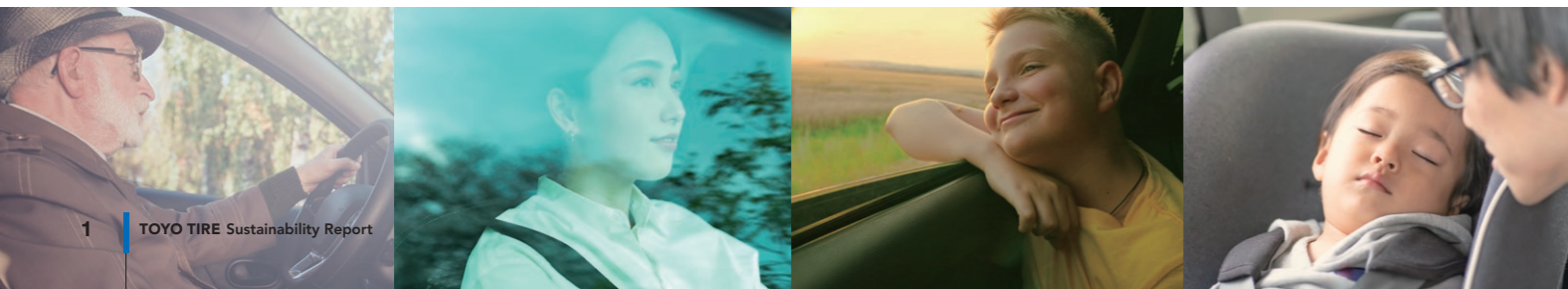
Action for Sustainability

Japanese website

<https://www.toyotires.co.jp/csr/>

Global website (English)

<https://www.toyotires-global.com/csr/>



Message from the President



Philosophy (Established in January 2017)

Company philosophy

We will endeavor to continuously improve our products, and create value for everyone who we work with.

Our mission

To create excitement and surprise with our products that exceed customer expectations and enriches society.

Our vision

Our goal is to be a company that:

- Stays one step ahead of the future through constant technological innovation;
- Drives entrepreneurial and creative spirit through a progressive culture; and
- Shares in the enjoyment felt by everyone involved in our activities.

Our fundamental values: "The TOYO TIRE"

Fairness

Be fair and self-less in one's actions to benefit society.

Pride

Take pride in one's self, work and company, and to persevere.

Initiative

Show initiative in all matters, and take ownership of one's actions.

Appreciation

Demonstrate sincere compassion and appreciation for people and society.

Solidarity

Continuously advance creativity and innovation by working together to mobilize our corporate knowledge and capabilities.

Sustainability management policy

In 2021, Toyo Tire Corporation announced its medium-term business plan, the Medium-Term'21 Plan, where we declared our intention to strengthen sustainability management — incorporating sustainability into management and aiming to create social value through our business.

To take determined action toward this goal, in April 2021 we established the Sustainability Committee under the Executive Committee, with myself as chairperson, to serve as the body that deliberates on company-wide strategies for sustainability.

We also developed a basic policy to use as a set of principles for discussing, thinking about and engaging in sustainability, to first confirm which perspectives we should always bear in mind.

Companies are now being asked what their motivations are in pursuing sustainability, and what kind of stance they are taking in order to ensure the sustainability of the society they are a part of.

For Toyo Tire Corporation, our Company Philosophy both signifies our purpose and can be seen as our motivation for sustainability. We believe that underpinning our sustainability initiatives with our philosophy is a way to pursue our corporate identity, and at the same time also means integrating sustainability into business management.

We see it essential to shift from short-term thinking to a medium- to long-term mindset, as well as to work together with others in the supply chain, ally with relevant organizations, respect internationally-recognized standards, and form wider partnerships through society as a whole in order to avoid becoming self-righteous.

➔ See pp. 5-6 for details on the sustainability management policy.

Materiality and value creation

Sustainability is about demonstrating our purpose within society. We have worked to address, from both risk and opportunity standpoints, the particularly important issues we can impact, and reflected them in our materiality.

We have identified seven material issues and classified them into three domains: the value we create in society through our business, the foundation necessary to create that value, and the

TOYO TIRE Group's Materiality	
Domain I Value creation	Sustainable mobility society 1. Help create a society of sustainable mobility Rich, mobile life 2. Support the enjoyment of mobility for all
Domain II Foundation for value creation	Human resources 3. Support diverse talent with motivating challenges and job satisfaction Technology 4. Continue innovating next-generation mobility technology
Domain III Risk management	Climate change 5. Pursue decarbonization in all corporate activities Supply chain 6. Promote supply chain sustainability Quality and safety 7. Ensure the fundamentals of manufacturing: quality and safety

overall foundation a company should have.

When envisioning a society of sustainable mobility five to ten years from now, we would like to see ourselves continuing to create value that brings joy through our unique products and services. It is no longer an exaggeration to say that electric vehicles (EV) are the key to sustainable mobility. And as the growth of the EV market picks up speed, it is anticipated that it will also diversify.

We will utilize our strengths in this growing and diversifying EV market, taking on the challenge of sustainability with our own unique strategy of providing "the enjoyment of driving" and anticipating user preferences to provide satisfaction.

Our commitments to human capital development and technological innovation indeed also form an invaluable and important foundation that supports value creation, and we will further work to strengthen both.

We will also improve our risk management in order to protect the foundation of our business and the unique value that we create in society.

Regarding the decarbonization of our corporate activities specifically, we have set a target to reduce emissions by 46% compared to 2019 levels by 2030, with the ultimate hope of going carbon neutral by 2050. We will also expand our use of renewable energy, save energy through equipment updates and new manufacturing systems development, and innovate on-site decarbonization through digital transformation.

Then there are the issues of resource recycling and human rights within the supply chain, the importance of which will only increase in the future. We are already addressing both of these matters through approaches such as researching and developing sustainable materials, promoting retreading of truck and bus tires, partnering with primary natural rubber suppliers, and implementing objective risk assessment systems.

To ensure steady implementation, activity progress is compared against medium- and long-term targets and plans, changes are regularly shared with and evaluated by the Sustainability Committee, and then feedback is given to each business function. While progress was generally positive in the evaluation from fiscal 2021 to the present, we recognize the necessity of keeping close watch over the impact major global changes may have in the future.

➔ See pp. 7-10 for details on materiality.

Lastly

In 2019, we became a signatory to the United Nations Global Compact, declaring our support for its 10 principles in the four areas of human rights, labor, the environment and anti-corruption. We also announced our commitment to ensuring transparency and accountability to society, to strengthening these through stakeholder dialogue, and to working towards achieving the SDGs through our business activities.

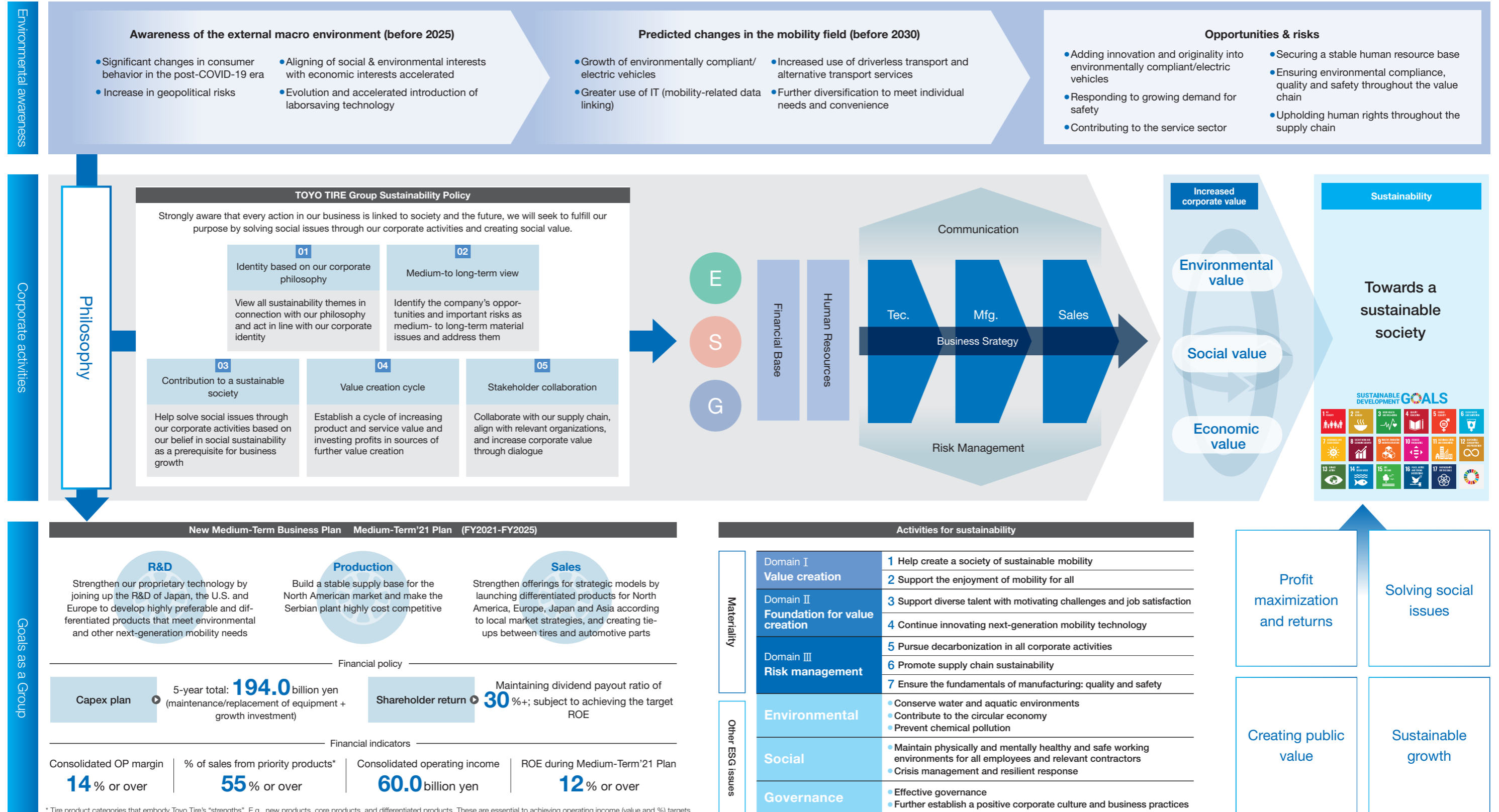
By closely integrating initiatives based on our Sustainability Management Policy into corporate management centered around our medium-term business plan, we will fulfill our responsibility as a member of global society while improving our corporate value.

We would like to thank you for your kind, continued support of the Toyo Tire Group.

August 2022

TOYO TIRE Sustainability and Value Creation Goals

With ESG at the core of our corporate activity base, Toyo Tire strives to create not only economic value through our management and operations, but also social and environmental value that will improve our Group's worth and help achieve sustainability.



TOYO TIRE Materiality

In promoting sustainability, we believe it important to identify issues that should be given priority when considering factors such as the relevant scope of our business domain and internal resource limitations. We have thus established our Group material issues, which were decided upon by the Sustainability Committee in June 2021 and then approved by the Executive Committee in July.

Along with strategically investing our internal resources into initiatives related to the material issues, we will also use this opportunity to foster a corporate culture where each employee addresses sustainability issues by connecting materiality to their own duties, as well as strengthen materiality-focused stakeholder engagement, such as public ESG dialogues.

Process of identifying material issues

After declaring our intention to build sustainability into corporate management in our Medium-term'21 Plan announced in February, we soon formed a steering committee for sustainability where the President and vice presidents of each headquarters began discussions on identifying material issues. This was transitioned into the Sustainability Committee in April, and the two committees collectively held discussions from February a total of four times over four months. In May, a total of 40 division general managers and other executives who are key in the promotion of sustainability met to discuss the same themes, and the outcome was taken into account in committee discussions.

