

# **Sustainability Management Policy**

**- For achieving medium- to long-term value creation -**

February 15, 2022

**Toyo Tire Corporation**

**1. Our sustainability goals**

**2. TOYO TIRE Group's material issues**

**3. Challenges based in material issues (Value creation and problem solving)**

**4. Sustainability promotion cycle and governance**

**5. The history of our transformation and sustainability**

## ◆ TOYO TIRE Group Sustainability Policy

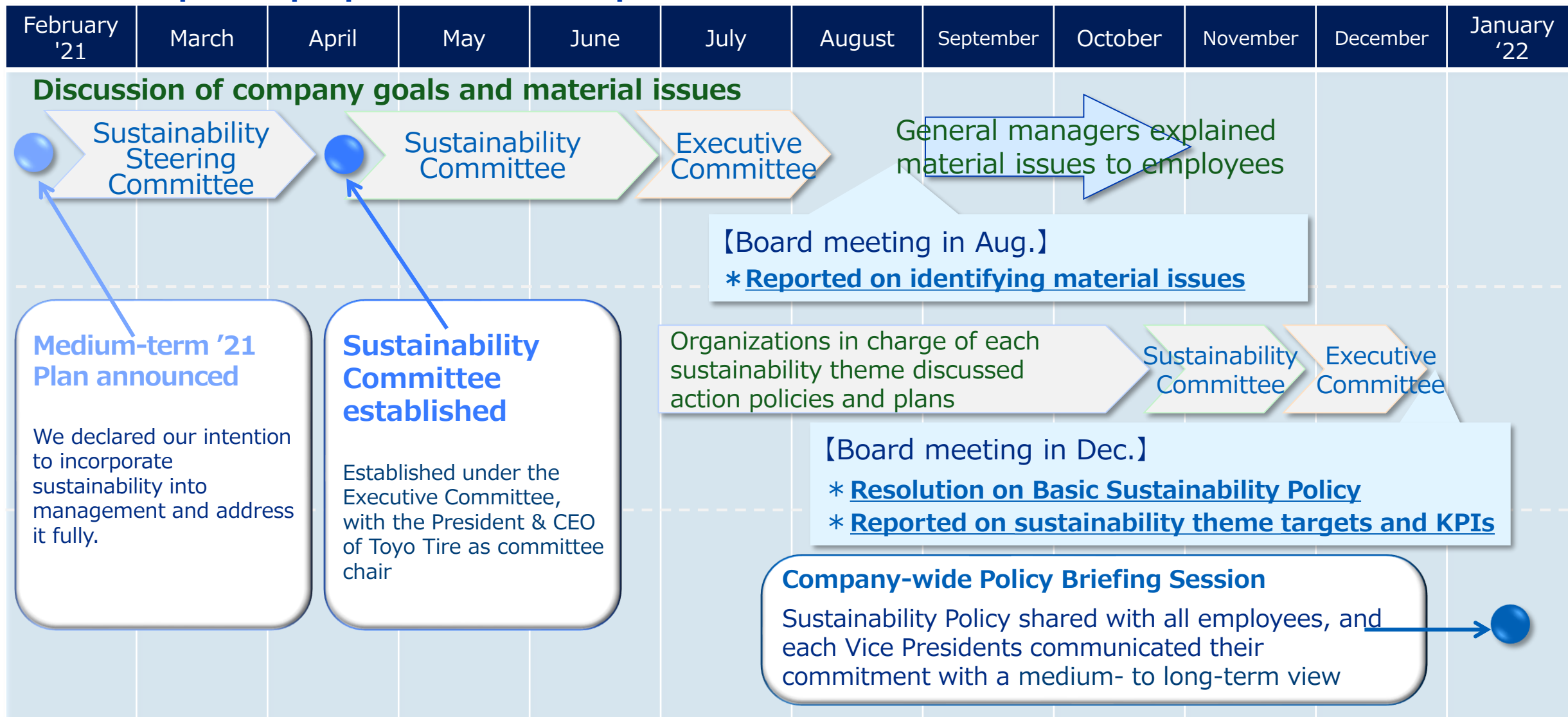
Strongly aware that every action in our business is linked to society and the future, we will seek to fulfill our purpose by solving social issues through our corporate activities and creating social value.

We will integrate sustainability into our business using the following five perspectives.

