



Basic approach

Supply chain management in line with the concept of sustainability—including aspects such as compliance, human rights, labor, health and safety, and consideration for the global environment—is essential for the IDEC Group to conduct its business operations. As our basic policies on purchasing, we have established a Purchasing Policy, a Responsible Minerals Sourcing Policy, and a Code of Conduct for Procurement Activities. To engage in CSR activities together with our suppliers, who are important partners, we have published the IDEC Group CSR Procurement Guidelines and IDEC Group Green Procurement Guidelines in accordance with international standards, and require suppliers to comply with the guidelines, perform CSR self-assessments, and conduct surveys on conflict minerals. We also engage in “White (ethical) Logistics” in cooperation with logistics companies.

Going forward, the IDEC Group will continue working together with its business partners to build a strong and resilient supply chain, and engage in more sustainable activities to fulfill its social responsibilities.

Purchasing Policy

In engaging in new transactions, the IDEC Group will provide an environment in which all suppliers can trade with it in a fair and impartial manner. To increase customer satisfaction even further, it will strive to build a supply-chain management (SCM) system on a global basis, seeking to secure an extensive range of suppliers around the world. Together with aiming to procure materials with outstanding quality, cost, and delivery (QCD) performance and low environmental impact, it also will aim to realize coexistence and co-prosperity with suppliers as good business partners, and contribute to a sustainable society.

Global

To enable global production activities, outstanding parts and materials shall be procured from global suppliers in the optimal locations.

Fair and impartial

Pursuing equal opportunities for transactions, the Group will engage in fair transactions regardless of company size or nationality. Relations shall be built based on mutual cooperation and trust through transactions reflecting comprehensive, fair evaluation of matters, such as quality, price, delivery time, stability of supply, and CSR.

Green procurement

Procurement transactions shall be conducted in compliance with laws and regulations, and standards related to environmental protection and proactive efforts shall be made to lessen environmental impact through means, such as development of environmental management systems together with suppliers, thorough management of chemical substances, and promoting recycling of resources, to procure eco-friendly materials with low environmental impact.

CSR procurement

CSR procurement shall be advanced, based on consideration for matters, such as legal and regulatory compliance, respect for human rights, occupational health and safety, relevant efforts for responsible minerals sourcing, environmental protection, coexistence with society, timely and appropriate disclosure of information, and protection of confidential information.

Responsible Minerals Sourcing Policy

The IDEC Group will make the following commitments on sourcing of tantalum, tin, tungsten, and gold in the products manufactured by the Group.

- 1 The Group will not use minerals that are a source of funds for armed groups in Conflict-Affected and High-Risk Areas defined by the Organisation for Economic Co-operation and Development (OECD).
- 2 The Group will make efforts to source minerals from conflict-free smelters by performing due diligence on the origin and distribution areas of minerals based on survey using the CMRT (Conflict Minerals Reporting Template) and the EMRT (Extended Minerals Reporting Template) issued by the RMI (Responsible Minerals Initiative).
- 3 In the unlikely event that the use of conflict minerals, which are a source of funds for armed groups, is discovered, the Group will promptly take corrective action.

Code of Conduct for Procurement Activities

1 Compliance with the Subcontract Act and other legislation

When procuring materials, we will comply with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and other related legislation.

2 Prohibition of abuse of dominant bargaining position

We will not take advantage of our dominant bargaining position to treat our materials suppliers or business partners in an unfair manner.

3 Procurement activities at appropriate prices

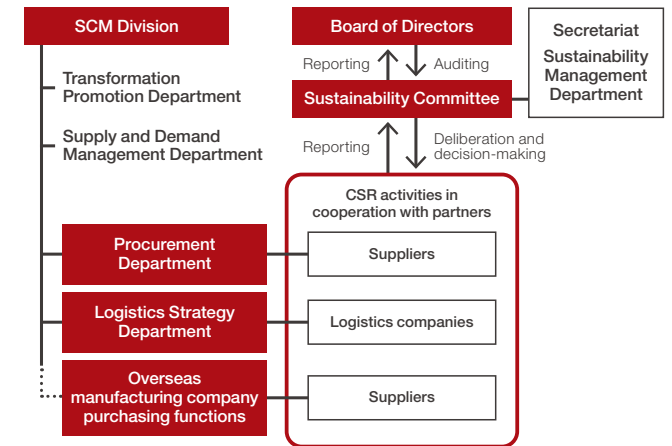
To supply products to customers at appropriate prices, we will act to ensure that we can procure appropriately priced materials, etc.

4 Prohibition of demands for entertainment and gifts

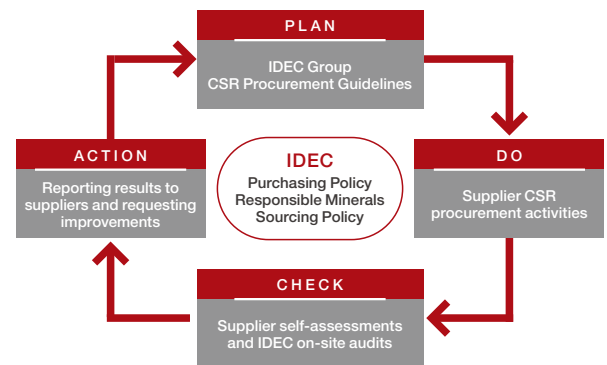
We will not demand nor accept entertainment and gifts from our materials suppliers or business partners. We will not behave in a manner that allows our selection of materials suppliers or business partners and our procurement activities with them to be affected by whether or not entertainment and gifts are offered.

Implementation structure

For the IDEC Group's CSR procurement, the SCM Division works in cooperation with other relevant departments to develop plans and activities to tackle sustainability issues. The progress of these plans and activities is reported to the Sustainability Committee, which is chaired by the CEO, for deliberation and decision-making. The content discussed is audited by the Board of Directors.



