

Toyo Tire Group Priority Themes and Value Chain

Recognizing the impact of our Group's business activities (value chain) on the economy, environment, and society, we have organized possible risks and opportunities resulting from events expected as future business growth and external environment events into priority themes and extracted those that should be handled in order to achieve our vision.

While effectively leveraging our Group's resources and resolving issues through the active adoption of new technologies, we will promote its sustainability by lessening or avoiding expected risks, as well as increasing and expanding opportunities.

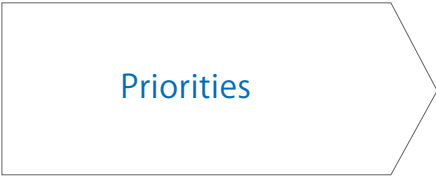
Value Chain	R & D	Raw materials/ Purchasing	Manufacturing	Logistics	Sale	Use/ Waste recycling
	We are implementing technological innovations and differentiating technology to create products that excite and surprise customers.	Efforts are being made to ensure a stable and sustainable supply of natural rubber and other raw materials with the quality and volume essential for business growth.	We are promoting the development of proprietary construction methods and equipment systems and working to enhance our strong, quick global supply system.	To satisfy our customers' needs, we are working on optimizing our logistics by diversifying and streamlining our distribution options; tight inventory control and best method and routing for shipments, etc..	We are engaged in efforts to improve customer satisfaction by building relationships of trust and strengthening both our product proposal and sales strengths.	We are working to extend product life cycles by providing products with outstanding environmental performance, durability, and safety.
Impact on the Economy, Environment, and Society (Current) Affected stakeholders	Supplying products and services that contribute to solving environmental and social issues	Changes in required amount of raw materials and diversification of required types	Changes in production volume and construction of global production system	Changes in logistics volume and expansion of logistics network	Change in sales volume and diversification of sales network	Changes in volume used, use in wider range of areas, and greater collection volume



Events Expected as Future External Environment Events

Climate change, economic growth in developing countries, labor shortage, aging population, IoT evolution, greater influence of stakeholders, changes in customer needs (greater need for comfortable transportation and improved fuel efficiency, and a shift from value from ownership to value from use, etc.)

Reference Material:
World Energy Outlook 2016 (IEA), Structural Changes Related to the Automotive Industry and Corresponding Response (Ministry of Economy, Trade and Industry 2015), 44th Medium-Term Economic Forecast Summary FY2017-FY2030 (Japan Center for Economic Research 2018) etc.



Possible Risks and Opportunities from Events Expected as Future External Environment Events

1 Product and Service Reliability and Innovation	<ul style="list-style-type: none">• Increase in demand for climate change-compatible products and services• Introduction of new technologies (improved R&D capabilities and quality)		<ul style="list-style-type: none">• Introduction of new technologies (improved production capabilities and quality)			<ul style="list-style-type: none">• Diversification of users and areas• Introduction of new technologies (improved R&D capabilities and quality)
2 Contribution to the Global Environment	<ul style="list-style-type: none">• Increase in demand for climate change-compatible products and services	<ul style="list-style-type: none">• Diversification of raw materials and suppliers• Introduction of new technologies (new materials)	<ul style="list-style-type: none">• Greater importance of environmental burden countermeasures around production facilities• New equipment (greater production efficiency)	<ul style="list-style-type: none">• Greater importance of environmental burden countermeasures in the logistics process		<ul style="list-style-type: none">• Improved recycling technology• Introduction of new technologies (waste collection management technology)
3 Respect for Human Rights and Diversity	<ul style="list-style-type: none">• Greater importance of measures to continually secure and train engineering human resources with technical expertise				<ul style="list-style-type: none">• Greater importance of measures to continually secure and train sales human resources• Diversification of sales areas	<ul style="list-style-type: none">• Diversification of users and areas
4 Collaboration with Business Partners		<ul style="list-style-type: none">• Diversification of raw materials and suppliers• More opportunities for collaboration with suppliers		<ul style="list-style-type: none">• More opportunities for collaboration with logistics• Diversification of new business partners• Introduction of new technologies (logistics management technology)	<ul style="list-style-type: none">• Diversification of new business partners• Introduction of new technologies (sales management technology)	
5 Harmony with Local Communities						<ul style="list-style-type: none">• More opportunities for collaboration to alleviate and adapt to climate change
6 Creation of Safe and Healthy Workplaces	<ul style="list-style-type: none">• Diversification of employee composition• Introduction of new technologies (improved safety and work efficiency)					
7 Reinforcement of Corporate Governance and Compliance	<ul style="list-style-type: none">• Expand business areas (increase business even in areas where there is a high risk of corruption occurring)• Diversification of employee and director composition• Diversification of business partners					

<ul style="list-style-type: none">● Ensuring product quality based on thorough customer orientation● Efforts to alleviate and adapt to climate change● Development of human resources with technical expertise
<ul style="list-style-type: none">● Efforts to alleviate and adapt to climate change● Efforts to reduce water risk● Resource recycling efforts
<ul style="list-style-type: none">● Fulfilling responsibility to respect human rights● Review labor standards taking into consideration customary international law
<ul style="list-style-type: none">● Supply chain management (Society and Environment)
<ul style="list-style-type: none">● Engagement with local communities● Preserving biodiversity
<ul style="list-style-type: none">● Global-level worker safety and health management
<ul style="list-style-type: none">● Reinforcing corporate governance● Further spreading awareness of placing greatest priority on compliance