- |   |  |
|---|--|
| ① <b>Identity based on our corporate philosophy</b> | View all sustainability themes in connection with our philosophy and act in line with our corporate identity                                 |
| ② <b>Medium- to long-term view</b>                  | Identify the company's opportunities and important risks as medium- to long-term material issues and address them                            |
| ③ <b>Contribution to a sustainable society</b>      | Help solve social issues through our corporate activities based on our belief in social sustainability as a prerequisite for business growth |
| ④ <b>Value creation cycle</b>                       | Establish a cycle of increasing product and service value and investing profits in sources of further value creation                         |
| ⑤ <b>Stakeholder collaboration</b>                  | Collaborate with our supply chain, align with relevant organizations, and increase corporate value through dialogue                          |

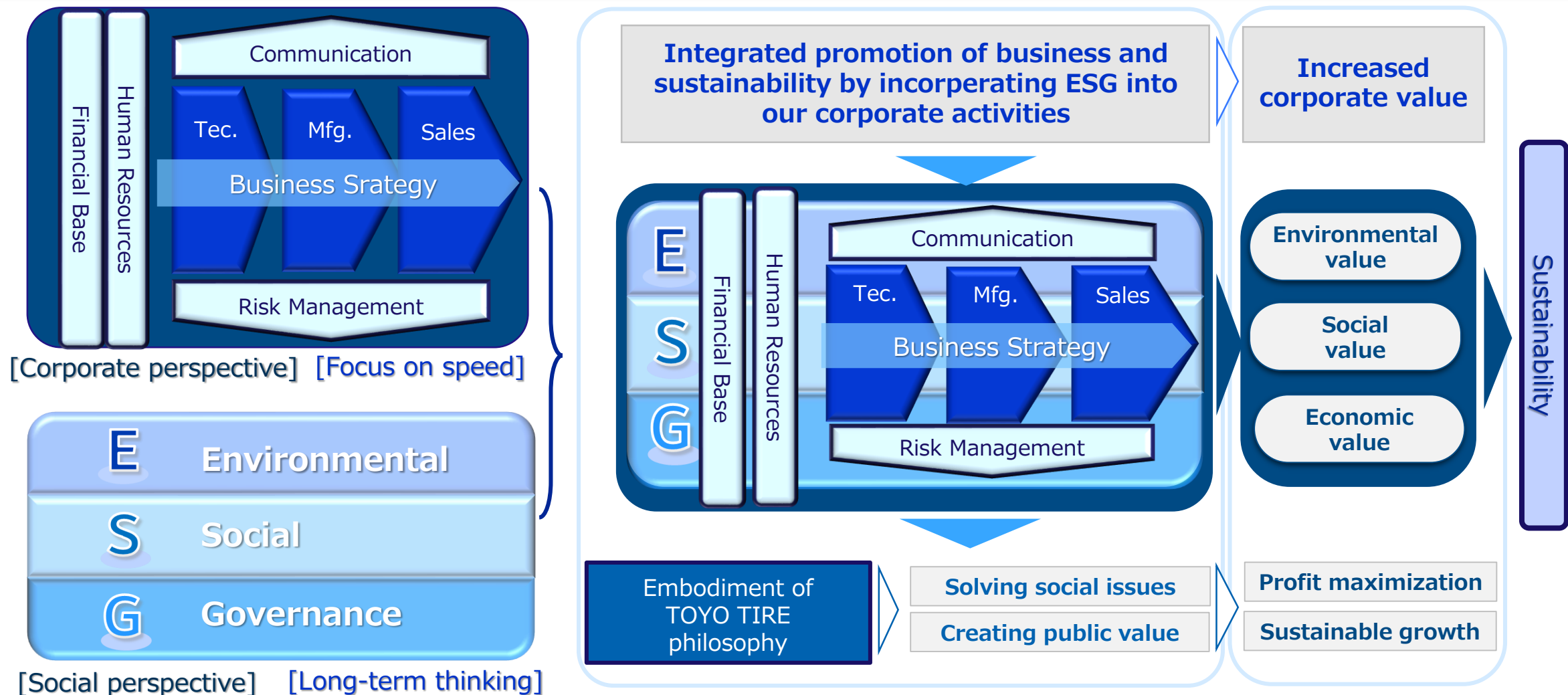
# 1. Our sustainability goals

◆ In 2021 we established the sustainability management concept and approach, and completed preparations for its promotion



# 1. Our sustainability goals

- ◆ By making ESG the foundation of TOYO TIRE's corporate activities, we aim for integrated promotion of our business and sustainability



\*ESG icons are included in the description of the activities on each page.

