



Sustainability Report 2023

English version

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<https://www.elecom.co.jp/ir/society/?>
Information related to sustainability management activities is also available via the ELECOM website.



Message from Management



Yukio Shibata Representative Director and President, President Officer (Chair of Sustainability Committee)
ELECOM CO., LTD.

Continuing our commitment to go through with ordinary matters

In June 2021, I assumed the position of Representative Director and President in succession to ELECOM's founder Junji Hada. That was two years ago now. Over the last two years, I have been intensively contemplating what it is that I might be able to accomplish in terms of facilitating our long-term corporate growth as the successor to the founder. I have accordingly been taking opportunities to engage in dialogue with various stakeholders, which has exposed me to critical feedback. In so doing, I have come to fully appreciate the magnitude of responsibility that the company bears and the need for us to consequently undergo transformation in alignment with the times.

■ What is ELECOM's approach to sustainability management?

Over the last several years, views on sustainability practices of both myself and the Company have undergone significant transformation, as have such initiatives themselves. In particular, given that we have developed a keen awareness regarding issues of strengthening governance, managing risks, and maintaining engagement with employees, our sustainability management practices have served as one of the catalysts for such transformation. Accordingly, society, our employees and other stakeholders must deem that we are essential to ensure our business continuity, otherwise not only our growth but also the very purpose of our existence will fall by the wayside. Our sustainability management initiatives provide us with a renewed awareness in that regard.

■ What is your role when it comes to sustainability initiatives?

I believe my role is that of instilling the concept of sustainability management within the Company and prompting major shifts in our trajectory. Given that we

have been relentlessly striving to expand our business at all costs, I feel the Company is still lacking in terms of our understanding and awareness on matters of improving our corporate environment enlisting a long-term perspective. We need to place even greater focus on the notion of sustainable growth. As such, I need to ask myself how I should go about prompting future-oriented transformation within the Company with that in mind. This is bound to entail creating mechanisms for carrying out corporate operations in an organized manner, upon having drawn up business plans and other such measures identifying shortfalls of the Company. To such ends, I am able to gain a multitude of insights regarding the extent to which our corporate environment may be lacking when it comes to the notion of achieving sustainable growth, by enlisting the lens of sustainable growth in taking a fresh look at our existing corporate environment, including its organizational structures and mechanisms, division of responsibilities and authority, and employee satisfaction. I accordingly seek to conduct a complete reassessment of such concerns from the ground up.

■ Review of FY2022 and outlook for FY2023

In FY2022 (the fiscal year ended March 31, 2023), we established a framework for our initial fiscal year of promoting sustainable management. Simply put, it was a year where we identified the 'ordinary' things we should address. This entailed asking ourselves what the Company ought to focus on in order to achieve sustainable growth in light of societal and stakeholder needs. We managed to organize our thoughts upon having articulated such objectives, thereby paving the way for addressing challenges. This entailed explicitly stating a long-term vision, which the Company had lacked, and furthermore approaching such matters from the perspectives of the Company's inadequate governance structure as well as developing human resources and organizations. Moreover, we need to make improvements with respect to product development and supply chain management in alignment with the changing times. Whereas we have been addressing such concerns with a focus on materiality, I sense that previously vague objectives are now becoming more concrete.

Despite having pledged to "go through with ordinary matters" just a year earlier, the Company lacked a clear view of what exactly constituted such "ordinary matters" at the time. Although that posed cause for concern, with that awareness in mind we spent the first half of FY2022 gaining an understanding of such ordinary matters and considered options on how best to achieve our objectives. We made concrete plans for creating such mechanisms in the latter half of the fiscal year, but the outdated structure of organizational management itself prompted a sense of crisis in terms of it not being possible to keep up with the prevailing changes in the business environment. As such, we initially focused on establishing a business organizational structure that would enable us to implement plans and put them into action. Whereas our overhaul encompassed a wide range of operations including administration, product development, and procurement divisions, we entered the phase of plan implementation enlisting this organizational structure in FY2023 (the fiscal year ending March 31, 2024).

Administrative overhaul involved a series of discussions for purpose of drawing up a medium- to long-term vision and business plans that the Company has been lacking. We will proceed with review internally with such discussions being assumed by the Corporate Planning Department newly established in April 2023. Furthermore, we will also make changes to the corporate governance structure and otherwise work toward strengthening management frameworks. We will establish Nomination Committee and Compensation Committee in seeking to ensure greater transparency and adopt an executive officer system, which will provide for clear distinctions between the functions of the Board of Directors and the Executive Committee thereby ensuring implementation of more effective and consistent plan-do-check-action (PDCA) cycles. As the Company expands in scale and its workforce grows, ELECOM and companies of the ELECOM Group will seek to coordinate operations along the same trajectory. To such ends, I will strive to strengthen the management structure and make it more transparent, commencing with operations of the Company in serving as its President. In addition, I will seek to achieve objectives of our plans beginning in



FY2023 by articulating respective employee roles and skills with my sights set on developing professionals equipped with greater expertise.