Process of identifying material issues

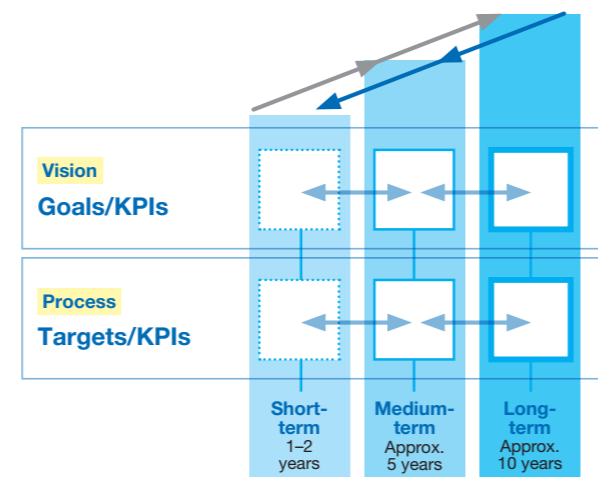


Process of setting targets and KPIs

Based on our Sustainability Policy, we have set specific activity themes for each material issue and formulated medium- to long-term targets and goals for each theme, as well as processes and measures to achieve them.

To set targets and goals, we first considered the vision of what we would like the Group and society to achieve in the long term (by 2030), and made these our “Vision Goals.” We then established “Vision KPIs” as benchmarks to confirm our progress on the way towards these goals.

For the medium (as of 2025) and short term, we worked backwards from 2030 to plan the intermediate processes and measures needed to achieve these goals, which will be built into annual policies and business plans, and progress managed.



Material issues

1 Help create a society of sustainable mobility

We recognize that the sustainability of tire and auto parts manufacturers can only be ensured through a society of sustainable mobility. We will thus fulfil our duty in using our unique products and services to help establish a society of sustainable mobility that boasts net-zero environmental impact, zero accidents and efficient transportation.

2 Support the enjoyment of mobility for all

We see it important to offer creative added value that supports the diversity of a society of sustainable mobility by fulfilling the essential conditions for sustainability (environmental compliance, safety) while also meeting the varied expectations people have for their own mobility through our unique products and services.

3 Support diverse talent with motivating challenges and job satisfaction

We seek individuals who can equip themselves with the medium- to long-term perspective of a tire and automotive parts manufacturer, think creatively and flexibly, and show initiative and ambition. We will secure a foundation for diverse talent who support our company's business management and create high added value in these rapidly changing and uncertain economic and social times.

4 Continue innovating next-generation mobility technology

The value we provide through our products and services must support the evolution in mobility being demanded in this new era. To make this happen, we believe it is vital to engage in ongoing technological innovation and make continuous advancements that meet the demands of society.

5 Pursue decarbonization in all corporate activities

Our Group will adjust its course to match that of global society, including Japan, business communities and industries in sharing the same targets towards decarbonization, and work united as a company in tackling this key issue. We will not only aim to eliminate the environmental impact of mobility through our products and services, but also to decarbonize our entire manufacturing process and supply chain, and tie these measures to increased cost competitiveness.

6 Promote supply chain sustainability

We understand that our own sustainability cannot be ensured without the sustainability of our suppliers of natural rubber and other raw materials, and that the genuine enjoyment of mobility is created through a healthy supply chain. We thus see environmental and social issues in the supply chain as key challenges that we will prioritize in our efforts.

7 Ensure the fundamentals of manufacturing: quality and safety

No matter how much value a product or service may create, if it cannot maintain a strong core of quality and safety, it is no longer able to offer that significance or value to society. Quality and safety are therefore our top priority in all of our operations, building on lessons we have learned in the past.

Domain I Value creation

Unique value provided to customers and society through our products and services

Domain II Foundation for value creation

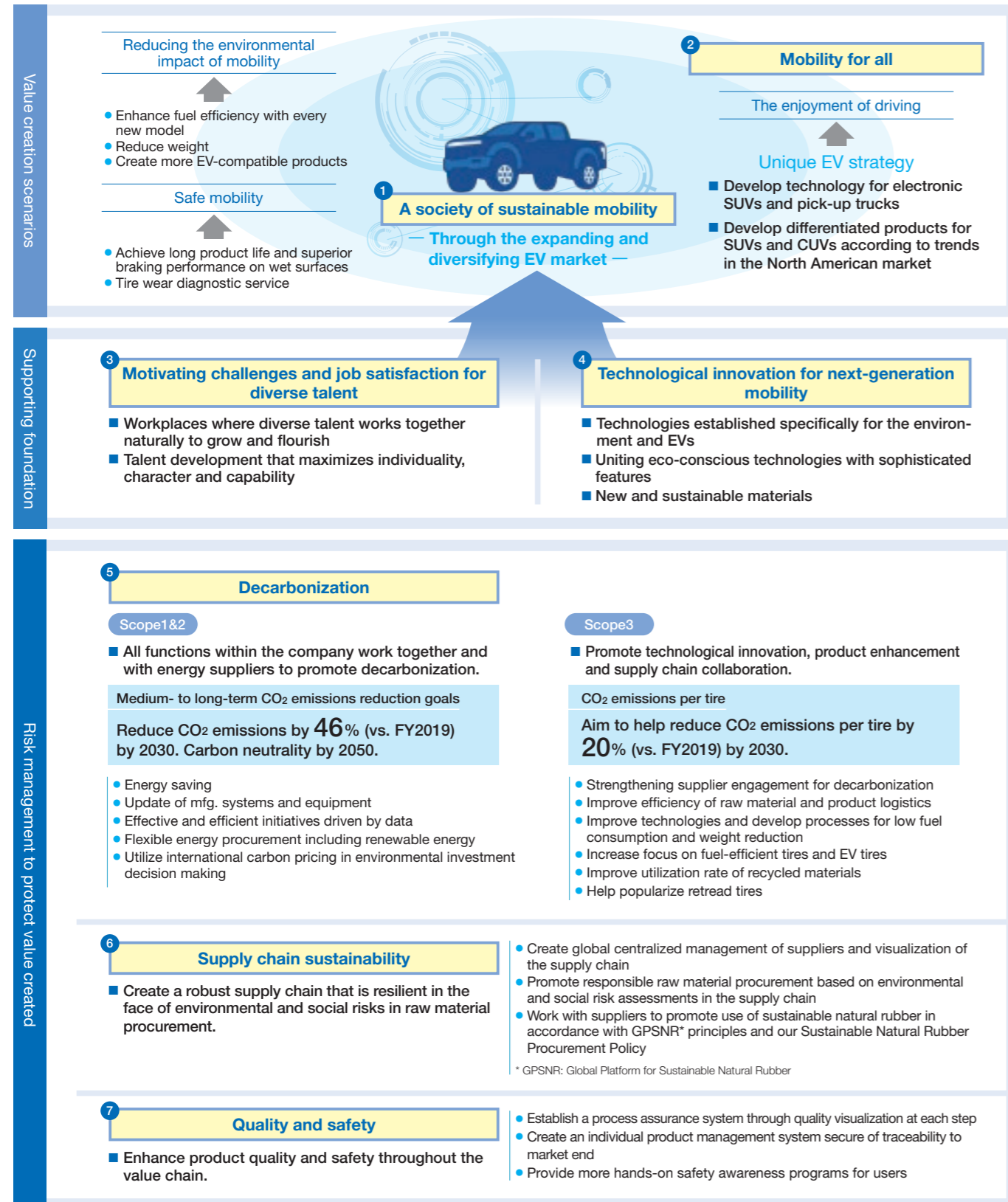
The base for value creation

Domain III Risk management

Responsible business practices that protect the means of value creation

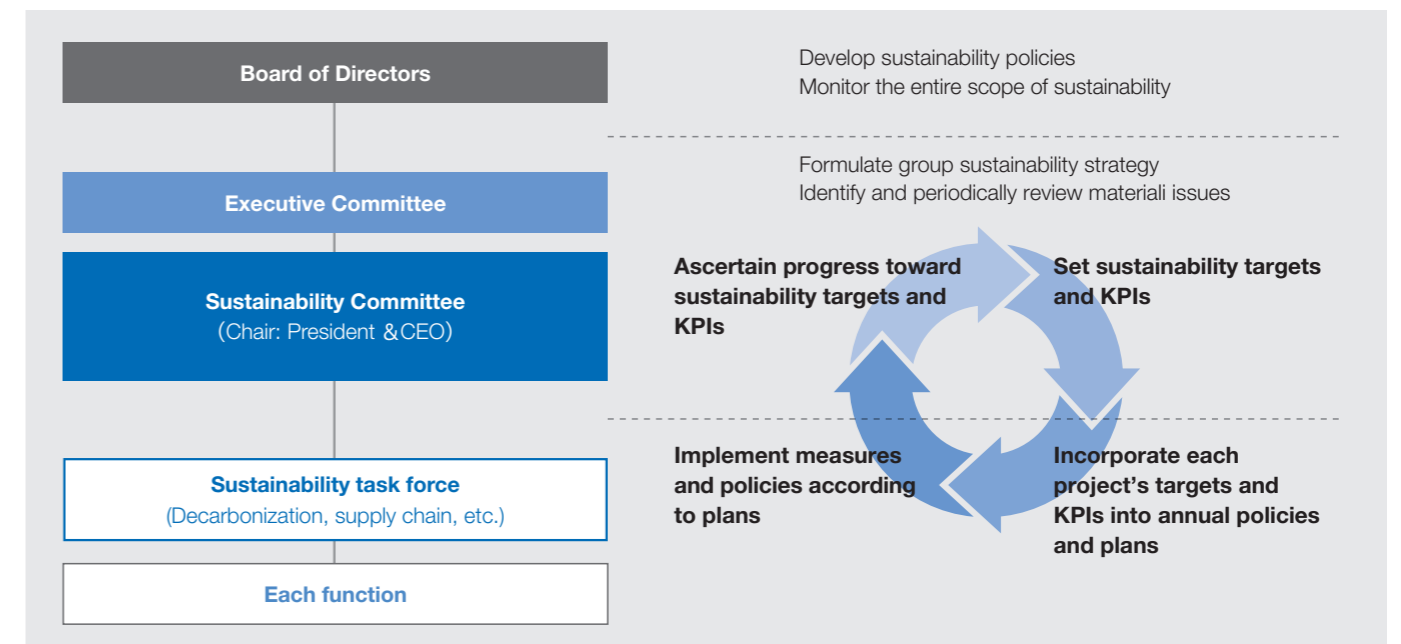
TOYO TIRE Materiality

Medium- to long-term materiality initiatives



Sustainability promotion system and cycle

In April 2021, we established the Sustainability Committee — chaired by the President — under the jurisdiction of the Executive Committee, with the goal of strengthening and promoting our sustainability management. This committee deliberates and decides upon matters related to Group sustainability strategy and, following internal regulations, presents them to the Executive Committee for report to the Board of Directors. These decisions are then executed through each function in cooperation with other special committees, and progress is managed regularly. We have also formed cross-organizational task forces to investigate and promote specific targets and activity plans related to sustainability initiatives.



Activity themes linked to material issues

As our materiality is formed of the key priority issues of the Group, we have set up task forces as sub organizations within the Sustainability Committee, and are also using existing company-wide structures and meetings to set targets and KPIs for each theme, and plan processes and measures to achieve them. After approval of these by the Sustainability Committee and Executive Committee, each headquarters will incorporate them into their annual policies and business plans and carry them out.

Activity themes outside the scope of material issues

There are themes that, while not included in our materiality, are necessary to address in order to meet the demands and expectations of investors, customers and other stakeholders. We will also address these themes by building them into the annual policies and business plans of each relevant organization.

The Sustainability Committee will regularly manage the progress of initiatives for these themes, review them according to circumstances and set new targets to conform to the current business environment and management strategy. We have established a system to promote activities through use of the PDCA cycle.

Value creation

1 Help create a society of sustainable mobility

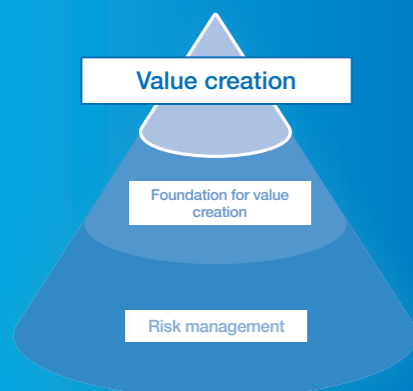


2 Support the enjoyment of mobility for all



- » Environmental contribution (CO₂ emissions reduction): Reducing tire rolling resistance, improving EV compatibility, saving resources
- » Safety: Maintenance-free products, diagnosis of tire wear
- » Commercializing airless tires
- » Ultimate enjoyment of driving and sophisticated features

We must transform our business so that providing value to customers and society through our unique products and services leads to the sustainable development of the Group. The material issues of this domain indicate what kind of value is of priority for us to deliver and is directly linked to our corporate purpose.