- ◆ Through our corporate activities, we contribute to providing society with sustainable mobility choices for the enjoyment of all

### Value creation

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

- 1 Help create a society of sustainable mobility



- 2 Support the enjoyment of mobility for all



### Foundation for value creation

The base for value creation

- 3 Support diverse talent with motivating challenges and job satisfaction



- 4 Continue innovating next-generation mobility technology



### Risk management

Responsible business practices that protect the means of value creation

- 5 Pursue decarbonization in all corporate activities



- 6 Promote supply chain sustainability



- 7 Ensure the fundamentals of manufacturing: quality and safety



## ◆ Working toward medium- to long-term value creation





## ◆ Risk management to protect value created

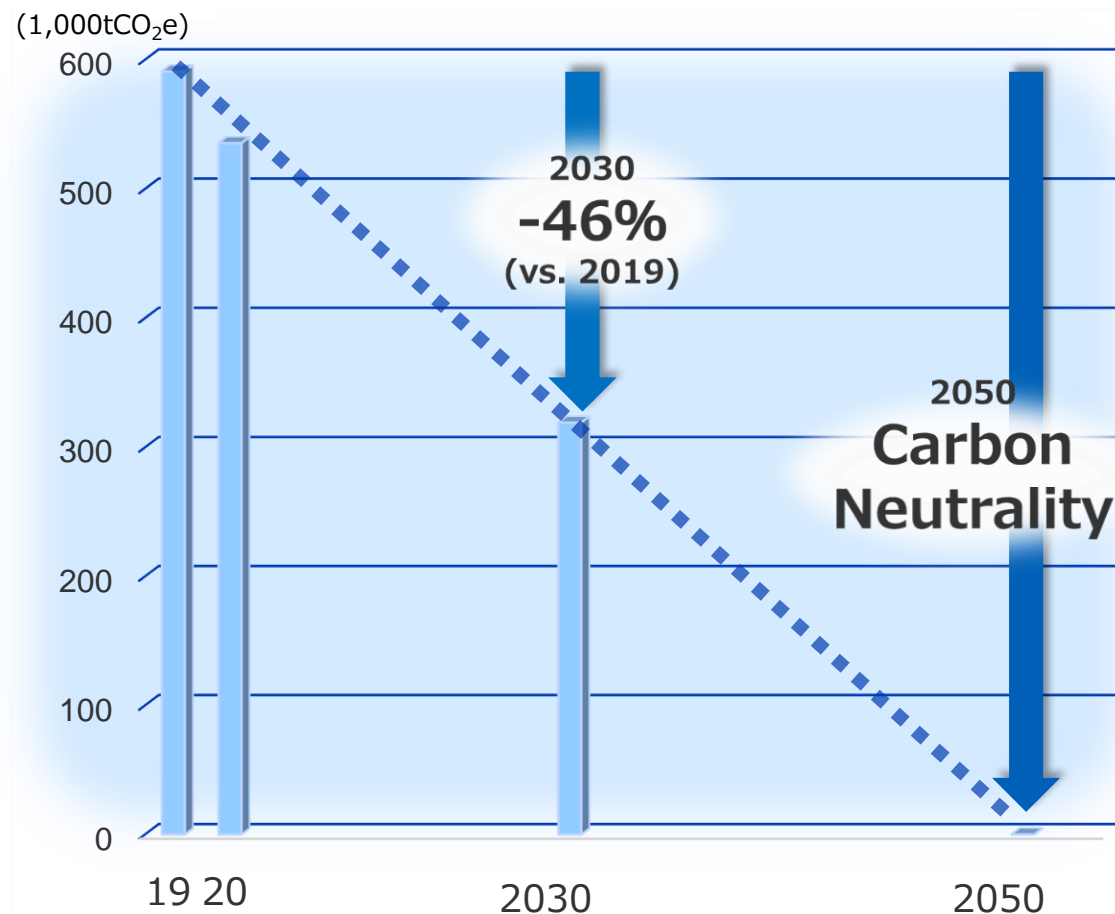
Material issue

### 5 [Decarbonization]

Scope 1, 2

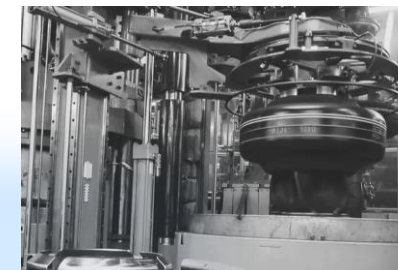
**Medium- to long-term CO<sub>2</sub> emissions reduction goals**

Reduce CO<sub>2</sub> emissions by 46% (vs. FY2019) by 2030. Carbon neutrality by 2050. All functions within the company work together and with energy suppliers to promote decarbonization.



