

## Supply Chain Management

### Basic Procurement Policy

The Toyoda Gosei Group has set a Basic Procurement Policy based on the concept of coexistence and co-prosperity with our suppliers. We aim to deepen

our partnerships with suppliers while achieving sustainable growth for both of us.

#### Basic Procurement Policy

##### 1. Globally Optimized Procurement

We procure the optimum raw materials, products, and equipment fairly from a global perspective, taking into consideration cost, quality, technology, and production. We also welcome proposals from suppliers for new technologies, manufacturing methods, and new products.

##### 2. Mutual Development Based on Mutual Trust

We aim to enhance the collective strength of the Toyoda Gosei Group based on open and fair relationships with our suppliers, mutually strengthening our corporate structures, innovating our management, and building relationships of mutual trust.

##### 3. Efforts for a Sustainable Society

Toyoda Gosei has established action guidelines on social issues to be addressed, including the SDGs, and shares these guidelines with suppliers in carrying out initiatives. We also aim to ensure complete legal compliance and confidentiality in corporate operations, including our supply chain.

### Our Supply Chain and Global Expansion

We directly deal with 421 suppliers for products and parts, 327 suppliers for materials and equipment, and a total of 773 suppliers including other suppliers in Japan and overseas.

As our business expands globally, we are collaborating with purchasing managers in each region, taking into consideration all aspects of quality, cost, risk avoidance, and other factors. Global procurement

liaison meetings are held twice a year to share information and engage in dialogue to resolve issues related to sustainability initiatives in addition to QCD (quality, cost, and delivery).

	Products & parts	Materials & equipment	Other	Total
Suppliers (number of companies)	421	327	25	773

### Business with New Suppliers

We have an entry form on our website for open dialogue regarding new proposals and new 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 initiatives based on their

level of support for our sustainability guidelines and other factors, and at the same time, we explain the various guidelines we have developed and seek their understanding when concluding various contracts and memorandums of understanding.

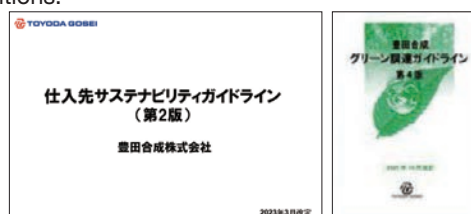
## Initiatives with Suppliers

### Sustainability Initiatives throughout the Supply Chain

We have created the Supplier Sustainability Guidelines (2nd Edition) for the purpose of ensuring the understanding, dissemination, and implementation of our sustainability initiatives by suppliers. These guidelines set policies related to human rights, labor, the environment, compliance, and other matters. In addition to social aspects (including eliminating child labor, forced labor, and discrimination, and ensuring equal opportunity, reductions in long working hours, and compliance with minimum wage laws), the guidelines also require compliance with environmental aspects such as water use and biodiversity by suppliers. With regard to the environment, our Green Procurement Guidelines require suppliers to reduce CO<sub>2</sub> emissions, recycle resources including waste, and manage chemical substances. For conflict minerals,

we ask suppliers to be responsible in their procurement of resources and raw materials, and once a year, we conduct a survey on conflict minerals with the cooperation of all suppliers.

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



Conducting self-assessments of suppliers in accordance with the Supplier Sustainability Guidelines revised in March 2023

### Implementing Carbon Neutral Initiatives in the Supply Chain

To achieve our goal of carbon neutrality throughout our entire supply chain, we started joint initiatives with our suppliers in 2021.

We started CO<sub>2</sub> emission reduction initiatives in 2022 after holding presentations and gaining an understanding of the current situation for recognizing the issues faced by individual suppliers. In addition to study sessions at the Energy Saving Dojo where Toyoda Gosei's energy-saving expertise is exhibited, support for measurement of actual energy usage, and various training sessions to prepare reduction themes and implement reduction initiatives tailored to individual suppliers, we also held the Carbon Neutral (CN) Initiative Conference in September 2023. About

120 participating companies brought together examples of reductions and issues they have faced over the past year, and group discussions by industry sector were held for sharing issues. We will continue to implement carbon neutral initiatives in cooperation with our suppliers.



CN Initiative Conference held in September 2023. 122 participants from 118 companies attended, including those who participated via the Web.

### Strengthening Our Partnerships with Suppliers

Every April, we hold procurement policy briefings where we explain our management philosophy, the business environment, and company policy to about 250 major suppliers in Japan, share our issues and targets, and regularly confirm results and discuss improvements through anticipated value roundtables. In addition, starting in FY2019, we have designated December of each year as Supplier Month as an opportunity to express our gratitude and respect to our suppliers and to listen to their honest opinions with humility, and we aim to build better relationships with our suppliers by presenting them with letters of

appreciation to express our gratitude for their daily efforts.

We also hold procurement liaison meetings six times a year to introduce examples of initiatives and share information, and to hold seminars on social issues such as carbon neutrality.

Since FY2020, we have established a Management Troubleshooting Consultations Office for managers in our suppliers for receiving inquiries from them on various management issues, and we strive to provide consultations for those issues and advise them on highly effective solutions.

### Support for Suppliers So That We Can Grow Together

To support our suppliers, we implement various initiatives from the perspective of safety, sustainability, quality, cost and production. No matter what the case, we are implementing these initiatives in association with human resource development support, such as transfer of our own skilled workers or accepting core personnel from our suppliers. In addition, we provide indirect support for the initiatives of the Kyowa-kai, which is organized by suppliers for the purpose of mutual study and horizontal deployment of best practices, and from 2022, the Winning (Value) Technology Exhibition has been hosted by the Kyowa-kai with the aim of strengthening the competitiveness of both parties by utilizing suppliers' accumulated

knowledge to enhance the added value of our products.

In 2023, we also began to leverage the strengths of both parties by sharing information on our problems (needs) and the proposals (seeds) of the Kyowa-kai.



The Winning Technology Exhibition held in September 2023. About 1,100 visitors attended the exhibition of various "value techniques" from participating companies.

### Monitoring of Supplier Information

We request suppliers with whom we have ongoing transactions to submit a supplier survey sheet covering management information at least once a year, and we strive to quickly resolve risks and solve problems by visiting and interviewing suppliers

regarding major changes.

Also, we conduct supplier evaluations, including QCD, to sort out the strengths, weaknesses, and challenges of each company before considering the details of transactions.