

Monitoring and responding to manufacturing processes and market quality

Defect-free process completion is carried out in production and other processes for parts involved in the basic automotive functions of running, turning, and stopping, as these parts are directly linked to safety. We want the Toyota Gosei name to equal quality in the minds of customers worldwide. For this purpose, we advance quality assurance declaration activities at all production locations. This means that all employees make efforts to improve safety and the people in charge of all manufacturing processes improve quality through the development of people and processes. When a mechanism that can ensure the target quality has been completed and is in place, the manager makes an “assurance declaration” to the president or site manager. The president or site manager then conducts a site inspection. Through

“*jidoka*,” we improve quality by creating processes that do not produce or pass on any defects and developing workers with a high sensitivity to safety and to avoiding mistakes. We also have fulltime auditors who audit and improve processes at all production sites globally.

A system is in place so that whenever a quality problem occurs in the market, we can quickly investigate the causes based on information from automakers and implement prevention measures. When it is difficult to pinpoint the cause of a problem and develop solutions internally, we work with the quality departments of automakers to take precise measures to prevent recurrence based on inspections with test vehicles and other means. In this way we prevent such quality defects from occurring in the next products.

Supply chain management

We aim to deepen, grow and develop our partnership with suppliers based on our basic procurement policy.

Basic procurement policy

1. Optimum global procurement

In the process of procuring product materials, products and parts, production equipment, dies/ molds and other goods needed for our business, we conduct comprehensive assessments of suppliers from a global perspective. This includes quality, cost, volume/delivery, technology, and the supplier’s attitude to continuous improvement. We do our utmost to make purchases in a fair and open manner.

We also welcome proposals from suppliers for new technologies and methods and new products.

2. Mutual growth based on mutual trust

We want to grow together with our business partners through dealings based on a long-term vision. To this end we work to build strong relationships of trust through close communication with suppliers.

3. Thorough environmental protection and legal compliance

We do our utmost to ensure environmental protection and legal compliance in all our development, design, and production activities. In procurement we follow the principles of purchasing items with minimal environmental impact and conducting our activities in ways that reduce environmental impacts.

We also exercise extreme care for full legal compliance and confidentiality in relation to our procurement activities.

Support for suppliers

We support strong supplier structures with “*genchi-genbutsu*” (go-and-see activities), and work for their growth. In addition to standardized work and defect prevention to avoid serious quality problems, and lowering of cost prices for higher competitiveness, we involve suppliers in mold and product design. Through

sectional committee activities we share information necessary for quality improvements with suppliers. We also conduct checks and risk assessment for compliance with Japan’s Industrial Safety and Health Act to help support the creation of safe workplaces and prevent fires and disasters.

Green procurement

We do our utmost for environmentally-friendly procurement based on our Green Procurement Guidelines (4th Edition), which consist of three components: establishing environmental management systems; improving regulatory compliance and environmental performance; and managing harmful substances. To reduce environmental impacts, we strive to enhance suppliers’ internal organizations and systems and raise the level of their production activities. Positive results have been

achieved, such as acquisition of ISO 14001 certification and reduction of energy consumption and waste. We comply with increasingly strict chemical substance regulations around the world and monitor the chemicals contained in items procured from suppliers. We also coordinate with suppliers in complying with European ELV (end-of-life vehicle) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and in the management of volatile organic compounds.