#### Production

- Energy management
- Energy saving
- Update of mfg. systems and equipment



#### Procurement

- Flexible energy procurement

#### DX

- Effective and efficient initiatives driven by data

#### Corporate/Environment

- Environmental investment standards and internal carbon pricing
- Renewable energy plan



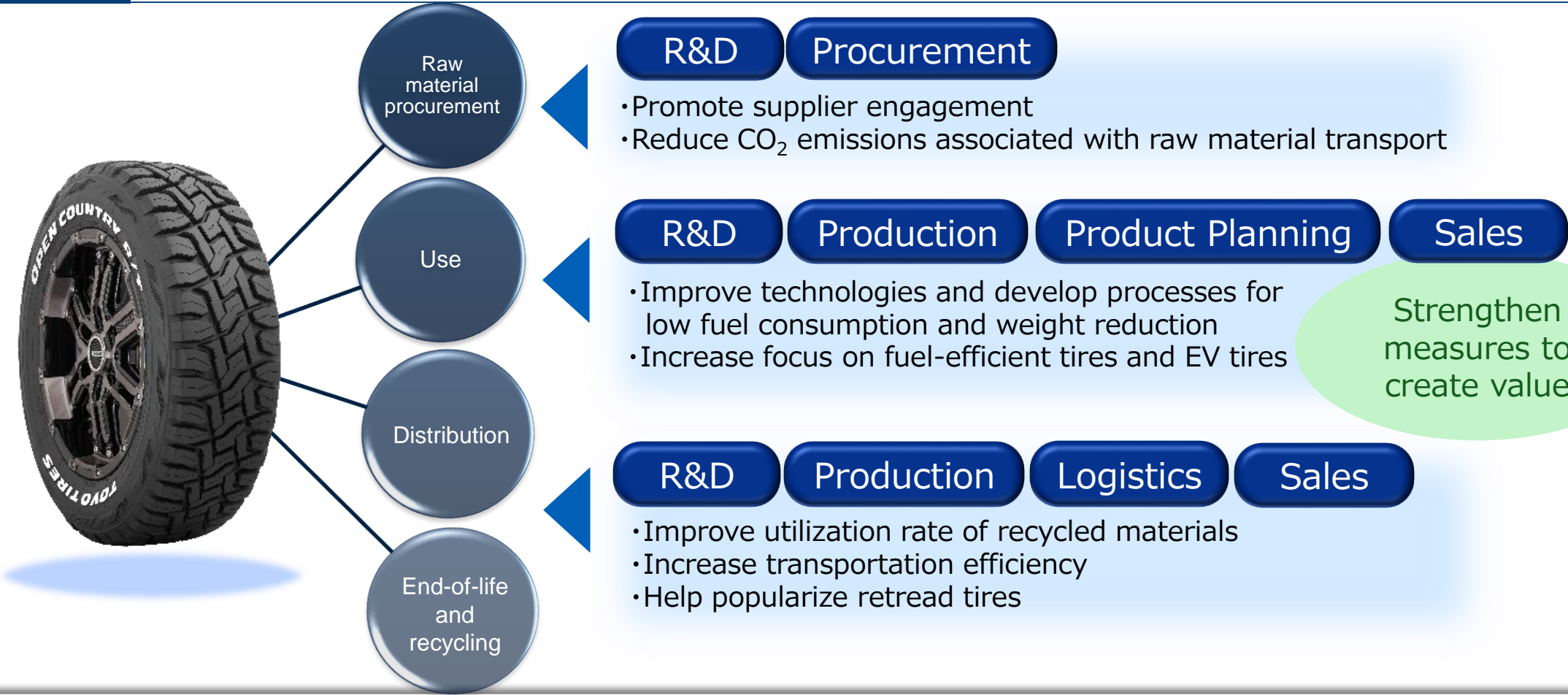


◆ Risk management to protect value created Material issue  
5 [Decarbonization]

Scope 3

[CO<sub>2</sub> emissions per tire]

Aim to help reduce CO<sub>2</sub> emissions per tire by 20% (vs. FY2019) by 2030.  
Promote technological innovation, product enhancement and supply chain collaboration.



#### ◆ Risk management to protect value created

Material issue

##### 6 【Supply chain sustainability】

Create a robust supply chain that is resilient in the face of environmental and social risks in raw material procurement.

Procurement

##### Stronger supply chain management

- Create global centralized management of suppliers and visualization of the supply chain
- Promote responsible raw material procurement based on environmental and social risk assessments in the supply chain

##### Sustainable natural rubber procurement

- Work with suppliers to promote use of sustainable natural rubber in accordance with GPSNR\* principles and our Sustainable Natural Rubber Procurement Policy



\*GPSNR: Global Platform for Sustainable Natural Rubber

Material issue

##### 7 【Quality and safety】

Enhance product quality and safety throughout the value chain.