For more information on our activities, please visit the address below.
<https://www.toyotires-global.com/csr/>

1 Help create a society of sustainable mobility

2 Support the enjoyment of mobility for all

Our policy

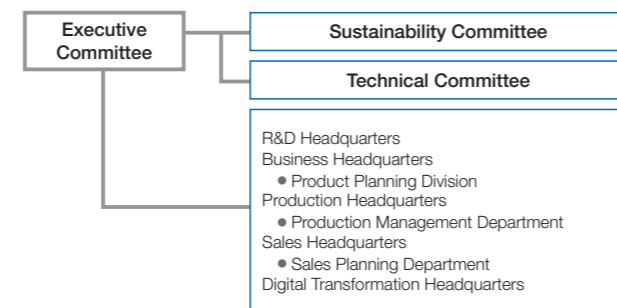
We know that the sustainable future for tire and automotive parts manufacturers will only be ensured once a society of sustainable mobility has been created. That's why we are using our unique products and services to help establish a society of sustainable mobility that boasts net-zero environmental impact, zero accidents and efficient transportation.

In addition to providing the necessary elements for promoting sustainability, we believe that using our unique products and services to satisfy the various features that people expect from superior mobility life will create added value designed to support a diverse mobile society, so that is what we intend to do.

Activity promotion system (as of April 2022)

Spearheaded by our R&D Headquarters, we are coordinating R&D, product planning, sales planning and digital transformation (DX) functions and promoting sustainability-related activities based on various themes that correlate with the aims of our medium-term business plan.

The Technical Committee oversees the overall implementation of those activities and reports progress to the Sustainability Committee.



Environmental contribution

We place great importance on reducing rolling resistance, which is a direct factor in reducing CO₂ emissions, and we aim to improve grading when introducing product model changes. Furthermore, we set targets when developing each individual product to help reduce CO₂ emissions per tire by 20% by 2030 compared to 2019 levels. While keeping this reduction in rolling resistance at the forefront of our minds, we are also working on reducing tire weight and developing the type of processes required to successfully achieve that.

Channeling our prowess into satisfying strict standards

In the face of rising climate-change risks, the role that tires play in raising the fuel efficiency of vehicles is becoming increasingly important. By reducing the energy lost from repeated tire deformation during driving, tires can roll more smoothly and be driven longer distances for the same amount of fuel. However, while this increases fuel efficiency, any rubber with a small energy loss will generally reduce the tire's gripping force, especially on wet road surfaces. Therefore, when developing fuel-efficient tires, it is essential to reduce rolling resistance while maintaining a high wet-grip performance.

Japan has been operating a labeling system since 2010 that displays a tire's rolling resistance and wet-grip performance based on a self-regulated industry grading system and promotes tires that attain a certain level or above on the grading system for both rolling resistance and wet-grip performance as "fuel-efficient tires."

Strict regulations in the EU have required all tires for passenger cars sold in the bloc to display rolling resistance performance, wet-grip performance and noise performance since 2012. From November 2017, tires that perform below a certain level on this scale can no longer be shipped to the EU.

The Toyo Tire Group is continuously strengthening our technological capabilities by enhancing cooperation between our Japan and European R&D facilities on the development of high-performance products that receive high ratings in the extremely demanding European market. We intend to help build an environmental response for automobiles in all markets by developing these technologies globally.



Safety

Tire wear forecasting system to boost customer safety

The R&D Headquarters and Digital Transformation Headquarters work together on demonstration experiments with customers. We also developed an app that is now being trialed by customers, with a view towards practical application.

Tire wear forecasting enables us to inform customers when it is appropriate to rotate their tires and to help extend the life of a tire and manage tire usage conditions so that we can tell customers whether a tire is suitable for retreading.*

We also offer added safety for customers by remotely monitoring the air pressure levels obtained from sensors placed inside the tires in real time via an app.

* A worn tire that is reused by replacing the rubber in the part of the tire that comes into contact with the road surface.

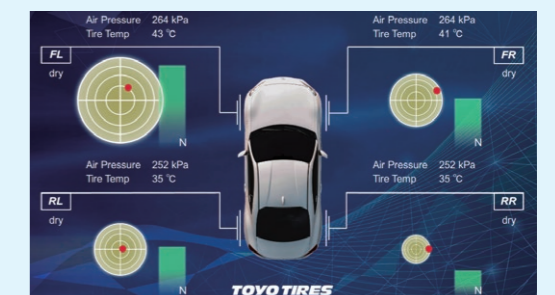
TOPICS

A tire-sensing technology concept driven by AI and digital technology

We believe tire functions that provide information with regard to vehicle management and maintenance support will become increasingly important for creating a society of sustainable mobility. That's why we are looking to promote the idea of viewing and utilizing tires, the only parts that come into contact with the road surface, as information acquisition devices for creating new added value. One technology we have developed is tire sensing, which visualizes tire performance during driving. By detecting road surface and tire wear conditions using the sensors in the tire and estimating performance, we can capture and display the data on the current grip force when driving. This enables us to visualize the tire performance required for the road surface conditions under which the tire is currently being driven, and check whether the tire is demonstrating its inherent tire force* when driving. Right now, we are installing these systems on actual cars and driving on actual roads at our tire test course, and collecting real-time data.

Going forward, we intend to promote co-creation with external partners that will enable us to use tire sensing technology to help evolve mobility even further.

* Tire force is a term assigned by Toyo Tire that refers to actual tire performance as estimated from information input from the tire, such as air pressure, temperature, road surface distinction, load, wear and any detected anomalies. We have developed an app that displays tire force in real time in a way that is visible to the driver.



Commercializing airless tires

Our “noair” airless tire concept is designed to facilitate maintenance-free, no-spare solutions that satisfy the needs of the next-generation mobility society in which people opt for self-service gas stations, home charging of electric vehicles (EVs) and more prevalent car sharing. In 2017, noair became the first tire in the industry to achieve a level of performance that enabled it to be driven on a light vehicle, achieving high durability and a level of maneuverability that is close to that of pneumatic tires.

There are currently no laws and regulations regarding airless tires, but we are installing them on golf carts and conducting test drive events as part of our efforts to facilitate their practical use. We will continue to promote airless tires with a view to installing them on futuristic mobility vehicles and potentially recycling them.



golf cart using “noair” tires

Ultimate enjoyment of driving and sophisticated features

We are working on technological development and product commercialization that pursue ultimate enjoyment of driving and sophisticated design while also satisfying the essential high-dimensional tire performance requirements for next-generation mobility, including environmental considerations (fuel efficiency).

The spread of EVs is expected to both accelerate and further diversify as we move towards a society of sustainable mobility. In anticipation of this broader and more diverse EV market, we are leveraging our corporate strengths to enhance the development of unique technologies and differentiated products so that we can provide greater enjoyment of driving and anticipate user preferences to provide satisfaction.

TOPICS

PROXES CL1 SUV wins Good Design Award 2021

Our PROXES CL1 SUV fuel-efficient tire for SUVs received a Good Design Award 2021 from the Japan Institute of Design Promotion.

The PROXES CL1 SUV tire uses our proprietary T-MODE tire design platform technology to support the level of comfort driving expected of an SUV, adopting a pattern design that segments functions by arranging grooves, sipes and blocks in the tread section in an asymmetrical pattern. The tire was evaluated for its sleek design befitting the stylish image of an SUV and its strong performance both in terms of low tire noise and wear resistance. We will continue to collect a wide range of market information and advance desired tire performance, while also striving to develop high value-added products.



<p>Dynamic taper</p> <p>Introduces a taper (chamfer) on the edges where the grooves of the continuous rib are cut in a circumferential direction. This restricts deformation when the tire is in contact with the road, controls local wear and tear, and improves wearability and maneuvering stability.</p>	<p>Asymmetric block pitch arrangement</p> <p>The variable pitch tread block design on the inner and outer sides reduces the noise level and improves quiet performance.</p>
<p>Inner side lateral sipe</p> <p>Placing sipes (fine incision) on the inner side block reduces the noise level and improves quiet performance.</p>	<p>3D multi-sipe</p> <p>Restricts deformation of the blocks when they come into contact with the road and ensures better wear resistance performance.</p>

* Illustration Comparison: PROXES CF2 SUV

Foundation for value creation

3 Support diverse talent with motivating challenges and job satisfaction



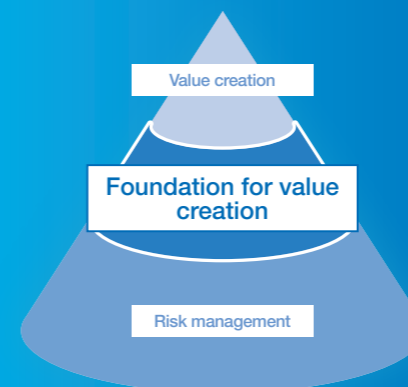
- » Demonstrating ability and fostering motivation (developing talent)
- » Securing diverse human resources (promoting diversity)
- » Creating healthy working environments (reforming working styles)

4 Continue innovating next-generation mobility technology



- » Developing products, materials and technology for a society of next-generation mobility
- » Creating recycling technologies for products and raw materials
- » Innovating low-impact alternatives to substances of concern (eliminating microplastics, etc.)
- » Supporting safe driving (improving safety awareness through data)
- » Enforcing intellectual property strategy

Our purpose is to provide value that brings joy to customers and society through our products and services, and this value must contribute to creating a society of sustainable mobility. The material issues of this domain indicate the foundation essential to creating that value.



For more information on our activities, please visit the address below.
<https://www.toyotires-global.com/csr/>

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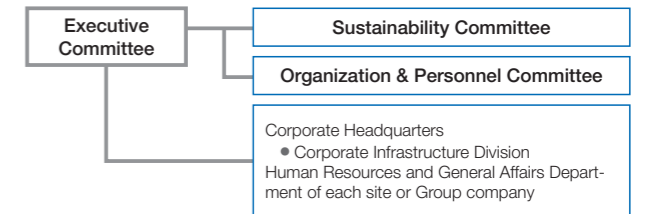
Support diverse talent with motivating challenges and job satisfaction

Our policy

We seek individuals who can equip themselves with the medium- to long- term perspective of a tire and automotive parts manufacturer, think creatively and flexibly, and show initiative and ambition. In these rapidly changing and uncertain economic and social times, one of our priority issues is securing a foundation for diverse talent who support our company's business management and create high added value.

Activity promotion system (as of April 2022)

Corporate Headquarters is responsible for promoting initiatives in this area. They consult the Organization & Personnel Committee when necessary, and report progress to the Sustainability Committee.



Demonstrating ability and fostering motivation (developing talent)

Education and training

We sees employees as the most important key resource to support continued business growth, and recognizes the importance of developing talent. As an example of one of our recent initiatives, we updated our training system to further boost the effects our new personnel system launched in 2021 has on talent development. We established training to match the objectives of this new system, including level-specific training, selective training, diversity training, evaluator training, instructor training and supervisor training at plants. In addition, we launched a self-development platform where employees can take courses online at their convenience to acquire desired skills or required knowledge. So that employees can feel motivated in working toward their future goals, we have also defined a company career development policy, creating career path plans for each department and following them throughout the entire company when carrying out personnel changes. We also periodically review employee career development and provide counseling with supervisors.

Each Group company is dedicated to developing talent based on the educational policies that address their own business challenges.

Developing talent with technical expertise

With an eye toward a future predicted to have dramatically different market conditions through a mobility revolution, we are focusing on the development of professionals who can transform difficulties and crises into opportunities for sustainable growth. To develop the talent that supports our Group's essential technological innovations, our education and training emphasizes basic knowledge, external company relations and the passing down of technology.