In the product development and procurement sectors, I will focus on bringing about improvement when it comes to product development aligned with the changing times and supply chain management. In today's landscape where e-commerce is becoming more prevalent, I have been working to overhaul our supply chain upon having gained a renewed awareness regarding the notion that the Company's conventional approach to product development falls short in terms of competitiveness internationally and leaves us prone to substantial product loss. We have directed our attention toward concerns of our retail partners given that we have been lacking awareness when it comes to customer satisfaction and buying patterns. In taking such action, we have drastically revamped our approach beginning with our methods for evaluating our respective divisions. We have accordingly been shifting to a focus on developing products that meet customer needs and ensure their satisfaction. It will be possible for us to make effective use of human capital and resources while also reducing waste by attentively addressing customer needs, manufacturing and selling products that society and customers rely on, and concurrently establishing a framework for ensuring that we do not produce items deemed unnecessary by society. We renewed our commitment to putting customers first in FY2022, amid progress achieved in terms of transforming our focus and restructuring the organization to ensure coordination to such ends. In FY2023, we will make improvements enlisting this framework we have established.

■ Closing remarks

In FY2023, we will incorporate various initiatives that had been subject to review in FY2022 into our business plan and hasten the entire company to embark on the implementation phase as a cohesive whole. Whereas we will carry on from FY2022 in terms of continuing to embrace "an intensive determination to accomplish ordinary matters," I feel that I am now able to clearly communicate these aims to our employees now that I am able to specifically envision the notion of what is meant by "ordinary matters." Meanwhile, we will seek to serve as an enterprise that society relies on, thereby "coexisting with society" by contributing to society through our own operations while concentrating on operations that society needs.

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"V custom" series (ELECOM)

Optimized for victory High-end series of gaming devices that achieve precision designed for e-sports competitions.



ZEROSHOCK tablets (Logitec)

Tablet PCs equipped with dust, water, and shock-resistance performance, suitable for use in harsh environments such as production sites and food factories.



Remote edge PCs (HAGIWARA Solutions)

Fanless, highly reliable design for extended availability in industrial applications. Compact edge computers that can be restarted by turning the power on and off remotely.



VIVOTEK 360° panoramic omnidirectional cameras (Force Media)

Offers wide-area coverage without blind spots with a single camera for less setup work and lower costs.

Sustainability Report

Editorial policy The ELECOM Group has released this Sustainability Report to facilitate communication with its stakeholders. In compiling this report, we have included content centering on initiatives and achievements that will be of significant interest to our stakeholders and are accordingly important to the ELECOM Group. A separate website also introduces our policies and activities in an effort to make the ELECOM Group more accessible to the public.

Period of coverage Fiscal year ended March 31, 2023 (April 2022 – March 2023; Same period as the Annual Securities Report) This report has been prepared primarily based on the aforementioned period of coverage and also includes certain initiatives that occurred prior to the period of coverage and some of the recent activities.

Targeted companies ELECOM CO., LTD. and its ELECOM Group companies subject to the consolidation (Same entities as those of the Annual Securities Report) Whereas much of the content of this report essentially pertains to the entire ELECOM Group, for the content not applicable to the entire Group, the coverage is noted separately.

Notation in this report	Group companies referred to
ELECOM	ELECOM CO., LTD.
ELECOM Group	The entire ELECOM Group
ELECOM Group (Japan)	ELECOM Group companies in Japan, including ELECOM CO., LTD.
ELECOM Group (overseas)	ELECOM Group companies outside of Japan
Other than ELECOM	ELECOM Group companies other than ELECOM CO., LTD.

Issued in June 2023 (Previous: June 2022; Subsequent: Slated for September 2024)

Reference guidelines Global Reporting Initiative (GRI) Standards (Please refer to "▶ Global Reporting Initiative (GRI) Standards.") ISO 26000: Guidance on social responsibility
TCFD

Related information Information related to sustainability management activities is also available via the ELECOM website.

Annual Securities Report ▶ <https://www.elecom.co.jp/ir/library/english.html>
Financial results presentations ▶ <https://www.elecom.co.jp/ir/library/english.html>
Corporate Governance Report ▶ <https://www.elecom.co.jp/ir/library/material.html> (in Japanese)
Information on sustainability ▶ <https://www.elecom.co.jp/ir/society/?> (in Japanese)

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Disclaimer This report contains information available to the ELECOM Group as of the date of its release, as well as unpredictable elements such as future forecasts and plans determined by the ELECOM Group based on such information. Therefore, future results of business activities and events that occur in the future may differ from the forecasts and plans stated in this report due to various factors going forward.

<ELECOM Group>

Name	Country	Description of primary business
ELECOM CO., LTD.	Japan	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Logitec Corp.	Japan	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Logitec INA Solutions Co., Ltd.	Japan	Development, manufacture and sale of personal computers and storage products, and maintenance, repair and data recovery services involving peripherals and accessories for personal computers
HAGIWARA Solutions Co., Ltd.	Japan	Manufacture and sales of storage for industrial equipment, and manufacture and sales of flash memory products for consumers
DX Antenna Co., Ltd.	Japan	Manufacture and sales of broadcasting and communications-related equipment, and telecommunications work
ELECOM Support & Service Co., Ltd.	Japan	Customer support services for the ELECOM Group overall
ELECOM Health Care Co., Ltd.	Japan	Planning, development and sales of products related to healthcare
Force Media, Inc.	Japan	Import sales and maintenance services for network storage, surveillance solutions, interactive touch screens and related products
ELECOM Korea Co., Ltd.	South Korea	Sales of peripherals and accessories for personal computers and digital equipment
ELECOM (Shanghai) Trading Co., Ltd.	China	Sales of peripherals and accessories for personal computers and digital equipment
ELECOM (Hong Kong) Limited	Hong Kong	Procurement of peripherals and accessories for personal computers and digital equipment
ELECOM SALES HONG KONG LIMITED	Hong Kong	Planning and sales of peripherals and accessories for personal computers and digital equipment
ELECOM SINGAPORE PTE. LTD.	Singapore	Sales of peripherals and accessories for personal computers and digital equipment
ELECOM Asia Pacific IPO Pte. Ltd.	Singapore	Procurement of peripherals and accessories for personal computers and digital equipment
DX ANTENNA PHILIPPINES, INC.	Philippines	Manufacture of broadcasting and communications equipment in Philippines
DX ANTENNA MARKETING, INC.	Philippines	Sales of broadcasting and communications equipment in Philippines
ELECOM USA, Inc.	U.S.A	Sales of peripherals and accessories for personal computers and digital equipment