Quality

Production




R&D·DX

Sales

- Establish a process assurance system through quality visualization at each step
- Create an individual product management system capable of traceability to market end
- Provide more hands-on safety awareness programs for users



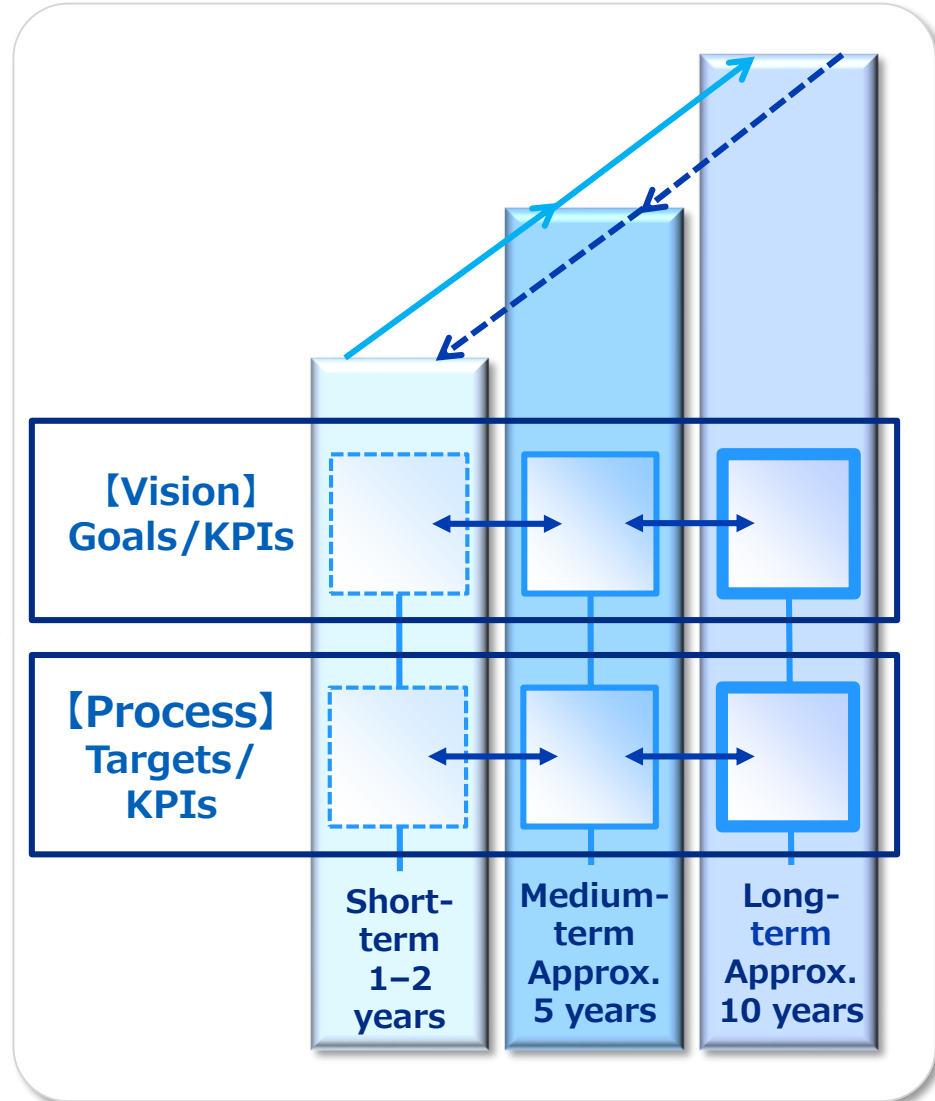
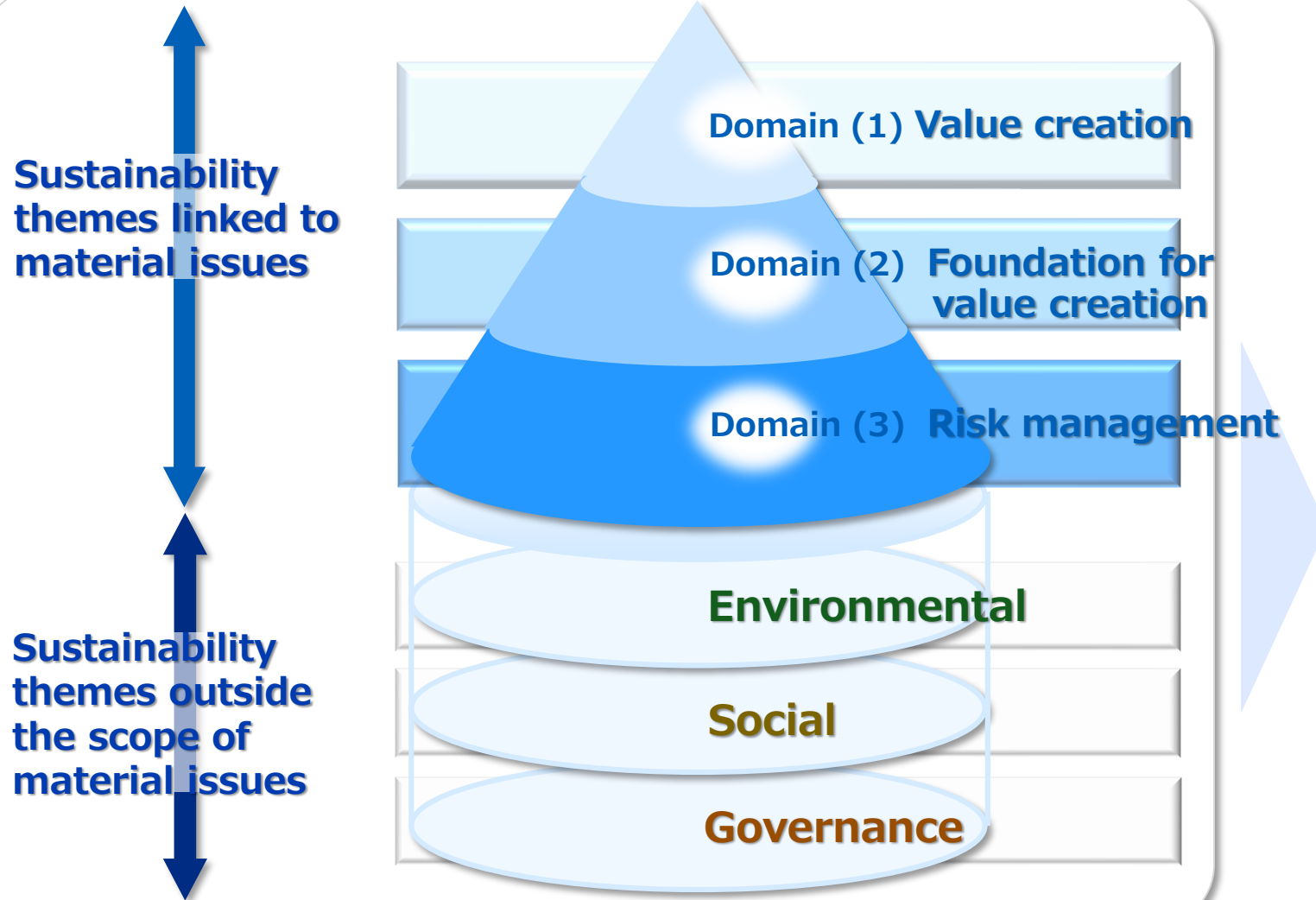
#### ◆ Addressing ESG issues related to sustainability outside the scope of material issues