Employee opinion survey

To take a snapshot of our organizational culture, starting in 2021 we have begun running employee opinion surveys. The results are shared with employees, and used to identify challenges for which workplace action plans are established at each headquarters based on a company-wide improvement policy. We are tracking implementation and will continue to regularly apply the PDCA cycle in order to steadily strengthen our organizational culture.

Securing diverse human resources (promoting diversity)

Employment situation

The Toyo Tire Group is committed to ensuring fair employment practices and treatment of employees, and to creating workplaces where a diverse team members can flourish regardless of nationality, gender or other characteristics.

In our human resources recruitment, we strive to secure a diverse range of talent across the world, including by recruiting both new graduates and mid-career candidates, rehiring retirees, and employing people with disabilities. Since 2018, TOYO TIRE no longer sets recruitment targets for women and non-Japanese candidates when hiring new graduates, and switched to a policy of fair, unbiased evaluation and recruitment for all talent.

Diversity and equal opportunities

To promote the empowerment of all employees, we have established different types of personnel systems and a talent development plan, and offer career counseling for each employee. We also offer training to improve awareness on a variety of topics, such as e-learning on diversity and inclusion.

One notable project promoting diversity is the human resources empowerment committee run by Toyo Tire Japan Co., Ltd. since 2016. Established to promote the career advancement and empowerment of female employees in particular, it has since been organized as an initiative for all employees in recognition of the fact that the active participation and improved awareness of managers, supervisors and male employees is also key. The company has been proactive in reviewing job descriptions, responsibilities and authority with the career advancement of female employees in mind, and the number of women in management positions has increased as a result.

New hires at Toyo Tire Corporation (full-time employees including mid-career hires)

Total	88	
By age	Under 30	78%
	30-50	22%
	Over 50	0%
By gender*1	Male	93%
	Female	7%

Employee diversity at Toyo Tire Corporation (full-time employees)

Total	3,691 (-0.9% y/y)	
By age	Under 30	19.5%
	30-50	57.4%
	Over 50	23.1%
By gender*1	Male	93.3% (±0 pts y/y)
	Female	6.7% (±0 pts y/y)
People with disabilities	82	
Non-Japanese*2	19	
Total management personnel	851	
Management by gender*1	Male	94.4% (-0.6 pts y/y)
	Female	5.6% (+0.6 pts y/y)
Non-Japanese*2 management	1.1% (+0.4 pts y/y)	

*1 Data by gender: Refers to data on sex assigned at birth. It is difficult to obtain quantitative data on gender identity and we do not have it, but aim to create workplaces where all employees can take an equal active part.
 *2 Data on non-Japanese employees: Refers to data on foreign nationals as defined in the Nationality Act of Japan.

Creating healthy working environments (reforming working styles)

Promoting work-life balance

To create environments where diverse talent can flourish, we are making changes to working styles that improve work-life balance. For example, in efforts to support employees with family responsibilities, we offer a system of leave of up to one year for employees with immediate or second-degree family members requiring care, and employees with children under the age of two, allowing them to concentrate on their responsibilities at home. We have also introduced a system where annual paid leave that has expired after two years can be reinstated and used for reasons such as injury or illness, childcare or nursing care, volunteering, or hospital visits or hospitalization for pregnancy or infertility treatments.

TOPICS

Improving systems to respond to harassment

In accordance with our anti-harassment regulations, a reporting hotline and advisor have been made available for each business site in order to understand and resolve any incidents of harassment as early as possible. Training is also provided for advisors to ensure that they can appropriately handle the matters reported and discussed.

4

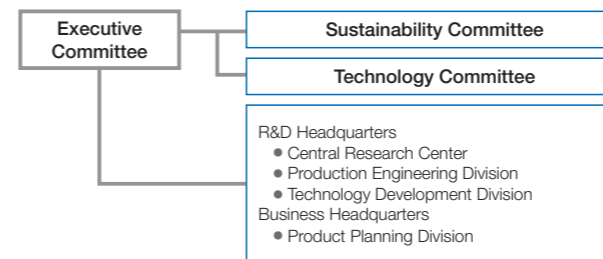
Continue innovating next-generation mobility technology

Our policy

The value we provide through our products and services must support the evolution of mobility required for a new age. To achieve this, we are continuously innovating new technologies that help foster a society that is environmentally sustainable and supports safe driving.

Activity promotion system (as of April 2022)

R&D Headquarters is responsible for promoting initiatives in this area. The Technology Committee oversees all initiatives and reports on progress to the Sustainability Committee.



Creating recycling technologies for products and raw materials

Increasing usage of recycled and naturally-derived raw materials

As part of our social responsibility as a global manufacturer, we see it as our duty to contribute to the transition from a linear to circular economy. The Toyo Tire Group are therefore working to increase the use of sustainable materials (defined as recycled and naturally-derived raw materials).

As an example, by 2025 we plan to sequentially introduce into the market materials that have high wearability, and recycled raw materials such as recycled rubber from used tires or recycled carbon black. We are also using open innovation to actively promote technological development that minimizes use of petroleum-derived raw materials, which have a major impact on climate change, and increases use of low-impact biopolymers and other naturally-derived raw materials.

Supporting safe driving (improving safety awareness through data)

In the development of wear prediction technology for trucks and buses, we have continued from last year in conducting and collecting data from demonstration tests, and are working to improve the accuracy of our AI models at predicting tire lifespan. We have also made a remote tire management app available to customers, and are now considering its practical application.

In the development of tire sensing, we have obtained measurements from model vehicles on a test course and public roads, and constructed a model to estimate "tire force" under actual driving conditions. With a view towards eventual implementation, we have developed an app that can visualize real-time tire force and display it to the driver.

* See TOPICS on p. 12 for more information on tire force.

Enforcing intellectual property strategy

We are continuously developing technological innovations and products that help work towards a society that is environmentally sustainable and supports safe driving. It is only when these new technologies and products are delivered to our customers and are finally used that they first transform into social value. So that customers can use our technologies and products with peace of mind, they must be securely protected through intellectual property rights, and we systematically apply for and manage such rights for our sustainability-related intellectual property. We also believe that these continual efforts will help us secure a presence in a society of next-generation mobility.

TOPICS

The 11th company-wide technology development presentation awards

At TOYO TIRE, we develop technologies for practical application that meet the needs of our customers and business partners, and that incorporate feedback from our production and sales divisions. Each year we hold the Company-wide Technology Development Presentation to report to top management and announce our latest technological developments and the results of those initiatives.

In 2021, the presentation was held online and assessed entries based on the five perspectives of originality, rationality, future potential, development speed, and presentation. This initiative will be continued in the future as we further our technological developments to continue responding to the needs of society.

Risk management

5 Pursue decarbonization in all corporate activities



- » Responding to climate change
- » Reducing greenhouse gas emissions
- » Increasing use of clean energy

6 Promote supply chain sustainability



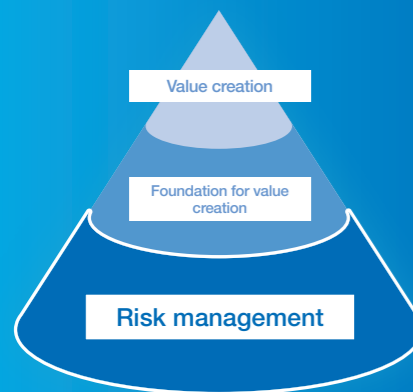
- » Procuring sustainable natural rubber
- » Implementing supplier management and responding to conflict minerals risks
- » Promoting efficient logistics

7 Ensure the fundamentals of manufacturing: quality and safety



- » Improving product quality
- » Increasing customer satisfaction
- » Visualizing manufacturing quality using MES
- » Creating an RFID system to ensure traceability
- » Promoting improved awareness of tire safety

We need to make fundamental preparations to continue activities that contribute to a society of sustainable mobility over the medium to long term, and it is the responsibility of our business management to accomplish the mission we have set. The material issues of this domain are those that will ensure all corporate activities are optimal and positive.



For more information on our activities, please visit the address below.
<https://www.toyotires-global.com/csr/>

Pursue decarbonization in all corporate activities

Our policy

As the impact of climate change intensifies, increasing social demands are being made towards mobility. We see the mobility business as the heart of our Group, and recognize that responding to climate change is the most key issue decisive to our growth. Our responsibility to both current and future generations is to reduce our greenhouse gas (GHG) emissions to help achieve the long-term targets set by the Paris Agreement, as well as expand our use of clean energy, and we are aiming to be carbon neutral by 2050.

Activity promotion system (as of April 2022)

We established the Decarbonization Task Force under the jurisdiction of the Sustainability Committee to formulate activity themes, targets, KPIs and implementation plans.



Responding to climate change

Opportunities and risks posed by climate change

We recognizes that the opportunities and risks posed by climate change are important management issues. As a response, we established the Decarbonization Task Force under the Sustainability Committee in July 2021 to discuss goals and targets, action plans, KPIs and other issues. Referencing the CDP*1 climate change questionnaire and Task Force on Climate-related Financial Disclosures (TCFD)*2 Final Report, the task force is currently investigating essential measures for the Group to take against climate change. Based on the predicted impact of climate change published by the United Nations Intergovernmental Panel on Climate Change (IPCC) and other research institutes, we are also in the process of determining long-term climate-related opportunities, physical and transition risks, and financial impacts that may occur over the course of continuing Group operations.

Meanwhile, the Group does see the impact of climate change as an opportunity, and receives profits from the

development and sales of fuel-efficient products. To address the risks presented by stronger environmental regulations in each country, we are also taking steps such as changing fuel sources and improving the energy efficiency of facilities.

Moving forward, we will rank the opportunities and risks we have identified, evaluate their business impact using science-based scenarios, and set long-term targets.

*1 An international NGO focusing on climate change and other environmental fields that uses questionnaires to collect, evaluate and disclose information on company CO₂ emissions and climate change initiatives.
 *2 Established by the Financial Stability Board (FSB) in 2015 to deliberate on the financial industry's response to climate change issues.

Medium- to long-term CO₂ emission reduction targets

- Scope1&2** Reduce CO₂ emissions by 46% by 2030 (vs. FY2019). Be carbon neutral by 2050
- Scope3** Aim to help reduce CO₂ emissions per tire by 20% by 2030 (vs. FY2019)

Set by the Sustainability Committee in November 2021 and approved by the Executive Committee in December. Announced in February 15 in 2022.

Reducing GHG emissions

Reducing energy consumption

To help mitigate climate change, the Toyo Tire Group is striving to reduce energy consumption through effective usage of the energy required for corporate activities both in and outside the organization. We are also developing new products and technologies that contribute to climate change mitigation and adaptation.

	2019	2020	2021
Total energy consumption	7,346.1	6,777.4	6,992.9
By region			
Japan	3,991.7	3,594.3	3,842.6
US	1,810.0	1,704.2	1,753.3
Asia (excluding Japan)	1,544.4	1,478.9	1,397.0
By source type			
Fuel consumption from non-renewable energy sources (gas, oil)	5,065.8	4,662.4	4,735.7
Fuel consumption from renewable energy sources (solar, waste tires)	2.91	0.44	0.80
Consumption of purchased electricity	1,963.3	1,818.8	1,944.2
Reference: Percentage of renewable energy* in purchased electricity (estimate)	15.6%	15.7%	15.6%
Purchased steam	314.2	295.8	312.2

* Renewable energy sources can include geothermal, wind, solar thermal and photovoltaic, hydro and biomass.
 Note) In 2019, the Toyo Tire Corporation Sendai plant switched its thermal energy source from waste tires to natural gas.

Reducing the energy requirements of products (fuel-efficient tires)

	2019	2020	2021
Energy reduction (estimate)	169.2	253.7	338.1
(Reference) Production ratio of fuel-efficient tires			
PCR (passenger car radial tires)	20.7%	19.5%	23.1%
TBR (truck and bus radial tires)	21.0%	22.4%	35.0%

Reducing greenhouse gas emissions

GHG emissions are the main cause of climate change. The Toyo Tire Group is working to reduce emissions by using energy effectively throughout business activities both in and outside of the organization, and in our products.

While increasing production volume does increase energy consumption, we are promoting fuel conversion and equipment renewals at manufacturing bases to address scopes 1 and 2.

For scope 3 emissions, our R&D team is working to develop fuel-efficient tires and other technologies to help reduce the CO₂ emitted by vehicles.

