

# Supply Chain Management

## Performance Against Materialities / KPIs (FY2023)

Implementing an ESG survey of key suppliers, including human rights issues (group)

100 %

### Approach to Supply Chain Management

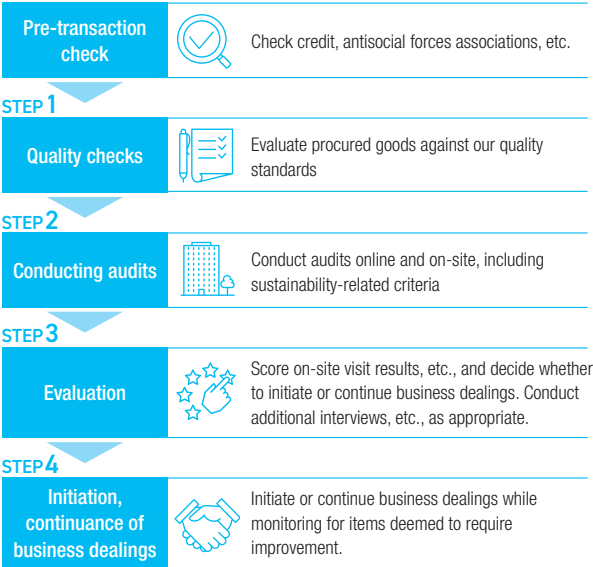
We promote responsible procurement in light of our recognition that contributing to solving social issues with our high-quality products necessitates working throughout the supply chain to ensure consideration for the environment and human rights, and compliance with laws and regulations.

### Responsible Procurement and Contribution

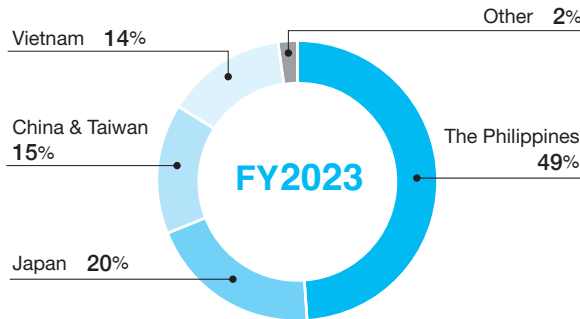
Our suppliers number more than 200, about half of which are overseas companies in the Philippines, China, and Vietnam, where we have production plants and research facilities. This is based on our policy of conducting procurement locally whenever possible in order to help create local jobs and revitalize local economies, and we only purchase items that satisfy our quality standards.

When selecting a new supplier, we carry out on-site audits that include sustainability. When a supplier fails to measure up to the specified standard, they are excluded from our business dealings. For our existing suppliers, since April 2023, we have implemented on-site audits that incorporate sustainability activities and human rights items. In FY2023, we achieved an on-site audit implementation rate of 100% among raw material suppliers.

#### Supplier Selection flow



#### Procurement and Purchasing Ratios by Region



### Supplier Evaluations

We identify as key suppliers (1) those providing materials susceptible to quality impacts, (2) those with large-scale procurement values, and (3) those that would be difficult to replace. In FY2021, we conducted a CSR procurement survey on about 30 companies, and reached our goal of a 100% implementation rate for surveys on ESG issues, including human rights, among key suppliers. The average score of each item among the 22 responding suppliers was nearly 90 points, from which we learned that many of them are implementing high-level sustainability measures.

In addition to this, we perform periodic on-site visits to audit our ongoing suppliers from the perspectives of quality, cost, delivery deadlines, legal compliance, state of management, safety, and environmental management. Since FY2023, we have incorporated sustainability activities and human rights into the audit items. In the case of companies that accept foreign nationals, we check the presence and ratios of foreign workers and whether there are any evident discrepancies in compensation or other aspects of employee treatment. As a result of these audits, no suppliers have at present been identified as posing high human rights risks.

## Supply Chain Management

### Procurement Personnel Training

Primarily through on-the-job training, we provide our procurement personnel with education on supplier selection criteria, including sustainability items, so that they can appropriately judge the state of compliance with those criteria and appropriately select suppliers.

### Collaboration with Partner Suppliers

Before the COVID-19 pandemic, we made it a practice to visit and hold regular conferences with 30 to 40 suppliers each year.

Since the pandemic ended, we have managed to prevent our supply from being impacted by persistently holding weekly meetings to enable communication, particularly with key suppliers. We also hold a Partners Meeting and Business Liaison Committee meeting online twice a year as discussion forums. Most recently, we held the Partners Meeting in June 2024, which was attended by 31 companies from Japan and overseas. In this meeting, we shared our sustainability initiatives and so on, and asked our suppliers to advocate human rights and take measures in response to climate change.

### BCP in the Supply Chain

Frequent disruptions of supply chains during the COVID-19 pandemic brought the risks of relying on a limited number of suppliers to the fore. We took this as an opportunity to take steps toward multipolar procurement, separating multiple procurement regions as a basis for our work on risk reduction. We are also encouraging our existing suppliers to move ahead with multipolar procurement.

### Addressing Conflict Minerals and Chemicals

YAMASHIN-FILTER Group uses no conflict minerals whatsoever, and confirms that suppliers are not using them either. We manage chemical substances appropriately in keeping with the standards of each country. We also ask our suppliers to comply with rules prohibiting the use of conflict minerals, as well as to ensure the proper management of chemical substances.