	ESG issues	Our efforts
	<ul style="list-style-type: none"><li>*Conserve water and aquatic environments</li><li>*Contribute to the circular economy</li><li>*Prevent chemical pollution</li></ul>	<ul style="list-style-type: none"><li>*Efficient water use in business activities</li><li>*Reduction and recycling of waste</li><li>*Reduction in use of chemicals that may affect the environment</li></ul>
	<ul style="list-style-type: none"><li>*Maintain physically and mentally healthy and safe working environments for all employees and relevant contractors</li><li>*Build resilience to natural disasters, infectious diseases and other crises</li></ul>	<ul style="list-style-type: none"><li>*Global-standard occupational health and safety management</li><li>*Respect for human rights, elimination of all forms of discrimination, and promotion of diversity in the workplace</li><li>*Stronger crisis management system and establishment of BCP</li></ul>
	<ul style="list-style-type: none"><li>*Engage in corporate management that meets societal needs and has a lasting positive reputation for value</li><li>*Further establish a positive corporate culture and business practices</li></ul>	<ul style="list-style-type: none"><li>*Fulfillment of board of directors' functions (election of 1/3 or more independent outside directors; skill matrix for directors)</li><li>*Development of awareness of philosophy and continuous improvement in compliance level</li><li>*Stronger information security</li></ul>