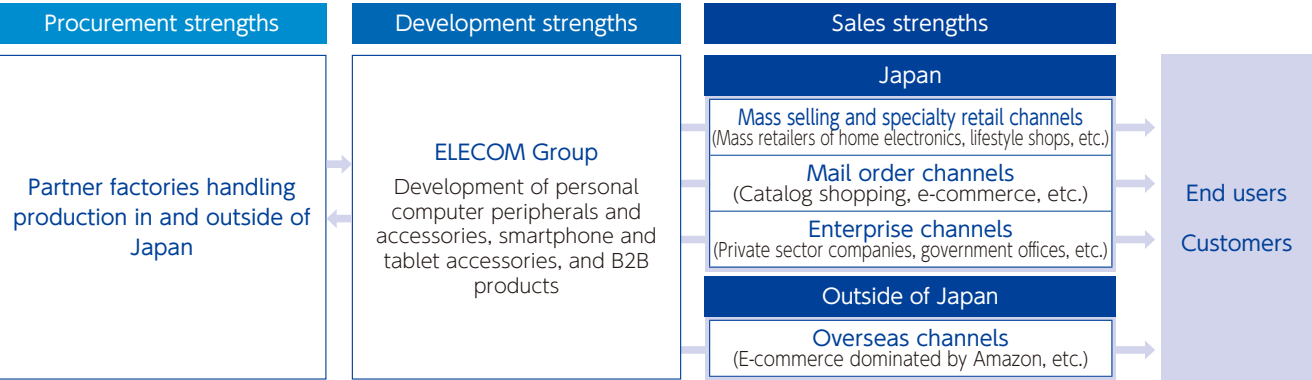
Innovation for everyone

Our aspiration of making people's lives more comfortable serves as the driving force that propels the ELECOM Group.

Meanwhile, not everyone is readily able to gain proficiency in using new technologies amid the successive advent of innovative technologies such as artificial intelligence and the Internet of Things (IoT). The ELECOM Group's mission is to accordingly serve as a bridge connecting innovations to people who are bewildered by this situation in not knowing how to take advantage of innovative technologies, thereby making people's lives more pleasant and comfortable by transforming innovative technologies into products and services that can be easily used by everyone. Enlisting this sentiment, we accordingly take great care in providing integrated products and services that offer comfort to everyone's lives, industry and infrastructure.

Corporate DNA of the ELECOM Group encompasses three strengths along with the speed at which it is able to expeditiously implement such strengths

Having achieved persistent growth since it was founded, the ELECOM Group's strengths are threefold. First, our product development strengths enable us to develop products that comply with constantly evolving new standards and products featuring exceptional design closely aligned with market trends. Next, our product sales strengths enable us to offer products through myriad sales channels such as the business-to-business market in which we are able to offer services that deploy Group strengths, in addition to the business-to-consumer market encompassing mass retailers of home electronics, discount stores, lifestyle shops, and e-commerce in Japan and overseas. Third, our procurement strengths enable us to procure products aligned with society's needs from our partner factories located in Japan and overseas upon making selections that involve comprehensively taking quality, cost, and supply networks into account. Meanwhile, the essence of the ELECOM Group's corporate DNA constitutes the speed in which we are capable of expeditiously implementing these strengths in a timely manner. Going forward, the ELECOM Group will continue to provide new products and services at an increasingly greater pace as it expands its horizons in a manner extending not only to goods sought by users but also to needs one step beyond.



Major Group companies serve to expand the ELECOM Group's business domain and support specialized technologies

Each of the ELECOM Group companies has highly specialized technologies, which they enlist in designing and developing the hardware and software necessary for enabling solutions. We accordingly provide solutions that address concerns in fields that include medicine, the environment, crime prevention, disaster readiness, telecommunications, broadcasting, machine tools, and education. Going forward, we will continue to lend our support to enabling our customers to lead fulfilling and comfortable lives by ensuring that our respective Group companies enhance the quality of their technologies and products and by addressing a wide range of society's needs in the B2C and B2B markets.

Logitec

Logitec INA Solutions Co., Ltd.



The company provides custom computers for industrial and professional use that can be used with confidence over a long term. It manages all functions, including planning, development, manufacturing, testing, maintenance and support, at its own factories in Japan.

HAGIWARA Solutions

HAGIWARA Solutions Co., Ltd.