	2019	2020	2021
Total direct (scope 1) GHG emissions	296.3*	263.9*	268.2*
By region			
Japan	204.7	180.7	190.4
US	57.8	51.8	51.0
Asia (excluding Japan)	33.8	31.3	26.8
Total indirect (scope 2) GHG emissions	294.6*	271.6*	284.4*
By region			
Japan	70.4	57.1	65.0
US	91.2	86.8	94.2
Asia (excluding Japan)	133.0	127.7	125.2
Total other indirect (scope 3) GHG emissions	13,626.4	12,059.8	12,932.2
GHG emissions intensity (t-CO ₂ /million yen)	1.57	1.56	1.40

* Third-party verified data
 Note) GHG used for calculation is CO₂

Note) Emissions intensity is total volume from scopes 1 & 2 divided by total sales.

Increasing use of clean energy

From 2022, the Toyo Tire Group is successively converting our Japanese plants to renewable energy sources.

Moving forward, we will expand our use of clean energy at our plants and business sites both in Japan and abroad in pursuit of decarbonization in all of our corporate activities.

6

Promote supply chain sustainability

Our policy

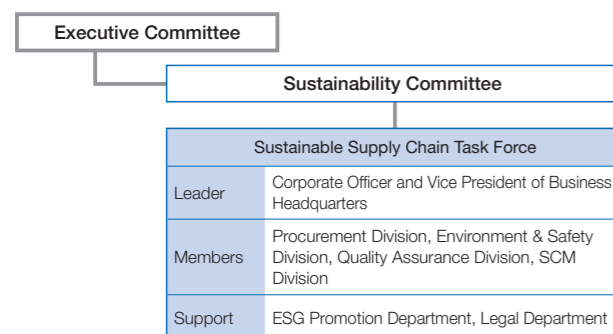
The Toyo Tire Group has established a legally and regulatory compliant Toyo Tire Group Basic Purchasing Policy concerning free competition and fair trade in individual markets, and seeks to secure appropriate product quality and price through fair transactions.

We also formulated the Toyo Tire Group CSR Procurement Guidelines and the Sustainable Natural Rubber Procurement Policy. We work with our suppliers to promote sustainable procurement that aims to mitigate, prevent, and minimize any actual or potential negative impact on the environment and society, to improve corporate value and competitiveness, and to secure a stable supply of materials.

We also help support sustainable logistics by improving the productivity and efficiency of truck transportation and ensuring safe cargo handling operations.

Activity promotion system (as of April 2022)

We established the Supply Chain Task Force under the jurisdiction of the Sustainability Committee to formulate activity themes, targets, KPIs and implementation plans.



Procuring sustainable natural rubber

It is essential to build a supply chain that supports sustainable procurement in order to maintain a secure and stable supply of raw materials. The securing of a stable natural rubber supply into the future is an important management issue for a business group like ours that uses natural rubber as the main raw material. The natural rubber industry is facing issues relating to deforestation at production sites and infringement of local residents' rights. We recognize the importance of striving to solve these problems across the entire supply chain from production through consumption.

International cooperation for building the sustainable supply chain

There is a worldwide movement to realize the sustainable procurement of natural rubber. Toyo Tire Corporation is a member of the Global Platform for Sustainable Natural Rubber (GPSNR)* launched in 2018 under the leadership of the Tire Industry Project (TIP), which is part of the World Business Council for Sustainable Development (WBCSD). As a member, we participate in discussions designed to solve relevant issues. Our aim going forward is to continue to cooperate with international initiatives and stakeholders and to build a sustainable natural rubber supply chain across our whole value chain.



* A platform that seeks to transcend industrial boundaries and ensure that the production and use of the world's natural rubber is carried out in a way that is more socially and environmentally conscious.

Promoting sustainable procurement

In 2020, GPSNR provided guidance to encourage tire manufacturers to incorporate GPSNR's Principles of Sustainable Natural Rubber into their business activities. Following this development, we conducted a thorough review of the items related to natural rubber procurement that were incorporated into our CSR Procurement Guidelines, and decided to formulate and announce a separate Policy on Sustainable Natural Rubber Procurement. That policy is designed to improve the effectiveness of initiatives relating to healthy ecosystems, human rights, and communities, etc.

Currently, in addition to conveying this policy to suppliers and asking for their cooperation, we have launched various activities such as forming contracts with suppliers and exchanging information with environmental NGOs to ensure a level of traceability that complies with the activity plan prescribed by our Supply Chain Task Force.

We have also set up a dedicated contact point specifically for the natural rubber supply chain. We received no reports in 2021.

We will continue to cooperate with international initiatives and stakeholders to build a sustainable natural rubber supply chain.

Implementing supplier management

Engaging suppliers through guidelines

We have formulated the Toyo Tire Group CSR Procurement Guidelines and request suppliers to pursue activities in accordance with these guidelines to help address environmental and social issues across our entire supply chain from production through consumption. We are also appealing to our suppliers to help convey the purpose and nature of these guidelines further up the supply chain.

The guidelines are reviewed whenever there is change in social demands or the business environment. We have published the guidelines in Japanese, English, and Chinese as we expand our global procurement.

When we announced our goal in 2021 to become carbon neutral by 2050, we conducted a questionnaire of approximately 350 existing suppliers worldwide to promote decarbonization activities across our entire supply chain. We plan to further engage with suppliers going forward based on the results of the questionnaire.

To strengthen our efforts to address environmental and social risks in the supply chain, we have also decided to add third-party assessments by specialist institutions to the evaluations of suppliers that we previously conducted independently. We will also look to utilize the evaluation results to enhance our due diligence process.

Fair and transparent transactions

We declared our commitment to free competition and fair trading in each market in the Toyo Tire Group Code of Conduct. We conduct our activities in compliance with antimonopoly and subcontracting law, pursue fair procurement activities, comply with import and export-related laws and regulations, and ensure appropriate labeling and product explanations.

For instance, at Toyo Tire Corporation, we seek to ensure business activities are based on fair and free competition by establishing purchasing regulations that stipulate the thorough implementation of fair and non-discriminatory business dealings and prohibit the development of personal interests with suppliers. We have also established anti-cartel regulations to prevent cartels and bid-rigging activities that are prohibited under antimonopoly law or any action that could be construed in such a way.

Responding to conflict minerals risks

Conflict minerals response

In Europe and the US, manufacturers are legally obliged to conduct due diligence when purchasing tin, tantalum, tungsten and gold mined in conflict areas (conflict minerals) in light of the fact that the money from such purchases may be used to fund local armed groups and promote corrupt

practices, such as human rights infringements, bribery, and money laundering. The Toyo Tire Group enlists the cooperation of suppliers to enable us to investigate back through to the smelters and conduct surveys to confirm that the raw materials purchased by the Group are not linked to any such inhumane acts.

Promoting efficient logistics

As the shortage of truck drivers grows ever more serious in Japan, the Ministry of Land, Infrastructure, Transport and Tourism is developing initiatives to improve the productivity and efficiency of truck transportation and create better working conditions for all workers.

To improve the productivity and efficiency of truck transportation, Toyo Tire Corporation is instigating a modal shift to ships, national railways and large trailers for the long-distance transportation of goods in Japan dispatched from our factories. In addition, ensuring even safer cargo handling operations will not only reduce the burden on drivers, but will also fuel further economic growth and help create higher levels of job satisfaction.

We intend to continue to help create a sustainable society by pursuing sustainable logistics initiatives.

Specific initiatives

We have set a goal of reducing the percentage of long-distance transportation by truck in Japan from factories and ports to our regional warehouses and customers' warehouses by 20% by 2025 (compared to 2020). We are also conducting risk assessments at all logistics bases in Japan with the aim of halving the number of accidents or certain near-miss incidents relating to cargo handling. We hold regular meetings to introduce modal shift examples at each site as well as accidents and certain near-miss incidents and encourage people to share their opinions to help promote progress and achieve our targets.

- 1 Introduced and expanded large container transportation by national rail from Sendai
- 2 Introduced a large trailer transportation method that reduces the burden on the driver by changing drivers at transit points
- 3 Installed safety fences in our Sendai Logistics Center warehouse following a risk assessment (to prevent tire racks from toppling or items from falling in the event of an earthquake)
- 4 Installed traffic mirrors at our Kansai Distribution Center

7

Ensure the fundamentals of manufacturing: quality and safety

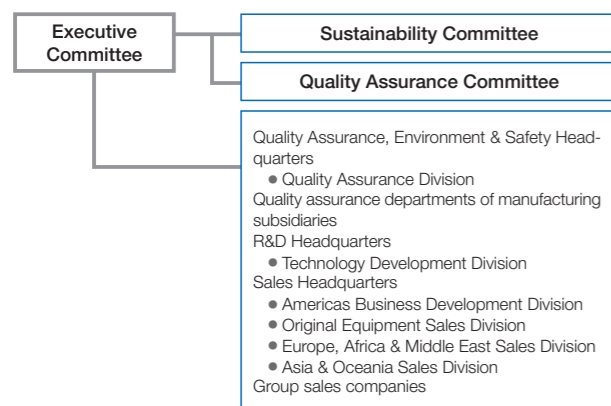
Our policy

Our principle for manufacturing is to provide high-quality and safe products and services that are useful to society, and we state our basic policy for product quality and code of conduct in the Toyo Tire Group Global Product Safety Policy.

We operate a product quality management system based on IATF 16949 (or ISO 9001 at some production bases) to take measures against risk. We also run activities to promote tire safety awareness to help create a society without accidents.

Activity promotion system (as of April 2022)

Quality Assurance, Environment & Safety Headquarters is responsible for promoting initiatives in this area, and reports progress to the Sustainability Committee.



Improving product quality

Improving the development & production process

In manufacturing, we believe it important to achieve greater quality in upstream business processes. We aim to not only raise the quality of the products and services we introduce to the market, but also that of the development and production process itself.

For our Group's newly developed products, the Quality Assurance Division checks the design reviews that are performed at each step, from product planning to the production preparation stage, to ensure that reliable quality is designed in from the start.

At our Tire Technical Center, we are verifying and working towards full-scale implementation of robotic process automation (RPA) software that automatically processes routine tasks. Through this, we aim to see how it improves operational

efficiency by preventing potential risks in the course of business, such as human errors and fraud.

Meeting the quality standards of each country

In the face of factors such as greater climate change risks and increased demand for mobility in emerging countries due to population and economic growth, many localities are rapidly introducing new laws and systems addressing the performance and environmental quality of vehicles to improve their fuel efficiency and reduce their CO₂ emissions. We are working to strengthen our response to quality standards throughout the Group by meeting the growingly complex quality-related regulations in each country. At the four tire testing and evaluation sites in Japan, we test our tires in compliance with ISO/IEC 17025 (general requirements for the competence of testing and calibration laboratories) since our initial certification in 2013, and have been working to improve test accuracy and reliability to continue conducting tests in accordance with standard requirements.

In addition, our tire and automotive parts businesses each hold annual Global Quality Management Committee (Global QMC) meetings, bringing together quality assurance managers and relevant representatives from manufacturing bases worldwide to share and discuss each site's initiatives related to product quality, improvement of quality systems for production, the logistics quality demanded by business partners, and supplier quality.

Increasing customer satisfaction

Maintaining and improving quality and satisfaction

As a manufacturer, we understand that our products and services link us to both customers and society, and devote ourselves each day to maintaining and improving product quality at our production sites. We are also conscious of improving the "quality of organizational citizenship behaviors" at all workplaces, and strive to provide products and services designed with a customer-centric approach.

We also conduct ongoing product satisfaction surveys in markets where each product is available, and relay customer requests as feedback to design and production sites.

Responding to feedback from consumers

Every piece of feedback that we receive from our customers is valuable and provides us with opportunities to understand their expectations for the Group and improve our products and services. In 2021, our Customer Relations Department received a total of 2,164 inquiries in Japan. We respond to phone and online contact from customers both accurately and simply.

Visualizing manufacturing quality using manufacturing execution systems (MES)

Visualizing manufacturing process quality data to improve processes

To provide product quality that satisfies customers, we at the Toyo Tire Group aim to build a quality assurance system that can predict and prevent issues from occurring in the manufacturing process.