## ◆ Identifying activity themes for comprehensive engagement centered on material issues

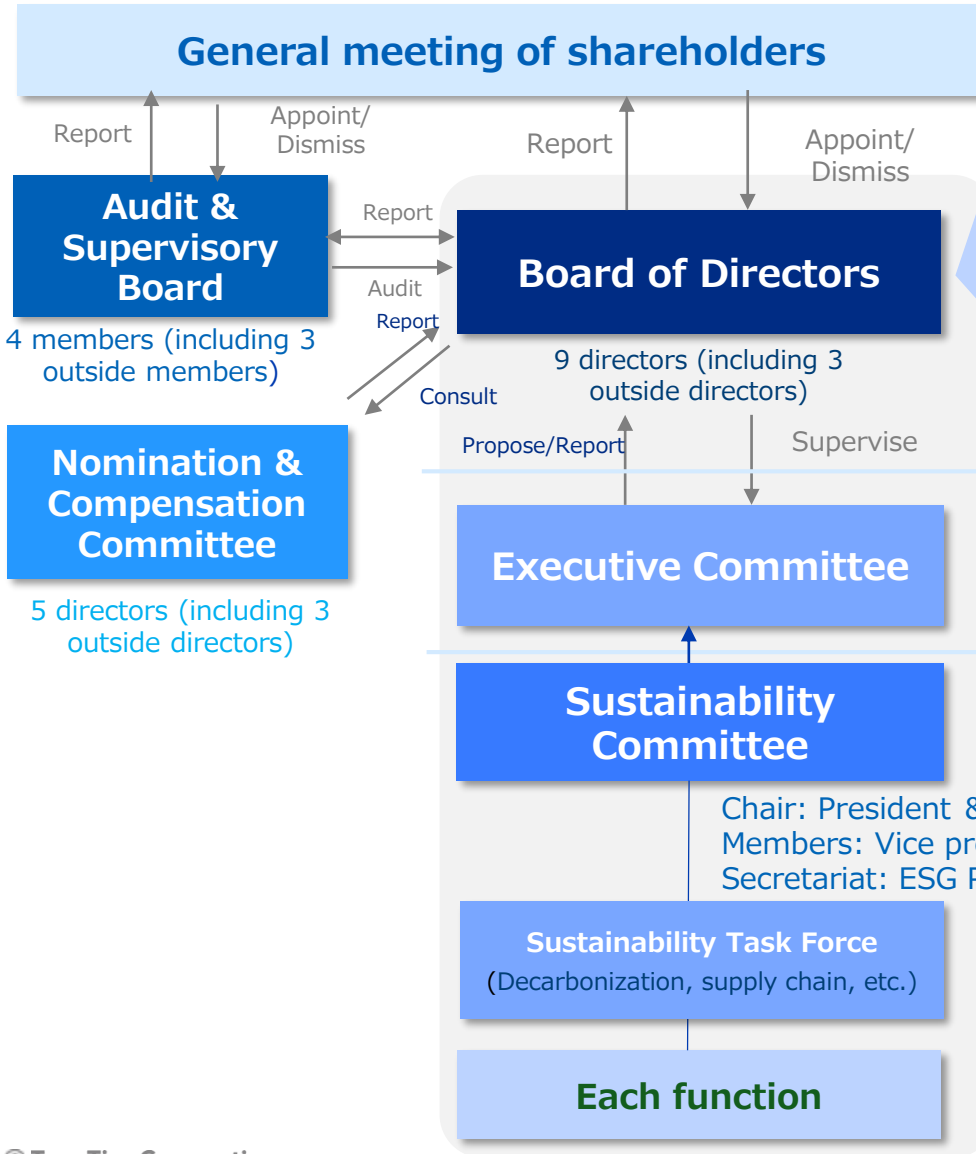


## Setting short, medium and long-term targets and KPIs for each theme



# 4. Sustainability promotion cycle and governance

## ◆ System for continuous value creation



Skill Matrix of Board Directors

◎ Main skills / ○ Other skills

Name	Position	Outside	Area of expertise and experience							Nomination & Compensation Committee
			Corporate management	Sales/Marketing	Research and Development	Manufacturing/Quality assurance	Finance/Accounting	Legal/Risk Management	Overseas experience	
Yasuhiro Yamada	Director Chairman of the Board		○	○				○	◎	○
Takashi Shimizu	Representative Director President & CEO		◎	○			◎	○	◎	○
Tatsuo Mitsuhashi	Director Corporate Officer		○	◎					◎	
Yoji Imura	Director Corporate Officer		○		○	◎			○	
Takehiko Sasamori	Director Corporate Officer		○				◎	◎	○	
Satoru Moriya	Director Corporate Officer		○	○	◎	○				
Ken Morita	Director	○	◎		○	○				○
Atsushi Takeda	Director	○	◎	○				○		○
Michio Yoneda	Director	○	◎				○	○		○