The company provides storage devices and computers with the long-term stable operation required for industrial use. It also provides a wide range of support for factory equipment, medical devices, bank ATMs and other industrial infrastructure.

DXアンテナ

DX Antenna Co., Ltd.



In addition to manufacturing and selling various antennas and television broadcast reception-related equipment, the company combines telecommunication technologies to provide products and services in the disaster preparedness, welfare, security, renewal, wireless communication and other fields.

ForceMedia

Force Media, Inc.



The company imports network products, such as NAS, IP network cameras and touch screens, from overseas and sells them in Japan. It has developed a full support system using its own quality control, repairs and maintenance.

ELECOM Healthcare

ELECOM Health Care Co., Ltd.

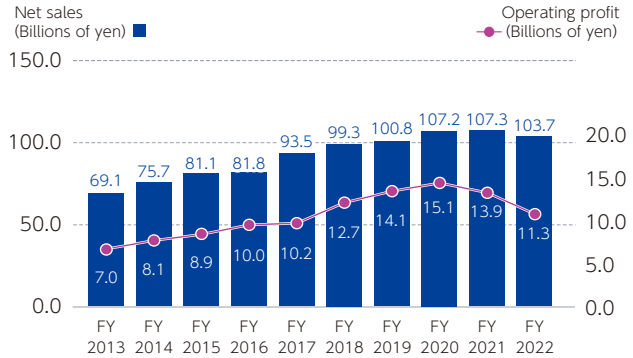


The company acquired the second-class marketing license for medical devices. It manufactures and sells household massage devices, Bluetooth blood-pressure monitors and other familiar medical devices. In addition, the company is a member of The Japan Home-health Apparatus Industrial Association.

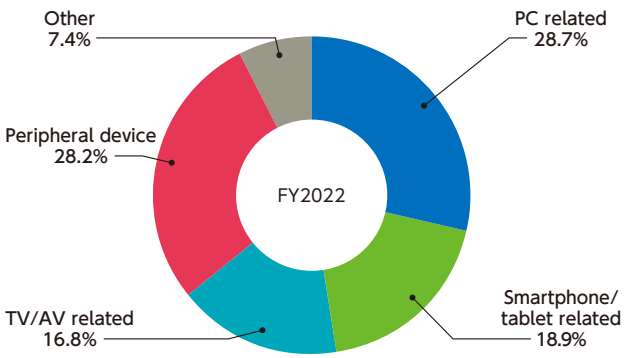
Company overview

Name	ELECOM CO., LTD.
Head office	Meiji Yasuda Life Insurance Osaka Midosuji building 9F 4-1-1, Fushimimachi, Chuo-ku, Osaka 541-8765
Establishment	May 1986
Capital	¥12,577 million
Representatives	Junji Hada, Representative Director and Chairman Yukio Shibata, Representative Director and President
Number of employees	716 employees and 228 contract and part-time employees The number of employees including those at associates: 1,533 (as of March 31, 2023)
Fiscal year-end	March
Net sales	¥103,727 million (Fiscal year ended March 31, 2023; consolidated) ¥79,676 million (Fiscal year ended March 31, 2023; non-consolidated)
Description of business	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Business offices	Sapporo, Morioka, Sendai, Niigata, Takasaki, Tokyo, Tachikawa, Saitama, Yokohama, Shizuoka, Kanazawa, Nagoya, Kyoto, Osaka, Okayama, Hiroshima, Fukuoka, Kumamoto, Okinawa Yokohama Technology Development Center Kanagawa Logistics Center Hyogo Logistics Center

Net sales/Operating profit



Sales ratios by type of product



History

1980s

Focus on the personal computer peripherals business Around The PC
Released floppy disks, numeric keypads, mouse devices, etc.
Successfully entered new markets amid overwhelming success of the Egg Mouse device

May 1986 Corporation established in Miyakojima-ku, Osaka
With around 20 employees, embarked on business as an office automation and home electronics manufacturer with products such as PC racks and television stands

1990s

ELECOM becomes associated with design Around The PC
Lunaris series received the Small and Medium Enterprise Agency Commissioner Award under the Good Design Award program
Achieved differentiation from competitors that exclusively focus on product features and pricing
This marked the beginning of the company winning numerous design awards in recent years

September 1992 Established ELECOM COMPUTER PRODUCT INC.
December 1993 Established Home Direct Co., Ltd. in Toshima-ku, Tokyo for the purpose of engaging in the mail order business
October 1994 Relocated head office to Kawaramachi, Chuo-ku, Osaka upon merger with ELECOM Sales Co., Ltd.

