



S Supply Chain Initiatives

Philosophy and Organization

The EKK Group manufactures a wide range of products across five business domains. Their required specifications and applicable laws and regulations differ depending on the customer's industry. It is therefore important to maintain mutually beneficial relationships with supply chain partners to be able to meet customers' requirements. The Group currently has some 1,350 registered supply chain partners ranging from raw material, metal parts and resin parts manufacturers to processing, surface treatment and assembly subcontractors. Our approach and standards for sourcing are encapsulated in the corporate social responsibility philosophy and in the Procurement Policies (Basic Procurement Policy and CSR Procurement Guidelines), which are publicly disclosed on our website. Before conducting business with a new partner, we explain the policies to and obtain understanding from the partner.

In April 2022, we revised our Procurement Policies (Basic Procurement Policy and CSR Procurement Guidelines) and in our business with partners, we promote CSR self-assessments and human rights due diligence. Regarding green procurement, we have newly established the EKK Group Green Procurement Guidelines and publicly released them on our website. These guidelines document the Group's approach to sourcing activities, explicitly inform supply chain partners of what is expected of them and disclose the Group's commitment to sourcing goods and services fairly and impartially while building relationships of trust.

In April 2021, the Group signed on to the Japanese government's Partnership-Building Declaration, which promotes mutually beneficial relationships throughout supply chains, fair commercial practices and new collaborations unconstrained by ownership affiliations or differences in company size.

The Group's sourcing operations are overseen by the Company's SCM Department, which formulates contracts, policies and procedures and performs legal and regulatory compliance functions. Actual sourcing is done mainly at the divisional level.

[CSR Information: Procurement Policies](https://www.ekkeagle.com/en/csr/procurement.html)

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Sourcing-Related Engagement

Engagement with Customers

In recent years, customers have been increasingly inquiring about ESG matters, including quality, and requesting compliance with their ESG policies. We appropriately respond to such inquiries and requests.

For example, in the Automotive and Construction Machinery Industries segment, we annually survey customers for which the EKK Group is a major supplier to gauge their satisfaction. We use such surveys to collect information and improve quality.

Engagement with Suppliers

The EKK Group audits supply chain partners before starting to do business with them and periodically thereafter. If any deficiencies are found, the Group endeavors to rectify them in consultation with the partner.

Additionally, the EKK Group's divisions periodically meet with partners to explain policies or share operational plans and other information relevant to transactions with the partner. In FY2021, meetings with partners were halted on account of the COVID-19 pandemic but we continued to provide information to partners in writing or through telecommunications.

Supply Chain Risk Management

The EKK Group assesses supply chain partners' risks through its divisional corporate offices to ensure business continuity even in the event of supply disruptions due to, for example, a major natural disaster. For example, we use hazard maps to identify whether partner sites are located in disaster-prone areas and assess whether roads will be cut off during a disaster, causing distribution delays.

We also maintain sufficient inventory and/or line up alternate partners in advance so that we do not have to halt production if one partner stops making deliveries. As a precaution against overseas supply disruptions, we have arranged to source some raw materials and parts from alternate suppliers in Japan or other overseas regions.

We are currently developing an integrated management system for supply chain information, including such risk information, to rapidly understand the situation in the event of a disaster.