

Supply Chain Management

Basic Procurement Policy

The Toyoda Gosei Group has set a basic procurement policy based on the idea of coexistence and co-prosperity with our suppliers. We aim to deepen our partnerships with suppliers while achieving sustainable growth for us both.

Basic Procurement Policy	1. Optimum Global Procurement	2. Mutual Growth Based on Mutual Trust	3. Moving Toward Sustainable Societies
	We procure the best raw materials, products, and equipment fairly from a global perspective while considering cost, quality, technology, and production. We also welcome proposals from suppliers for new technologies and methods and new products.	We aim to raise the collective strength of the Toyoda Gosei Group based on open and fair relationships with suppliers, strengthening our mutual corporate cultures, introducing innovative management, and building mutual trust.	Toyoda Gosei has set activity norms as guidelines for initiatives that should be made for the SDGs and other social issues, and shared them with suppliers in carrying out activities. We also aim to ensure complete legal compliance and confidentiality in corporate activities, including our supply chain.

Toyoda Gosei's Supply Chain

The number of suppliers we have direct dealings with is 419 for products and parts and 327 for materials and equipment. When suppliers not in those areas are included, the total number is 772 companies.

	Products/parts	Materials/equipment	Other	Total
Number of suppliers [Toyoda Gosei Co., Ltd.]	419	327	26	772

Global Collaboration

As our business expands globally, we are collaborating with purchasing managers in each region to further promote local procurement, with consideration of quality, cost, risk avoidance, and all other parameters. Global Procurement Liaison Meetings are held twice yearly as a forum to share information. At these meetings, regional managers share information and

hold discussions to resolve issues related to quality, cost, and delivery (QCD), and well as environmental issues and other sustainability activities. We are also strengthening our global procurement network through mutual support, such as sharing buyer education materials and localization information.

Business with New Suppliers

We have an entry form on our website for open dialogue regarding new proposals and business dealings.

In addition to QCD assessments at the start of new business dealings, we also check the status of the other party's management activities based on their level of support for our sustainability guidelines and

other factors, to manage risks starting from our first transactions.

At the same time, together with the signing of contracts and memorandums of understanding, we explain the various guidelines that Toyoda Gosei has developed and seek their understanding.

Initiatives for Sustainability Over Entire Supply Chain

Based on rising expectations for sustainability initiatives in companies, we have created Supplier Sustainability Guidelines and requested that our suppliers thoroughly understand and practice them. We also provide self-check sheets for early measures when potential risks are noticed, and ask companies to conduct self-assessments.

These guidelines set policies related to human rights and labor, the environment, compliance, and other matters. In addition to social aspects (child labor, forced labor, no discrimination and equal opportunity, freedom of association, reduction of long working hours, compliance with minimum wages, and health and safety), we ask suppliers to observe environmental aspects such as water use and biodiversity.

With regard to the environment, CO₂ reductions, recycling of resources including waste, and control of chemical substances is demanded in our Green Procurement Guidelines. For conflict minerals, we ask suppliers to be responsible in their procurement of resources and raw materials. Once a year we conduct a survey on conflict materials with the cooperation of all our suppliers.

As described above, we are accelerating initiatives needed for sustainable growth over our entire supply chain, matched to the various changes in social conditions.



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.

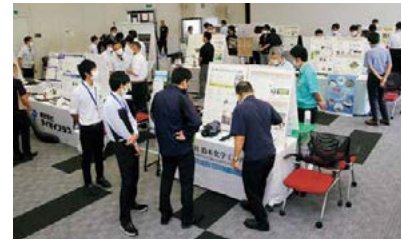
In FY2020, we established Management Troubleshooting Consultations for suppliers and other business operators. We receive candid inquiries from them on various management issues, including corporate management, finance, human resources, and legal matters. This is done in small groups, where we try to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