2000s

Expansion of business domain to digital home electronics Beyond Digital Life
Released digital home electronics other than personal computers, encompassing from personal computer peripherals and accessories to game consoles, digital cameras, and digital audio devices
Went on to develop 1,000 new products annually with a lineup of over 3,000 products

February 2003 Established ELECOM UK LIMITED
July 2003 Established ELECOM KOREA CO., LTD.
April 2004 Established former ELECOM (Shanghai) Trading Co., Ltd.
September 2004 Established ELECOM Deutschland GmbH
December 2004 Acquired 7,500 shares of Logitec Corp. and made the company a subsidiary
February 2006 Osaka head office acquired ISO 14001 (environmental management system) certification
March 2007 Liquidated ELECOM Deutschland GmbH
March 2008 Liquidated ELECOM UK LIMITED

2010s

Advent of the smartphone, tablet, and cloud computing era Lifestyle Innovation
Achieved results in providing people with comfortable environments amid the shift from personal computers to smartphones centered around hardware
Shifted focus from the original core business of personal computer peripherals and accessories to smartphone products

Evolution of design
Recipient of numerous design awards every year since having been recognized with the Good Design Award in 1990

Entered the healthcare sector
Expanded business into the field of "Lifestyle Innovation" from digital peripherals and accessories
Released products that support daily health

April 2010 Listed on JASDAQ Securities Exchange
October 2010 Established Logitec INA Solutions Co., Ltd.
July 2011 Established HAGIWARA Solutions Co., Ltd.
September 2011 Established ELECOM Support & Service Co., Ltd.
November 2011 Established Elecom India Private Limited
December 2011 Established ELECOM (Shanghai) Trading Co., Ltd.
April 2012 Established ELECOM Europe GmbH
May 2012 Established ELECOM SALES HONG KONG LIMITED
March 2013 Listed on the First Section of the Tokyo Stock Exchange
April 2013 Unlisted on JASDAQ (Standard) of the Osaka Securities Exchange
October 2013 Liquidated Quondam PC Merchant GmbH i.L.
March 2014 Liquidated ELECOM Support & Service Co., Ltd.
May 2014 Acquired JDS Inc. and made it a subsidiary
July 2014 Concluded domestic distributorship agreement with Seagate of the U.S.
November 2014 Liquidated ELECOM (Shanghai) Trading Co., Ltd.
February 2015 Established ELECOM Health Care Co., Ltd. (The ratio of voting rights: 100%)

April 2015 Established ELECOM Support & Service Co., Ltd. (The ratio of voting rights: 100%)
March 2016 Liquidated ELECOM Europe GmbH
September 2016 Took over the business of Workbit Co., Ltd. and established Yamato Technology Development Center
March 2017 Acquired 11,244,320 shares of DX Antenna Co., Ltd. and made it a subsidiary (The initial ratio of voting rights was 96% and eventually became 100%)
June 2017 Newly established D-CLUE Technologies Co., Ltd. and took over the business of a disappearing company.

2020s

Lifestyle transformation and solutions Lifestyle Innovation
Extended range of accessories to tap demand for telework and online courses
Began providing a range of one-stop services encompassing Wi-Fi installation, tablet device adoption and maintenance support to achieve the GIGA School concept

Full-scale entry into the e-sports business
Prompted further evolution of existing mouse devices, keyboards, and headsets, and introduced high quality devices

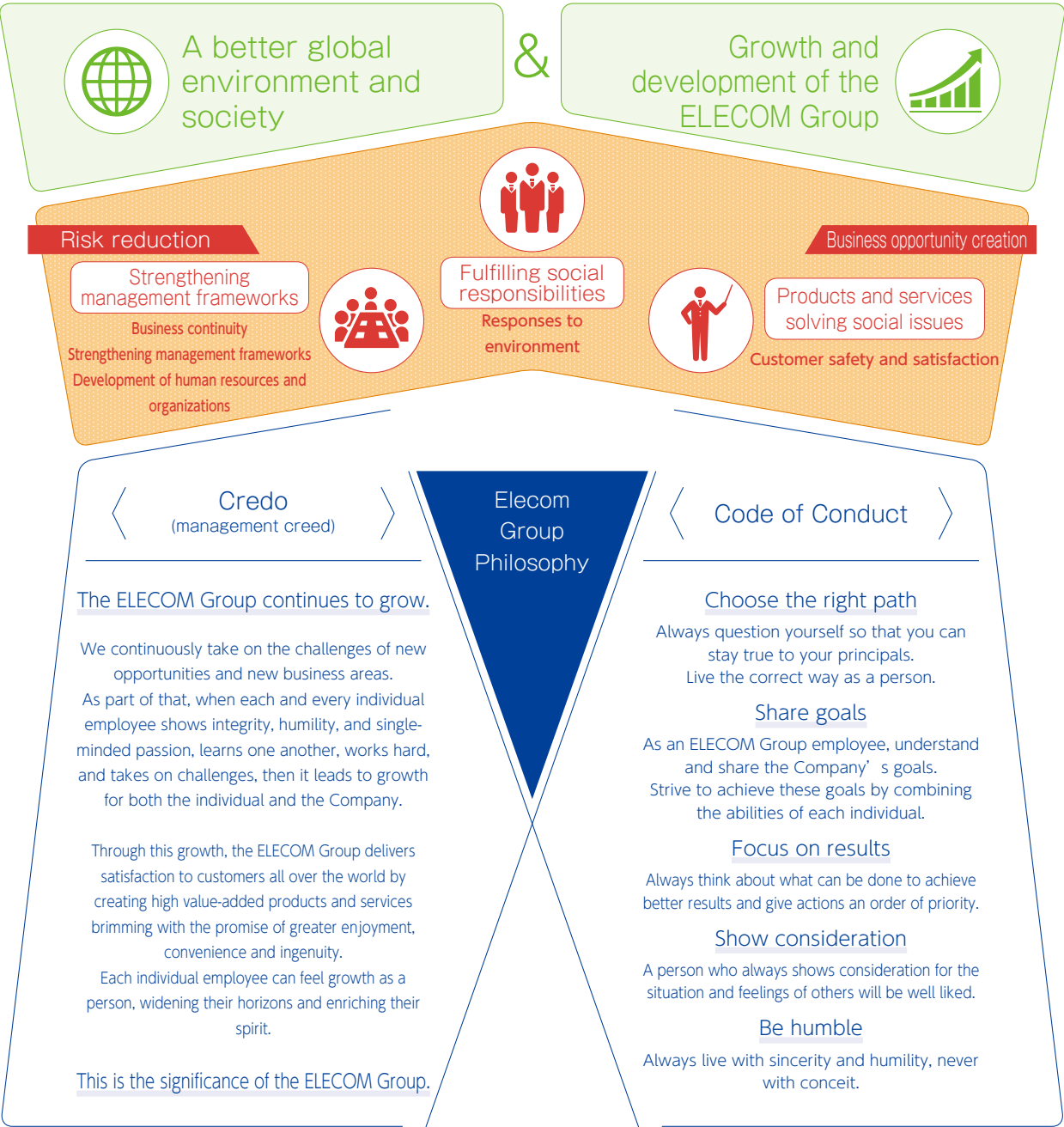
Announced introduction of ELECOM's first kitchen electrical appliances
Persisted to take on challenges in new domains seeking to achieve further innovation