PDCA cycle for CSR procurement

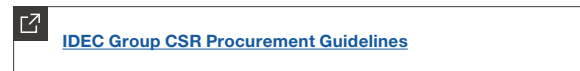


CSR activities in cooperation with suppliers

CSR Procurement Guidelines

The IDEC Group complies with the laws, regulations, and social norms of each country, responds to the expectations and requests of stakeholders, and engages in procurement initiatives in accordance with international CSR standards and guidelines. Based on the IDEC Group Code of Conduct, and in compliance with the Ten Principles of the United Nations Global Compact, the ILO international labour standards, and the Responsible Business Alliance (RBA) Code of Conduct, we formulated the IDEC Group CSR Procurement Guidelines to present specific concepts, which consist of six key areas: (1) labor, (2) health and safety, (3) environment, (4) ethics, (5) product safety, and (6) management system. We have also established the IDEC Group Partner Hotline, as a contact point for receiving consultations and reports regarding compliance from suppliers. (The contact information for this hotline is also included in the guidelines.)

The IDEC Group engages in CSR procurement in cooperation with its suppliers based on these guidelines.

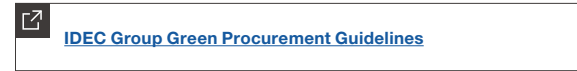


Green Procurement Guidelines

The IDEC Group aims to help create a low-carbon, recycling-oriented society by positioning environmental conservation as the top priority in all aspects of its business activities. As part of these activities, we have published the IDEC Group Green Procurement Guidelines, which are based on both domestic and international laws and regulations relating to the environment.

The guidelines indicate items that we would like our suppliers to work on proactively together with us, including compliance with laws and regulations and thorough chemical substances management, CO₂ reduction, efficient use of

resources, and protection of biodiversity, throughout the entire product life cycle.



CSR Procurement Briefings

We have been holding CSR Procurement Briefings at our head office and at production companies in China, Taiwan, and Thailand as opportunities to ask suppliers for their understanding and cooperation with CSR procurement since 2018.

At these briefing sessions, we interact with suppliers through request for cooperation with CSR procurement, introduction of products, and factory tours.

Supplier newsletters

With the aim of gaining understanding with regard to the IDEC Group and strengthening cooperation with suppliers through dialogue, distributing information, and communication with suppliers, the Sustainability Management Department has been issuing a newsletter every December since 2018 and distributing it to approximately 300 companies via the Procurement Department.

In this newsletter, we present examples of CSR initiatives by suppliers along with details of IDEC's CSR activities, business overview, and new products, etc.

CSR self-assessment

We actively encourage CSR self-assessments so that suppliers can check the progress of and make improvements to their CSR activities. Assessment items are divided into six categories in line with the contents of the IDEC Group CSR Procurement Guidelines. There are a total of 34 questions, including questions relating to human rights issues such as child labor and forced labor, as well as considerations for the working environment and health and safety. Each question is assessed on a five-point scale, based on the evaluation criteria.

Evaluation criteria for the self-assessment

Score	Evaluation criteria	Evidence
5	Supplier is engaging in all elements of the activity. There are documents and records necessary for engaging in the activity.	Required
4	Supplier is engaging in most aspects of the activity. There are also documents or record that show partial engagement in the activity.	
3	Supplier is engaging in most aspects of the activity. There are no documents or records.	Not required
2	Supplier is hardly engaging in the activity, but will do so within around one year.	
1	Supplier has no plans to engage in this activity for the time being.	

We conducted this assessment at all major suppliers of IDEC Group production companies in Japan, China, Taiwan, and Thailand. We also collect good examples of activities based on the assessment results and present them in our supplier newsletter, and request suppliers with issues to address to make improvements.

Through this assessment, we are working to raise the level of CSR at all suppliers.

Number of companies conducting self-assessments, average assessment score

Year	Number of companies	Category						Average
		Labor	Health and Safety	Environment	Ethics	Product Safety	Management System	
FY 2023	143	4.1	3.9	4.0	3.9	4.2	3.6	3.9
FY 2024	211	4.1	3.9	4.0	4.0	4.1	3.6	4.0

Surveys into responsible minerals sourcing

With regard to conflict minerals, we use templates (CMRT, EMRT) issued by the Responsible Minerals Initiative (RMI) and ask our suppliers to submit reports indicating that their materials do not contain 3TG*, cobalt, or mica refined in conflict-affected or high-risk areas.

* 3TG: tin, tantalum, tungsten, and gold

Number of companies surveyed for conflict minerals (3TG), cobalt and mica

	CMRT (3TG)			EMRT (cobalt and mica)		
	Target companies	Response submitted	Response ratio	Target companies	Response submitted	Response ratio
FY2023	58	44	75.9%	32	20	62.5%
FY2024	65	53	81.5%	65	53	81.5%

CSR activities together with logistics operators "White (ethical) Logistics"

IDEC endorsed the "White Logistics" movement being advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fishers since March 2019, submitting a declaration of voluntary action in September 2019.

Since then, we have given extra care and consideration to ensure that our partner logistics companies comply with laws and regulations relating to labor issues and the cargo vehicle transportation business, and have clarified and ensured compliance with the contents of contracts relating to transportation, cargo handling, and other services such as inspection.

Specifically, we are reducing cargo handling time by using pallets, trolleys, and containers, etc., working to separate vehicle / machinery operation and ancillary work, shortening cargo waiting times, implementing safety measures for cargo handling operations, and suspending operations in the event of abnormal weather conditions.

As a cargo shipper, we will continue to work with our partner companies to implement work style reforms and achieve highly productive and sustainable logistics.