

# Supply Chain Management

## ● Performance Against Materialities / KPIs (FY2022)

**Implementing an ESG survey of key suppliers, including human rights issues (non-consolidated)**

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, human rights, and compliance with laws and regulations.

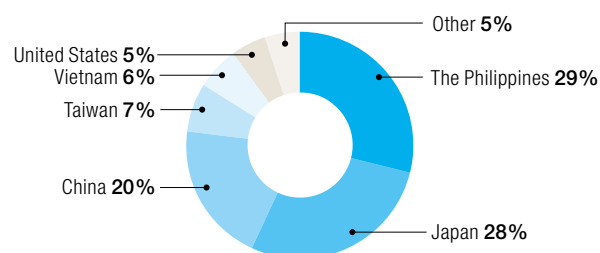
### ● Responsible Procurement and Contribution

As of August 2023, our suppliers number more than 200, about half of which are overseas companies in the Philippines, China, and Vietnam, where production plants and research facilities are located. 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 use items that satisfy our standards of quality. When selecting a new supplier, we carry out on-site audits, including of criteria for sustainability. When a supplier fails to measure up to the specified standard, they are excluded from our business dealings. We have 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 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 site visits to audit our ongoing suppliers from the perspectives of quality, cost, delivery, legal compliance, state of management, safety, and environmental management. Since April 2023, we have incorporated action on sustainability and human rights protections into the items checked during these audits. We have, for example, determined that human rights risks are particularly high at companies that accept foreign nationals. We therefore check on whether foreign workers are present, and whether there are any evident discrepancies in ratios, compensation or other aspects of employee treatment. Based on these audit results, no suppliers have at present been identified as posing high human rights risks.

### ● 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 30-40 suppliers each year, and since the pandemic, we have managed to prevent supply from being impacted by persistently holding weekly meetings to enable communication, particularly with key suppliers. In addition, we hold Partners Meetings and Business Liaison Committee meetings online twice a year to provide a forum in which to exchange opinions. In June 2023, approximately 30 companies from all over the world participated in these conferences, in which we shared information including on our sustainability initiatives.

### 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.