Full-scale entry into the remote support business
Embarked on development of cloud recording services in the surveillance camera business focusing on hardware solutions
Began providing security and crime prevention solutions to Japanese society through various channels

May 2021 Acquired 9,800 shares of Force Media, Inc. and made the company a subsidiary (The ratio of voting rights: 100%)
January 2022 Became signatory to the United Nations Global Compact
February 2022 Transferred shares of D-CLUE Technologies Co., Ltd. to Nishinbo Holdings Inc.
April 2022 Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
April 2022 Established ELECOM Asia Pacific IPO Pte. Ltd.
July 2022 Established ELECOM USA, Inc.

ELECOM Group Sustainability

The ELECOM Group has made "coexistence with society," which it has embraced as a matter of course since its establishment, the foundation of its sustainability management. We aim to ensure that the ELECOM Group achieves sustainability, which we believe derives from delivering satisfaction to customers worldwide by working to address social challenges as a matter of course through our business operations. Based on the "Credo (management creed)" and "Code of Conduct" as the foundation for the actions of all Group employees, each employee of the Group is expected to continue learning and challenging himself/herself, which will lead to individual growth, broadening of horizons, and enrichment of mind, which in turn will lead to the growth of the Group.



Elecom Group Philosophy

In 2009, we formulated our Credo, which declares our social mission and our growth and development processes, and our Code of Conduct, which provides our employees with guidelines for carrying out ethical and responsible business activities. This Elecom Group Philosophy is the foundation for carrying out sustainable business activities in the spirit of corporate ethics and thorough implementation of compliance programs, and for cultivating employees and a corporate culture that strives to further raise corporate value for the future by taking on challenges in new areas without deviating from social norms.

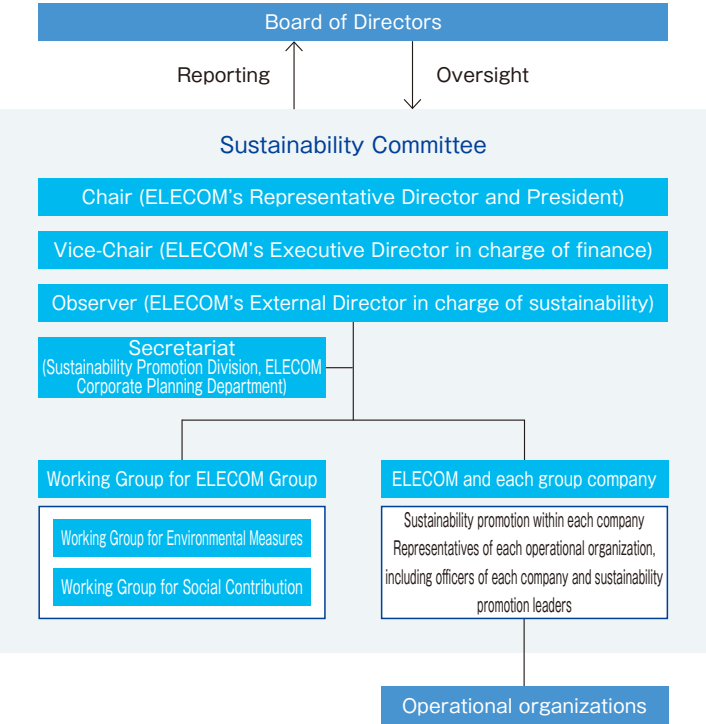
Credo	Code of Conduct
Policies and guidelines	
Environmental Policy	▶ p17
Basic policy on human rights of labor	▶ p27
Industrial Health and Safety Policy	▶ p32
Basic guidelines on purchasing management	▶ p34
Basic guidelines for trade controls	▶ p34
Quality Policy	▶ p37
Social Contribution Policy	▶ p41
Tax policy	▶ p47

Sustainability implementation structure

To promote effective sustainability activities throughout the Group, the Sustainability Committee, chaired by the President and Representative Director of ELECOM, has been established, and a system of initiatives has been put in place that also includes advice from outside experts. In April 2022, the Sustainability Promotion Division was established as a dedicated department directly under the President and Representative Director of ELECOM to facilitate understanding of the current situation and a structure to enable group-wide efforts. Furthermore, in April 2023, the Corporate Planning Department was established to promote sustainability activities that support corporate management directly under the control of, and in close cooperation with the Executive Committee. Meanwhile, the General Administration Department, responsible for general affairs, human resources, and legal affairs, is to be renamed the Human Resources and General Administration Department, with the aim of strengthening our focus on human capital. Efforts are being made to develop a better system to resolve issues identified in the promotion of sustainability management.