To do so, we have introduced automatic measuring instruments into the tire manufacturing process, and are launching a system that digitally collects and visualizes quality- and production-related information from production equipment. This will ensure quality in each manufacturing process, and make it possible to analyze and monitor collected data to detect changes in process trends.

Creating an RFID system to ensure traceability

In May 2022, the Global Data Service Organization for Tires and Automotive Components (GDSTO) was established as an international non-profit organization working to standardize and share tire data in the industry. We are creating technology to equip tires with radio frequency identifier (RFID) tags, and investigating how to utilize the acquired data.

Promoting improved awareness of tire safety

As a tire manufacturing and sales company, we at the Toyo Tire Group see it as our duty to educate customers on the importance of regular tire inspections for improving safety. Each year we run tire safety awareness events.

TOPICS



Tire safety awareness activities in 2021

As a tire manufacturing and sales company that supports a society of safe mobility, we believe that one of our most important duties is to help drivers learn how to use tires appropriately.

Since the emergence of COVID-19, demand for cars as a mode of transportation has increased, and with it the need to further improve awareness of safety precautions, such as regularly checking tire pressure and driving carefully in adverse weather. Toyo Tire Corporation and sales subsidiary Toyo Tire Japan Co., Ltd. thus run tire safety awareness activities to help meet this need.

In 2021, nearly 700 drivers participated at six locations around Japan, with suitable precautions taken against the spread of COVID-19.

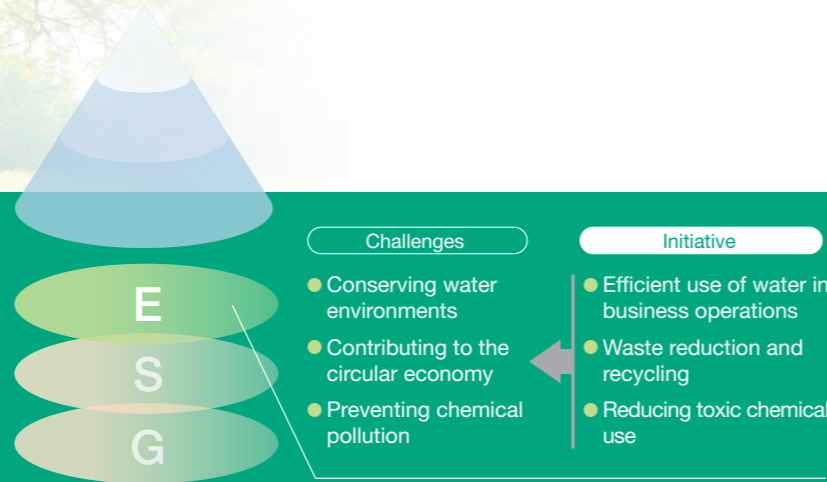
Using our proprietary driving simulator, participants experienced the difference between worn and new tires when breaking on wet roads or getting a puncture, maneuverability under different tire pressures, and hydroplaning. The activity was successful in improving awareness of tire safety, with participants reflecting that, "I'll be more careful driving on rainy days," and, "I realized I need to think more about my car's tires."

We will continue using our driving simulator to further boost interest in tires and help make drivers aware of how to use them properly.



A participant using the driving simulator

Environmental



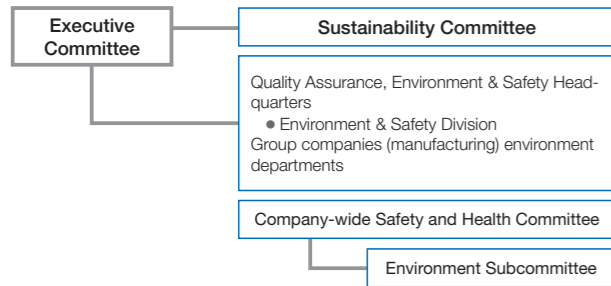
Environmental measures

Our policy

In 2021, we formulated our Global Environment Policy. We support international standards and adopt a precautionary approach in our efforts to help solve global climate change and other environmental challenges across the value chain. We take early action to address environmental issues through this precautionary approach such as risk assessments to support international norms, including the United Nations (UN) Rio Declaration on Environment and Development and Agenda 21 and 10 principles of the UN Global Compact, and fulfil our responsibilities.

Activity promotion system

The Environment Subcommittee within the Company-wide Safety and Health Committee determines annual policies, targets and plans, evaluates progress towards plans, and implements improvements. The results are reported to the Sustainability Committee.



Initiative

Conserving water environments

► **Reducing water risk**

The use of water is both indispensable for human life and welfare and a human right recognized by the UN. For that reason, the Toyo Tire Group considers water risks in corporate activities to be a key management issue.

Reducing volume of water withdrawal and discharge

Goal

Aim to reduce the impact of our business activities in water-stressed areas to zero by 2030.

Plan to reduce water withdrawal at our Japanese manufacturing bases by 10% compared to 2018 levels over the five-year period (2019-2023), and conduct detailed assessments of water risks at our manufacturing bases outside Japan to set targets.

	2019	2020	2021
Total water withdrawals across all regions	3,737.3*	3,399.9*	3,362.8*
By source			
Surface water (mountain water)	0.00	19.5*	17.2*
Groundwater	2,726.8	2,511.6*	2,518.8*
Third-party water (municipal or other public and private water supply facilities)	1,010.5	868.7*	826.8*
Total water withdrawals in water-stressed areas	87.2	77.2	87
By source			
Surface water (mountain water)	0.00	0.00	0.00
Groundwater	86.1	76.1	86.1
Third-party water (municipal or other public and private water supply facilities)	1.10	1.11	0.92

* Data verified by a third party.
 Note) One of our manufacturing bases in Japan uses water sourced from surface water (mountain water). This was classified as third-party water until 2019, but following a third-party verification in 2020, it was changed to surface water (mountain water). At present, all our water withdrawal is fresh water (water with the total dissolved solids of 1,000 mg/L or less).

	2019	2020	2021
Total water discharges across all regions	2,194.8*	2,022.2*	2,014.9*
By destination			
Surface water (public water)	1,525.0	1,475.3*	1,487.4*
Third-party water (municipal wastewater treatment facilities)	669.7	546.9*	527.5*
Total water discharges in water-stressed areas (third-party water)	86.9	77.0	86.8

* Data verified by a third party.
 Note) At present, all our water discharge is fresh water (water with the total dissolved solids of 1,000 mg/L or less).

Third-party assurance

To ensure the accuracy and reliability of the data that we disclose, we have obtained the assurance of a third-party organization for our fiscal 2021 environmental data.

Verification scope

24 sites* belonging to Toyo Tire Corporation and related companies, for total scope 1 energy-derived CO₂ emissions (excluding off-site mobile units), scope 2 emissions, total water intake, breakdown of water intake, total water discharge, breakdown of water discharge, and total water consumption

* Toyo Tire Corporation (Headquarters, Sendai Plant, Kuwana Plant (tire and automotive parts), Hyogo Manufacturing Complex, Corporate Technology Center, Tire Technical Center, Automotive Parts Technical Center, Miyazaki Tire Proving Ground, Saroma Tire Proving Ground); Fukushima Rubber Co., Ltd.; Toyo Soflan Co., Ltd.; Ayabe Toyo Rubber Co., Ltd.; Orient Machinery Co., Ltd. (Headquarters, Sendai branch, Rokko branch); Toyo Automotive Parts (USA), Inc.; Toyo Tire North America Manufacturing Inc.; Toyo Automotive Parts (Guangzhou) Co., Ltd.; Toyo Tire (Zhangjiagang) Co., Ltd.; Toyo Tire (Zhangjiagang) Co., Ltd.; Silverstone Berhad; Toyo Tyre Malaysia Sdn. Bhd.; Toyo Rubber Chemical Products (Thailand) Limited

Verification period

January 2021 to December 2021

Verification criteria

ISO14064-3: 2006, related laws and regulations, and the assurance organization's protocol

Third-party assurance organization

SGS Japan Inc.

Contributing to the circular economy

► **Resource recycling**

We believe it is the social responsibility of global manufacturers to make it their mission to help transition our society from one that consumes resources to one that recycles resources.

The Toyo Tire Group is using an increasing amount of raw materials as the scale of our production expands. We strive to secure a stable and sustainable supply of natural rubber, our prime raw material, and other materials at the procurement stage. At the same time, we are also working hard to promote research and development of new materials and improve product design and production processes to ensure more efficient material use.

Resource recycling initiatives

- Heat recovery from waste incineration
- Switch from wooden to heavy duty resin pallets
- Exploring alternatives to specified chemical substances
- External initiatives for risk assessments of chemical substances, initiatives for addressing tire wear particles and used tires

	2019	2020	2021
Total volume of main raw materials	314.0	252.3	306.9
Volume of renewable raw materials	187.6	148.1	177.7
Volume of non-renewable raw materials	126.4	104.3	129.2
Ratio of recycled materials in rubber raw materials	1.2%	1.2%	1.2%

Preventing chemical pollution

For necessary raw materials for continuous operations within the Group, we manage chemical substances in accordance with the laws and regulations of each market in which we operate and our business partner's guidelines.

For instance, we have strictly managed the use, storage and disposal of specified chemical substances in Japan based on the Chemical Substances Control Law (CSCL). In accordance with the Pollutant Release and Transfer Register (PRTR) system, we assess the amount of targeted chemical substances emitted or moved and register with the relevant authorities. When transferring or providing other organizations with targeted chemical substances, we provide those organizations with a safety data sheet (SDS) in accordance with the SDS system stipulated by the CSCL. We also implement any necessary responses to European Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations, the Global Automotive Declarable Substance List (GADSL), or revisions in business partner's lists of managed chemical substances.

We are working to maintain a 50% or higher reduction in VOC emissions compared to 2000 levels and continue to reduce them in accordance with the Japan Rubber Manufacturers Association's voluntary action plan on reducing VOC emissions. The plan covers 17 typical substances used in the rubber industry, with rubber solvents constituting over 60% of the Group's emissions. We have currently reduced VOC emissions by roughly 80%, far exceeding our goal, but we will reduce emissions even further by improving our manufacturing methods and processes.

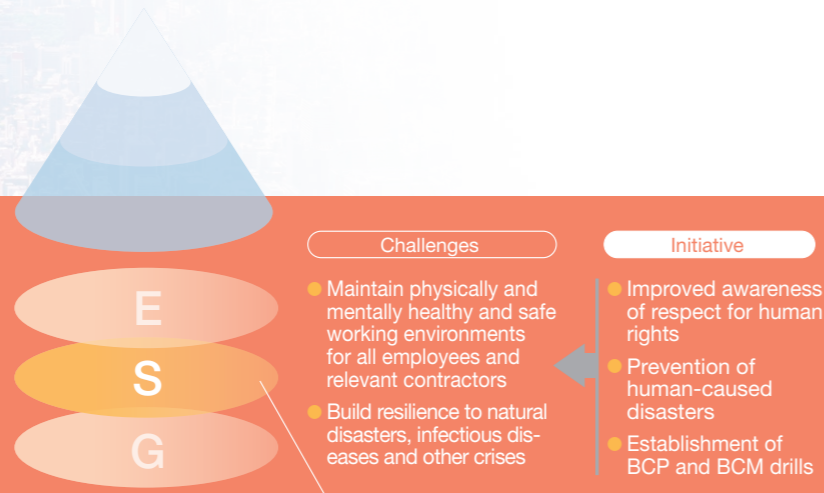
We manage fluorocarbons, which greatly impact ozone layer depletion and global warming, in accordance with Japan's Fluorocarbon Emission Control Law, and control leakage at less than 1,000tCO₂.

	2019	2020	2021
Handling volume	2,977.5	2,592.3	3,011.0
Emissions	164.7	117.1	105.0
Movement volume	88.3	77.9	91.3

Note) Disposal method for hazardous waste (waste requiring special management): Determined according to information provided by waste disposal contractors
 Transportation of hazardous waste (substances subject to PRTR law): Disposed of by the Group

Sustainability and ESG themes beyond the material issues

Social



Upholding human rights

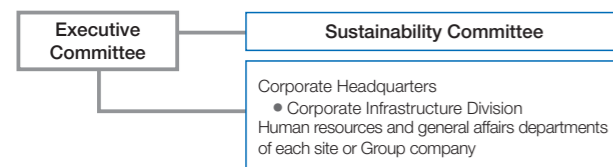
Our policy
In the Toyo Tire Group, the majority of employees work outside of Japan, and more than half of our consolidated net sales are generated overseas. Our business is expanding globally, and we have growing opportunities to communicate with diverse stakeholders both in and outside of the company, making it ever more important to act in a way that respects the human rights of everyone involved in our corporate activities.

