

# Supply chain management

**Basic Policy (Fundamental concept)**

To achieve its social responsibility, together with its suppliers, across the entire supply chain, ISEKI Group's basic policy is that "the relationship with suppliers should be fair and equitable and it will not abuse its privileged position in the trade to give unfair and disadvantageous treatment to suppliers."

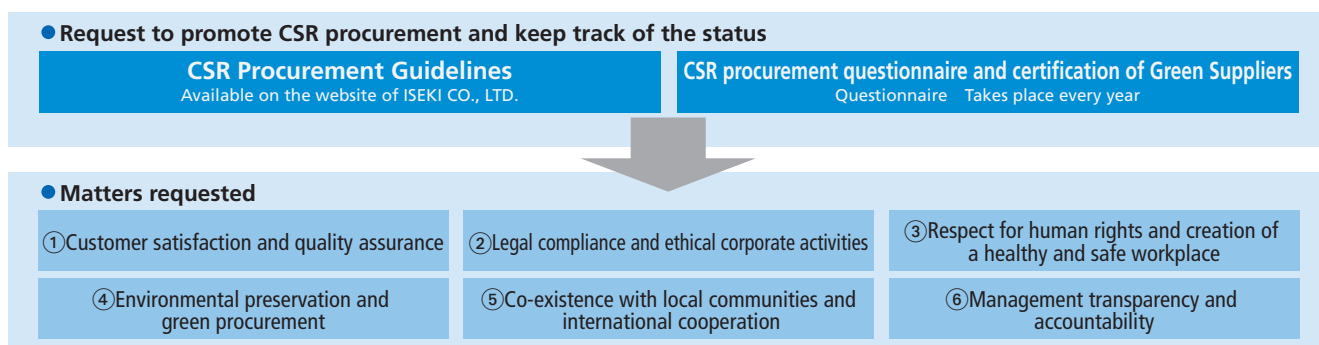
**CSR procurement policy**

ISEKI Group aims to be a company trusted by society by working on CSR procurement together with its suppliers to give its priority to environmentally- and socially-friendly material procurement and product and service provisions.

## Promotion of CSR procurement

ISEKI Group has established, distributed, and published ISEKI Group CSR Procurement Guidelines, which outline the Group's CSR concept and procurement policy in order to jointly promote, with its suppliers, procurement activities that take social responsibility into account. The Group regularly carries out questionnaire surveys for suppliers according to the guidelines, and reconfirms contents and make improvement proposals, etc. in relation to suppliers whom CSR risks are concerned for.

To strengthen the relationship with our suppliers, we hold business report meetings and IR information meetings for vendors, as well as create other opportunities to engage in dialogue on our policies, the state of management, and CSR procurement. We also hold superior company tours and workshops to advance together.



## Working on CSR with suppliers

Initiative undertaken	Indicator	2022	
		Target	Result
Confirm the status of suppliers that have been requested to promote CSR initiatives	Confirmation rate	80%	85%
Explain and exchange opinions about ISEKI Group's CSR procurement at business report meetings	Number of times held	2 times/year	2 times/year
Hold training sessions for major suppliers to factories in Japan (Iyukai association)	Number of times held	8 times/year	7 times/year
Formulate CO <sub>2</sub> emissions reduction targets in collaboration with suppliers that account for 70% of transaction amount	Formulation rate	70%	51%

## Initiatives for complying with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and prevention of corruption

The Group provides continuous education and training concerning the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the "Subcontract Act") and compliance to ensure fair and equitable transactions with suppliers. Regular reports on education and training are made from the Compliance Working Group, which consists of departments in charge of the overall management of each division, to the ESG Committee. In FY2022, ISEKI was subject to no legal action under the Subcontract Act.

**Initiatives for complying with the Subcontract Act and prevention of corruption**

- ① Reaffirmation of what violates the Subcontract Act and compliance with recurrence prevention measures
- ② Explanation on the details of recurrence prevention measures; Ethical Hotline
- ③ Operational manual for compliance with the Subcontract Act
- ④ Provisions of the Subcontract Act
- ⑤ Participation in an outside seminar on the Subcontract Act
- ⑥ Compliance education (Code of Ethical Behavior, Casebook of Scandals, etc.)
- ⑦ CSR education (CSR procurement guidelines, etc.)