The Sustainability Committee enlists the involvement of Group companies' officers and operational organization representatives in seeking to ensure close coordination with business activities. This allows us to gain a more concrete insight into management and social issues in terms of both business opportunities and risks, prioritize them, and formulate and decide on measures for the long-term growth of the Group and society. The operational organizations of each company will specifically work toward achieving targets in line with such proposals and decisions. In addition, the Sustainability Committee will periodically report to and consult with the Board of Directors on its primary activities, and take a collaborative approach to enabling it to gain an understanding of circumstances from both top down and bottom up and making managerial decisions.

For progress management and regularly scheduled meetings, we check progress of materialities on a monthly basis, hold Sustainability Committee meetings about once per month, and established a cooperation system for ensuring that such outcomes are coordinated with the Board of Directors. We aim to inform our efforts internally and externally through regular reports.



As of April 1, 2023

Interview with Executive Officer in Charge Miki Watanabe External Director, Observer of Sustainability Committee, ELECOM CO., LTD.



In FY2022, I sensed that sustainability management practices have been gradually taking hold within the Company in the course of my involvement as an observer every month in the Sustainability Committee, chaired by the President. In FY2022, the Sustainability Committee reviewed more specific measures, with the newly established Sustainability Promotion Division spearheading such initiatives. The committee also drew up policies on human rights and social contribution initiatives, and established targets for reducing carbon dioxide emissions in seeking to help curb global warming. In addition, it administered employee engagement surveys, which paved the way for improvements in workplace environments for our diverse workforce.

Furthermore, matters discussed by the Sustainability Committee, the results of external assessments, and related matters are reported to the Board of Directors with increasing frequency, informing the management team decision-making. The enhancement of governance required for sustainability management is essential as we seek to seize growth opportunities while minimizing effects from pandemics, global financial instability, and geopolitical risks. To ensure that ELECOM continues to grow as a company while contributing to the development of society, we will strengthen management transparency and accountability, and in particular, the Sustainability Committee will engage in incisive discussions to further deepen the Board of Directors' discussions, formulate policies and implement measures.

ELECOM Group's Materialities

Identifying materialities and determining KPI

The process for identifying materialities and determining KPI

The two major focuses of the ELECOM Group's ESG/CSR initiatives are risk reduction and business opportunity creation. We have defined issues that are of great importance and interest to the Group and our stakeholders as materialities and we are advancing initiatives accordingly.

The process for defining materialities is as follows.

- (Step 1) Identification of social issues considered important to the ELECOM Group by various international guidelines
- GRI sustainability reporting standards, global standards for sustainability reporting
 - ISO 26000 international standard for social responsibility of organizations
 - Sustainable Development Goals (SDGs) universal guidelines for a sustainable society
 - United Nations Global Compact ethics code for corporations (endorsed on January 2022)
 - The recommendations of TCFD conveying approaches to corporate initiatives for addressing climate change (endorsed on April 2022)

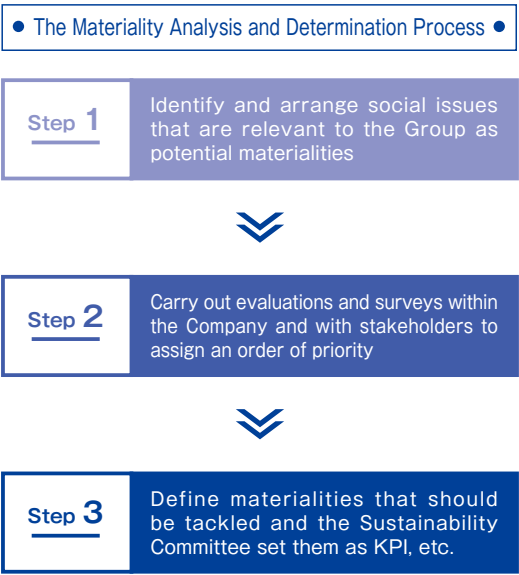
(Step 2) Taking into account stakeholder feedback in seeking to analyze which issues are more important and assign an order of priority.

- Surveys administered to the Company's employees and officers
 - Findings derived from stakeholder questionnaires and communications
 - Stakeholder assessment of and concern with social issues
- Such considerations form the basis of decisions made by the Sustainability Committee on the order of priority assigned to initiatives taken to address challenges.

(Step 3) Step 2 evaluation results and priorities are summarized and materialities are identified with management teams' approval. Going forward, the Sustainability Committee in conjunction with operational organizations will set policies for tackling issues and KPIs with respect to materialities related to each of risk reduction and business opportunity creation.