In January 2019, we enacted the Global Human Rights & Labor Policy, which supports the Universal Declaration of Human Rights, ILO Declaration and 10 principles of the United Nations Global Compact.

As our business globalizes and our stakeholders diversity, we strive to carry out our business in a way that respects the human rights of everyone involved in our corporate activities, including those in our workplaces, at our suppliers, and within the communities where we operate. This will help us contribute to creating an inclusive society that supports everyone, including socially vulnerable people, by protecting them from exclusion, conflict, loneliness and isolation. Group employees also recognize that they may potentially cause, contribute to or be complicit in adverse impacts on human rights through their own activities, and work to prevent this.

Activity promotion system

Corporate Headquarters leads promotion of activities and reports progress to the Sustainability Committee.



Initiative

Raising awareness of respect for human rights

We work continuously to raise awareness of the company's responsibility to respect human rights by providing all Group employees e-learning sessions on our Corporate Code of Conduct, and level-specific and other training organized by the HR department that focuses on human rights issues within

business. On Human Rights Day each December 10, the President of Toyo Tire Corporation sends a message on human rights to all employees of the Group. The message for 2021 stressed the importance of having a foundation of deeply diverse talent to generate value through our business, and of demonstrating sincerity with all stakeholders, as declared in our philosophy.

The Toyo Tire Group will remain committed to improving awareness of human rights and preventing adverse impacts on them within our corporate activities and workplaces.

Internal reporting system

Since 2006, the Group has operated an internal reporting system for all compliance issues, including human rights. We investigate all reports received and take remedial measures to address each problem. We also continuously conduct training based on specific cases in order to detect potential issues at an early stage and prevent occurrence.

In 2021, there were again reports of concerns about harassment, which were handled appropriately.

Managing occupational health and safety to global standards (Mentally and physically safe and healthy working environments for all stakeholders)

Our policy

Under the direction of senior executives, we promote Group-wide health and safety management focused on implementing necessary measures based on risk assessments, with labor and management working together to operate a system based on Guidelines on Occupational Safety and Health Management System (OSHMS Guidelines) developed by Japan's Ministry of Health, Labour and Welfare.

Activity promotion system

At the joint labor-management Company-wide Safety and Health Meeting, annual policies, targets, and plans for occupational health and safety are decided and plan progress is evaluated and improved. The results are reported to the Sustainability Committee.



Initiative

Creating safe workplaces

We are working from the perspectives of equipment, personnel, and management structure development to create safe workplaces at all business sites.

For equipment, we promote safety by conducting hazard risk assessments, and manage hazards through elimination, containment or interlock based on equipment safety standards.

In terms of personnel, we strive to reduce risks in order to eliminate accidents caused by human error, and improve and maintain awareness to change human behavior. Along with visualizing the residual risks that remain after improving equipment safety, we extensively manage them by indicating high residual risks, implementing operation standards, employing stop-call-wait, point-and-call and hazard prediction activities, and holding voluntary small-group activities for improvement. At manufacturing sites where employees with diverse backgrounds work, we make announcements in multiple languages and use illustrations and color-coded warning signs.

In the development of management structures, we are expanding occupational health and safety management systems, including OSHMS, GSC and OHSAS 18001. We have compiled the Industrial Accident Response Manual for guiding prompt and adequate responses to prevent damage from spreading when labor-related accidents occur, with the aim of protecting employee safety and company credibility, and keeping personal and physical losses to a minimum. The manual stipulates specific steps for handling labor-related accidents, including the necessary risk management systems and procedures in normal times, as well as actions for employees to take and what to do in emergencies.

In Japan, a monthly meeting is held (currently online) between the Environment & Health Department and staff in charge of safety and disaster management at all sites. The meetings allow each site to share information on and horizontally deploy measures to prevent and mitigate disasters, thus preventing similar incidents from occurring at other sites.

Lost-time accident frequency rate at manufacturing bases

(number of lost-time accidents per million hours worked)

Japan	0.17 (0.14 in 2020)
Outside Japan	0.00 (1.69 in 2020)

Note) Rubber product manufacturing industry average in Japan is 0.44.

Promoting health management

The Toyo Tire Group views the management of employee health from a business perspective and supports the idea of strategic health management. We have been focusing on greater prevention of mental health issues, which are the main cause of long-term absences.

For example, as part of work engagement efforts and building the basic foundation for health management, in Japan we provide mental health care seminars for all employees, from managers and supervisors to general staff, as well as e-learning for mental health. To better understand employee health issues and investigate necessary measures, we have also been conducting stress checks at all business sites in Japan even before it became required by Japan's Industrial Safety and Health Act. Over 90% of employees undergo a check each year, and we are analyzing the collective results to help improve working environments.

Creating disaster-resistant workplaces

We have improved our Group fire prevention management, and used the experiences gained through the 2011 earthquake and tsunami and other major disasters to strengthen our initiatives for disaster preparedness and mitigation.

Each base engages in activities such as practical firefighting training and no-scenario earthquake drills, which are being held repeatedly to improve their effectiveness and increase participation. Firefighting training is conducted for hazardous materials in compliance with the National Fire Protection Association's NFPA 600 standard. In Japan we have held fire prevention inspector training since 2018, and 324 employees have participated as of 2021. Thanks to these continued efforts, there were zero major fires reported in 2021, and 25% fewer minor fires compared to 2020.

In regions outside of Japan, we are also engaging in measures and disaster preparedness drills according to the disaster risks of each area.

Crisis management (responding resiliently to natural disasters, infections and other crises)

Our policy

To strengthen the Group's ability to respond to crises, we will continuously improve our efforts to reduce our risks and, in the event of an emergency, minimize damage and loss and restore operations promptly.

Activity promotion system

The Crisis Management Committee has been specially established under the Executive Committee. In accordance with crisis management regulations, we have formed a crisis management system supervised by the head of crisis management (the Vice President of Corporate Headquarters). For

each major type of potential crisis that may seriously impact the Group, crisis management leaders have been appointed to create individual management manuals and establish measures for both normal times and in case of emergency.

Initiative

Business continuity plan development and business continuity management drills

The Toyo Tire Group is also systematically developing business continuity plans (BCP) and conducting business continuity management (BCM).

In 2019, our US subsidiaries formulated a BCP and an emergency response plan in case of disaster. These include emergency communication protocols for use during a pandemic or natural disaster, emergency medical procedures (such as securing resuscitation equipment and training on its use), and measures to ensure business continuity.

In 2021, we also held BCM drills at the Toyo Tire Corporation headquarters and Tire Technical Center based on each site's BCP. Each organization reported on their priority responses using simulated drills and discussed challenges for business continuity under instruction from the director of the Emergency Countermeasures Headquarters.

Working with local communities (Helping solve local issues)

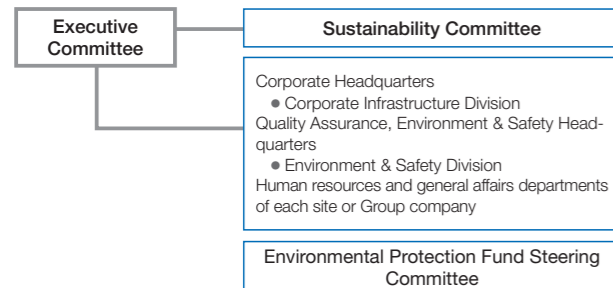
Our policy

We will create shared value with local communities by utilizing our Group resources and working in open dialogue with stakeholders to contribute to environmental conservation, development of the next generation, and community development within the scope of impact of our corporate activities.

Furthermore, at manufacturing bases that are predicted to have a particularly significant environmental impact as the scale of our business grows, we will take a precautionary approach towards this increased risk on the surrounding biodiversity.

Activity promotion system

Corporate Headquarters and the human resources and general affairs departments of each base work together to lead initiatives.



Initiative

Environmental conservation

We realize that Group corporate activities have the largest direct environmental impact in the areas around our manufacturing bases. We therefore work to build understanding of and trust in these activities through dialogue and information sharing with stakeholders in the surrounding areas, and engage in environmental conservation. We also promote local biodiversity conservation in recognition that biodiversity both generates direct benefits for local life and leads to sustainable growth.

At the Kuwana Plant, we work in partnership with Mie Prefecture, the local town of Toin and the NPO Mori-no Kaze on the "Toyo Tires Midori no Tsunagari Mie" initiative, which promotes environmental conservation and coexistence with local communities. The project marked its 8th year in 2021, and a total of seven events were held from April onward under sufficient infection prevention measures, with 197 employees working on the "Green Trail" and "Green Plaza" facilities. We are continuing conservation and preparation so that local residents can safely use the Green Trail, and the adjacent local elementary school may use the Green Plaza as an outdoor classroom.



Forest conservation project (Toyo Tire Kuwana Plant)

Support for educating the next generation (Career training)

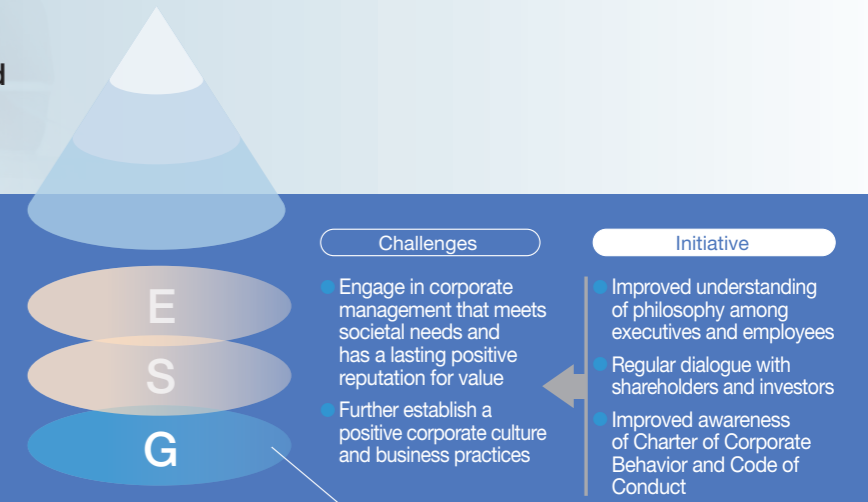
We believe that nurturing the talent who will drive the sustainable growth of the automotive industry is crucial to ensure both business continuity and a society that is bettered through mobility. This is why we have supported the Kansai Career Education Support Council's* Jonetsu Kyoshitsu (Class of Passion) since 2013, using the Toyo Tire Group's resources to organize career talks that foster students' interest in manufacturing and help them develop career awareness from a young age.

Moving forward, we will continue holding both in-person and online talks on a case-by-case basis, and use our resources to communicate the wonder of automobiles and tires to help foster the next generation and drive the continuous growth of the automotive industry.

* An industry-labor organization in the Kansai region that supports career education at elementary, junior high and high schools.

Sustainability and ESG themes beyond the material issues

Governance



Sound governance

Our policy

The Toyo Tire Group practices the principles of Japan's Corporate Governance Code in an appropriate fashion to ensure effective corporate governance. We established the Toyo Tire Group Charter of Corporate Behavior as a set of common principles for all Group companies to ensure we always prioritize the desire to be useful to society through proper working practices as the basis for our decision-making and pursue integrity in corporate activities to help realize a sustainable society. We also formulated the Toyo Tire Group Code of Conduct to assist all executives and employees in implementing the Charter of Corporate Behavior, and seek to instill that Code across the whole Group.

