



## 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 Toyoda 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 our partnerships with suppliers based on our basic procurement policy, while achieving sustainable growth for us both.

### Basic procurement policy

#### 1. Optimum global procurement

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.

#### 2. Mutual growth based on mutual trust

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.

#### 3. Efforts for ESG

We share ESG efforts with suppliers with the aim of protecting the environment, fulfilling our social responsibilities, and thorough governance in the Toyoda Gosei Group. We also aim to ensure complete legal compliance and confidentiality in corporate activities, including our supply chain.

## Strengthening our relationships with suppliers

Every April, we hold a procurement policy briefing with about 200 suppliers, where we explain our management philosophy, business environment and company policy, and share our efforts and targets in the areas of safety, compliance, quality, production, and costs. We also present awards to suppliers who have raised their achievements in each field. Every quarter, we

hold a procurement liaison meeting with about 100 suppliers to share production information and information on quality, compliance, safety and other matters. In addition, we hold seminars on personnel development, business continuation and other topics to strengthen our partnerships with suppliers.



Procurement policy briefing



Seminars/meetings on business challenges

## 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 checks of compliance with Japan's Industrial Safety and Health Act and risk assessments. Efforts related to production include manufacturing site improvement through manufacturing reform activities. Both of these areas are related to personnel development. We have also established Supplier Month as a time to express our sincere appreciation to each of our suppliers for their daily efforts, while also listening to their concerns and working continuously to resolve them.



Supplier appreciation event



Supplier month poster

## 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 (VOCs).

## Contributing to local communities

The Toyota Gosei Group wants to earn the trust of society through all its business activities, including the development and manufacture of products that satisfy customers worldwide, environmental preservation, and social contribution. TG Group companies and their

employees around the world are making efforts to contribute to their communities in the four areas of social welfare, environmental preservation, youth development, and community safety, and grow together with strong local roots.

### Social welfare



Introduction of fund-raising meals in cafeterias



Wheelchair repair in welfare institutions

### Environmental protection



Environmental education for elementary school students



A total of more than 300,000 trees planted domestically and internationally

### Youth development



Support for Boys and Girls Invention Club



Sports clinics

### Community safety



Anti-crime patrols



Road safety campaign