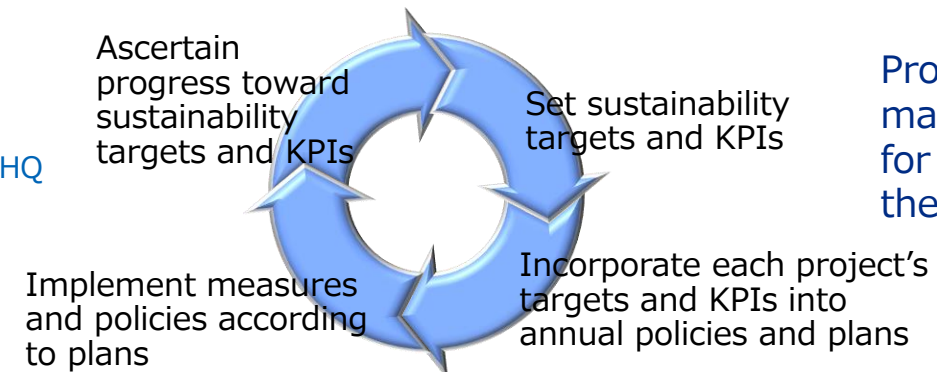
(published online)

Develop sustainability policies

Monitor the entire scope of sustainability

Formulate group sustainability strategy  
Identify and periodically review material issues

Promote and manage initiatives for sustainability themes





**2016**

## 【The starting point for change】

- Took extensive measures to prevent recurrence of quality compliance problems
- Returned to the basics and focused on restoring trust and reforming corporate culture



**S G**

Employees and executives discussed what the company should strive to be and formulated a new philosophy

**【Purpose-led management prototype】**

**2017**

## 【A new beginning】

- Established new philosophy
- Started functional organizational structure
- Relocated headquarters and began operations there
- Divested rigid polyurethane foam and chemical industrial product businesses



**G**

We shifted from a divisional business structure to functional collaboration to create unique added value

**【Material issues prototype】**

**2018**

## 【Forming the backbone】

- Shifted to a new management structure with mobility at the core of the business
- Established a capital and business alliance with Mitsubishi Corporation



**E S G**

We partnered with a different sector in anticipation of a transformation the automobile industry

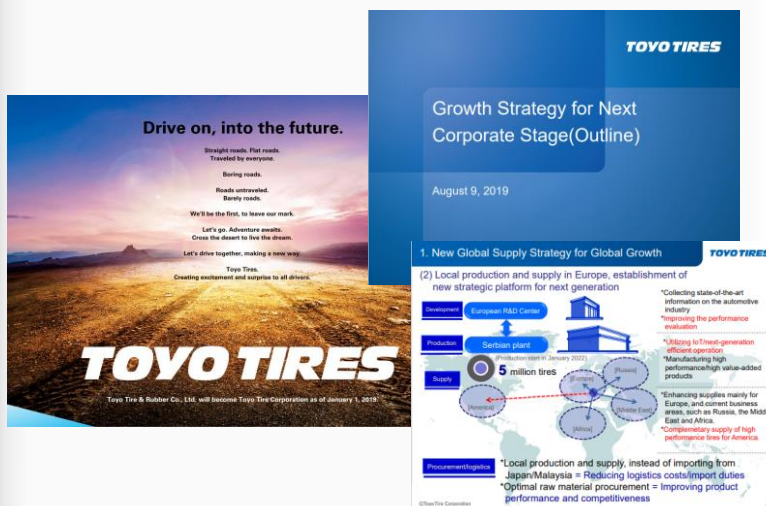
**【Resource maximization】**

**2019**

## 【Our second founding】

**G**

- Changed company name to Toyo Tire Corporation
- Formulated growth strategy for the next corporate stage
- Adopted new brand statement: Open Roads Await



The word “tire” is included in the company name to galvanize our mission and pride both internally and externally

**2020**

## 【Creating a new path forward】

**S**

- Developed a medium-term business plan with junior and medium-level employees across the organization
- Prepared for full-scale start of DX, ESG promotion and strengthening of human resource bases
- Maintained agile response to COVID-19



With the health and safety of employees and stakeholders our top priority, we took the initiative in implementing 100% remote work and events

**2021**

## 【Shifting to a new stage】

**G**  
**S**

- Started Medium-term '21 Plan
- Established Sustainability Committee
- Introduced new HR system to promote growth and motivation (Japan)
- Conducted employee awareness survey to increase engagement (Japan)





***TOYO TIRES***