Activity promotion system

Corporate governance system

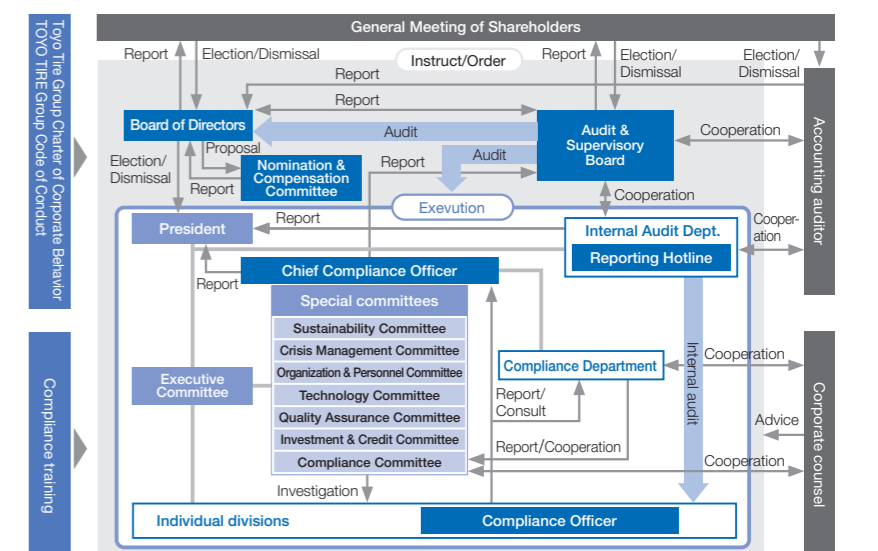
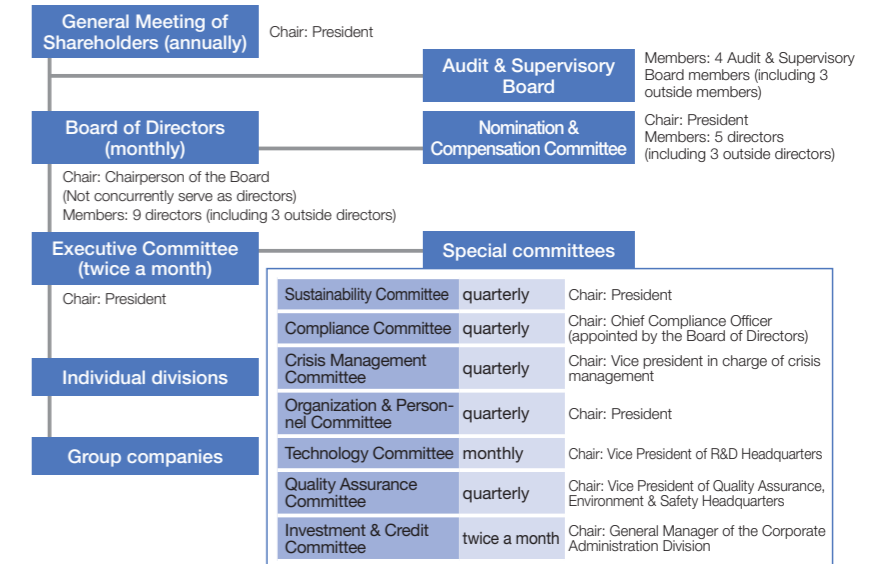
Our corporate governance system consists of the Board of Directors, which is responsible for decision-making and supervisory functions, and, under that, the Nomination & Compensation Committee, which acts as an advisory body to the Board of Directors on matters relating to personnel affairs, compensation and other matters pertaining to directors. We also have an Executive Committee that makes decisions on business execution, various special committees that deliberate and consult on individual fields, and an Audit & Supervisory Board, a body that audits the Board of Directors and the execution of directors' duties. This system enables all these functions to be fully exercised.

Internal control system

We determine our basic policy for building of internal control systems at Board of the Directors meetings and then put appropriate systems in place. We review the basic policy each year to reflect changes in our business environment and other factors. The Board of Directors resolves any reviewed items as we strive to develop and operate more effective internal control systems.

In addition to establishing and operating our reporting hotline for employees to report and consult directly on compliance issues that may develop into crisis events, we have created multiple reporting routes and established a system for conveying necessary information to the Group's governance bodies.

Governance structure (as of April 2022)



Corporate governance

Initiative

Instilling our philosophy

All executives and employees across the Toyo Tire Group conduct their work based on our corporate philosophy, and we have been instilling that philosophy into all employees since it was first determined in 2017.

Our philosophy is a written expression of the thoughts and ideas that the Group most values. We have positioned our company philosophy as a pinnacle concept that embodies the precious founding spirit we pass on to future generations. We have defined our corporate purpose in our mission and clearly stated in our company vision the type of company we need to become to fulfill that mission. We have also determined our fundamental values, as a basis for the thoughts and ideas that all executives and employees should wish to cherish going forward.

In the new business plan, Medium-term'21 Plan, announced in February 2021, we reiterated that our core purpose was to realize our philosophy, and that our business plan was designed to realize that philosophy.

We have added an introductory lecture on our company philosophy at the start of in-house training programs. Training for general managers includes case work to help participants understand the importance of instilling visions and strategies derived from our philosophy in the workplace as well as group work to convey how this philosophy pervades each workplace. The training has helped raise awareness of the need to instill our company philosophy by sharing issues and initiatives pursued by other divisions.

Going forward, we will strive to create an environment in which we instinctively employ our philosophy through our work.

Board of Directors' initiatives

The Toyo Tire Board of Directors meets once a month in principle to decide on important matters and supervise the execution of business by directors. The Board met 17 times in 2021, including some extraordinary meetings. Outside directors attend Board of Directors meetings and other important meetings to encourage an active discussion and monitor and supervise company management.

Since 2017, we have conducted an annual registered questionnaire of all directors and Audit & Supervisory Board members regarding the operation, composition, activities and other features of the Board of Directors to help us analyze and evaluate its effectiveness. To ensure a fair result, the aggregation, analysis and evaluation of the responses are outsourced to an independent body, and we use the result to improve the functions of the Board of Directors.

Engaging in dialogue with shareholders and investors

Toyo Tire Corporation holds an annual General Meeting of Shareholders, and quarterly financial results briefings. Top management conveys its opinions on performance trends, business environments and future outlook for the Group to institutional investors and securities analysts when we announce interim and full-year business results. In addition to these activities, we also seek to promote understanding of Group strategy by creating multiple opportunities for the company president and other senior executives to engage in a dialogue on the issues that interest institutional investors and securities analysts, and providing quarterly opportunities (individual interviews) for investors to communicate and ask questions of IR staff. We also respond proactively to dialogue requests from institutional investors around the world either in the form of individual interviews or conferences.

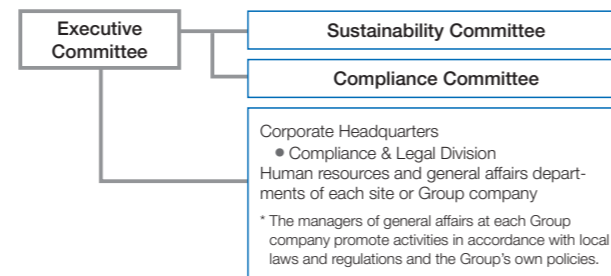
Compliance

Our policy

We ensure that all executives and employees within the Group prioritize compliance in their day-to-day operations.

Activity promotion system

The Chief Compliance Officer and the Compliance Committee lead initiatives in this area and report results to the Sustainability Committee.



Initiative

Instilling the Group Charter of Corporate Behavior and Code of Conduct

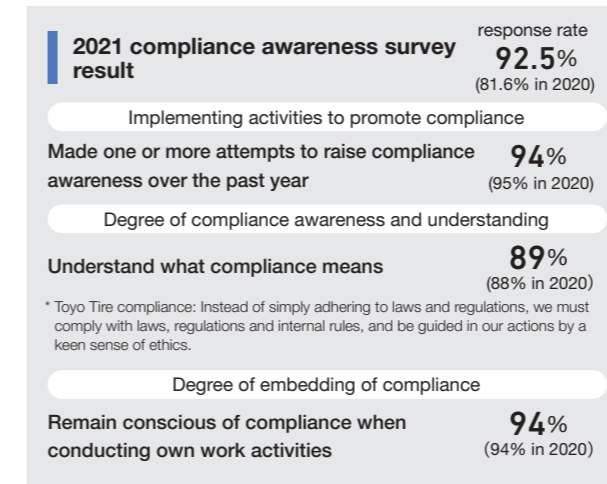
We have established the Toyo Tire Group Charter of Corporate Behavior as a set of common principles for all Group companies that ensure our business activities are conducted in good faith, and the Toyo Tire Group Code of Conduct to help each executive and employee implement the Charter. The Charter and the Code are reviewed when appropriate and any necessary revisions are resolved by the Board of Directors. Group companies located outside Japan use the Code of Conduct as a basis for formulating their own behavioral guidelines that reflect differences in local laws, regulations and customs.

We instill awareness of the Code and further enhance compliance across the Group by creating and distributing a common edition of the Global Code of Conduct Handbook that stipulates

the underlying way in which each Group executive and employee should act (available in nine languages: Japanese, English, Russian, German, Italian, Chinese, Thai, Malay and Portuguese).

Conducting compliance awareness surveys

We conduct annual compliance awareness surveys to ascertain the degree of compliance-related awareness among employees and aid our future endeavors.

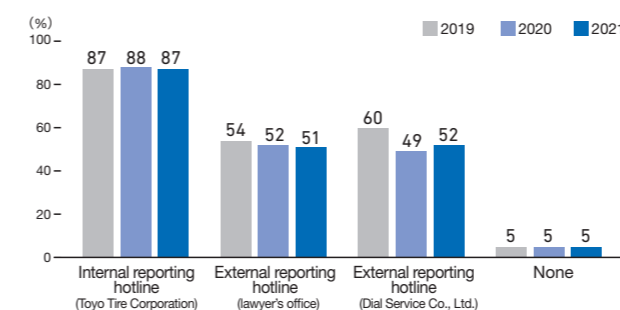


Whistle-blowing system

The Group has been operating a whistle-blowing system since 2006. In Japan, we respond to anonymous reports from both inside and outside the company, and have established contact points that can be used by executives, employees and suppliers.

We are establishing similar systems at bases outside Japan and striving to ensure fairness and transparency as the foundation of healthy business activities.

Awareness of the reporting hotline in Japan



Preventing anti-competitive conduct

The Toyo Tire Group is building compliance frameworks and systems and promoting education and awareness-building activities to ensure thorough compliance with competition laws and regulations in individual countries. Specifically, we oblige our employees to submit prior applications, follow-up reports and exclusion applications relating to any contact with competitors based on the Cartel Prevention Rules, as well as a written pledge regarding the upholding of antimonopoly laws. We also pursue various initiatives to ensure compliance with laws and regula-

tions, such as establishing a Consultation Desk for Compliance with the Antimonopoly Act, getting the Audit Department to check the status of compliance with the Cartel Prevention Rules, and conducting training (including e-learning) for related parties.

Anti-corruption initiatives

The Group strives to ensure fairness and transparency as the foundation for conducting sound business activities. We have established the Global Anti-corruption and Anti-bribery Policy along with our Anti-bribery Rules and are developing activities to ensure these rules are instilled and properly operated in our business activities. In 2021, we conducted e-learning on anti-bribery themes for employees working in the headquarters, R&D divisions and administrative departments at production sites.

We know that discovering any corrupt practices or bribery would risk not only potentially huge fines or the detention of involved parties, but also significant damage to our corporate value through the suspension of transactions or the imposition of social sanctions. As such, we work hard to prevent any such acts as part of our corporate social responsibility.

Information security

Our policy

The evolution of IT poses multiple threats to system security, so we have to recognize that it could risk influencing our business management and take appropriate and timely measures. To earn the trust of our customers and society at large, we are developing information security across the Group that will protect our information assets from the threat of accidents, disasters and crime.

Initiative

We hold practice drills for employees on targeted email attacks and conduct regular security checks.

Promoting DX (Achieving borderless and centralized management through ERP reform)

Our policy

It is becoming increasingly important to utilize business data as the globalization of business progresses. We will promote the even deeper use of data to help the entire Group make appropriate management decisions by developing a management platform that facilitates the rapid collection and centralized management of accounting, sales and other digital data.

Initiative

We have started introducing a core system that aligns with international standards from 2022, starting with our new plant in Serbia and gradually moving onto our headquarters, distribution companies and other manufacturing plants.