

Strengthening Our Relationships with Suppliers

Every April, we hold procurement policy briefings where we explain our management philosophy, the business environment and company policy to about 250 of our major suppliers in Japan. After sharing our initiatives and targets related to safety, compliance, sustainability, quality, production, and cost, we hold regular discussions to confirm results and make improvements through anticipated value roundtables.

We hold procurement liaison meetings six times a year to introduce examples of fire and disaster prevention initiatives

and share information on production volumes, quality, compliance, and cybersecurity. In addition, we hold seminars on carbon neutrality and other social issues.

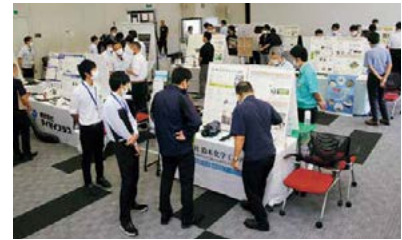
In FY2020, we established Management Troubleshooting Consultations for suppliers and other business operators. We receive candid inquiries from them on various management issues, including corporate management, finance, human resources, and legal matters. This is done in small groups, where we try to give advice on effective solutions.

Support for Suppliers so That We Can Grow Together

To support our suppliers, we implement various initiatives from the perspective of safety, quality, cost and production. Safety initiatives include prevention activities based on fire prevention inspections of painting and other production equipment and risk assessments. Initiatives related to production include manufacturing site improvement through manufacturing reform activities. Both of these areas are related to personnel development.

We also provide indirect support for the activities of the Kyowa-kai, an organization formed by suppliers for the purpose of mutual improvement and sharing of best practices, and are involved in their activities for human resource development and to achieve carbon neutrality. During Supplier Month (December), we once again express our sincere appreciation for the daily efforts of our suppliers and try to strengthen our support for their sustainability activities.

In 2022, the Kyowa-kai held the Winning (Value) Technology Exhibition with the aim of strengthening each other's competitiveness by, for example, leveraging the knowledge that suppliers have developed to enhance the added value of our products. The introduction of each company's special technologies, value-added products, and sustainability activities for carbon neutrality and other matters will lead to the creation of new value and corporate growth throughout the supply chain.



The Winning Technology Exhibition, held in September 2022. Approximately 700 visitors attended the exhibition of various "value techniques" from participating companies

Monitoring Supplier Information

We ask suppliers with whom we have ongoing business to submit a supplier survey form on management information at least once a year. The submitted information is shared with the entire Purchasing Division. If there are major changes, we visit the supplier and conduct interviews to quickly grasp the changes that have occurred, mitigate risks

as soon as possible and solve problems.

We also conduct supplier evaluations, including QCD, to better understand each company's strengths, weaknesses, and challenges before considering the details of our business transactions.

Employee Education and Training

We strive to follow the "Toyoda Gosei Guidelines for Business Ethics" so that each and every employee engaged in procurement operations can conduct their activities in a manner that is open, fair and equitable toward suppliers.

To achieve sustainable societies, we also make efforts throughout our supply chain with a view to social issues

and circumstances. The Procurement Subcommittee holds regular monthly meetings to ensure that procurement activities correspond to various changing social conditions, and all Purchasing Division members are given compliance (subcontracting laws, bribery, etc.), safety, and carbon neutrality information.

Participation in Relevant Associations and Initiatives

We participate in industry associations such as the Japan Auto Parts Industries Association (JAPIA) and the Japan Rubber Manufacturers Association (JRMA). Our company president serves as an officer (director) of JAPIA.

Through our activities in these industry associations, we seek to achieve sustainable growth together with our suppliers, such as through the Declaration of Partnership

Building promoted by the Ministry of Economy, Trade and Industry.

We are also participating in the revision of the JAPIA BCP Guidelines by the general affairs committee of JAPIA for not only earthquakes but also wind and water damage and pandemics. In this and other ways we are contributing to the formulation of BCPs by suppliers in the auto parts industry.