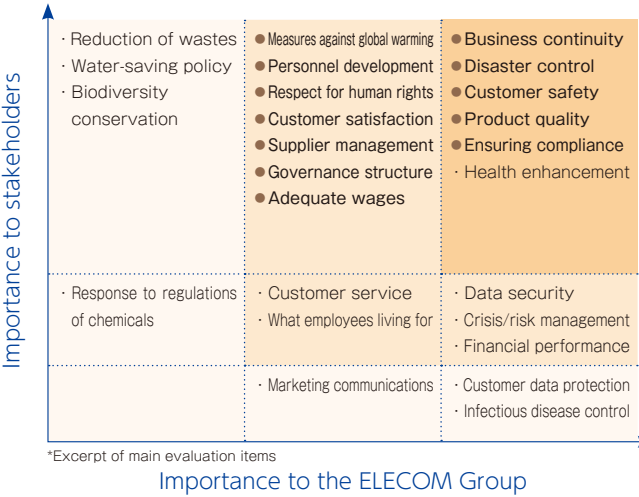
The Committee revises the materialities and KPIs upon having assessed effects of progress achieved with business activities and changes in the social environment by administering questionnaires once every year for the sake of analyzing changes and trends with respect to the prevailing issues. Through this process, we strive to become a company that people can trust and expect more from.

* GRI (Global Reporting Initiative) is a not-for-profit organization with a mission to set international standards for sustainability.
* SDGs (Sustainable Development Goals) are international goals for sustainable development set by the UN and comprise 17 global goals divided into 169 targets.
* TCFD stands for the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB), an international organization.

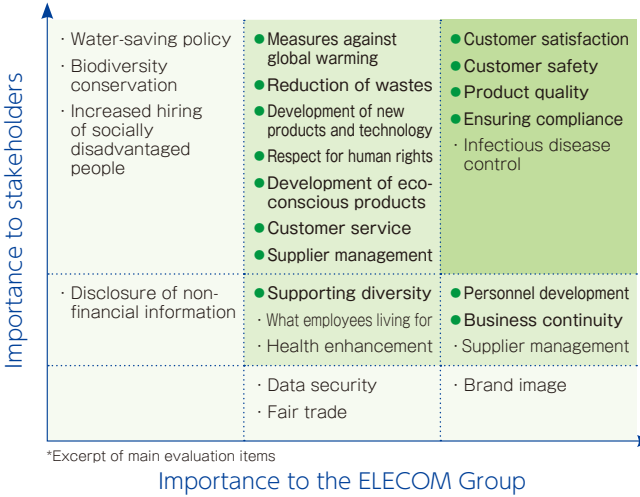


Materiality survey for stakeholders (excerpt)			
(1) Risk reduction			
As a trustworthy company, it is defined not only as strengthening the management system for fundamental and universal policies such as observing business ethics or respect for human rights etc., but also as conserving the natural environment, enhancing product quality and achieving workforce safety.			
For each item, please select the answer from the pulldown menu that you think best describes the ELECOM Group. The possible answers are "1. Extremely important," "2. Very important," and "3. Important."			
Category	Item	Description	Answer
Finance	Financial performance	In addition to having a healthy and sound financial situation, a company should carry out appropriate accounting treatments in compliance with laws and regulations, etc., and minimize risk to the company	
	Market presence	A company should strive to achieve targets for share-related indicators, such as aggregate market value and P/B ratio, and take a high position in the stock market	
	Business continuity	A company should minimize risk factors that might impede business continuity and alongside fulfilling social responsibilities as a company, it should realize stable supplies of products and services	
	Brand image	A company should use its brand value and global worldview for customers to deepen understanding of its business and brand, and should create loyal customers through affection and empathy	

< Risk reduction >



< Business opportunity creation >



Relationship between materialities and the ELECOM Group Code of Conduct

Materiality		Code of Conduct						Two major focuses of ESG/CSR initiatives	
		Choose the right path	Share goals	Focus on results	Show consideration	Be humble		Risk reduction	Business opportunity creation
Business continuity	Business continuity	●	●	●	●	●		●	●
	Ensuring compliance	●			●	●		●	●
	Governance structure	●				●		●	
	Supplier management	●	●		●	●		●	
	Disaster control	●			●			●	
Business continuity	Personnel development		●	●				●	●
	Work style reform			●	●				●
	Supporting diversity	●	●		●			●	●
	Respect for human rights	●	●		●	●		●	●
	Corporate culture reform		●	●				●	●
	Promotion of work-life balance	●			●				●
Customer safety and satisfaction	Adequate wages		●	●				●	
	Customer safety and satisfaction	●	●	●	●	●		●	●
	Product quality	●	●	●	●	●		●	●
	Development of new products and technology	●		●	●	●			●
Responses to environment	Customer service		●	●	●				●
	Development of eco-conscious products	●	●		●			●	●
	Responses to climate change	●	●		●			●	●
	Reduction of wastes	●	●		●			●	●

Materiality

After reviewing the sustainability framework in April 2022 and enhancing promotion of such initiatives accordingly, we considered again our initiatives for achieving continuous business growth and addressing social challenges. As a result, we have established the three pillars, as follows, which are to serve as the primary materialities of the ELECOM Group.

(i) Business continuity (strengthening management frameworks, development of human resources and organizations)
(ii) Customer safety and satisfaction
(iii) Responses to environment

The first step in deepening sustainability management in the future is to tie the basic materiality to these three pillars in an effort to create the foundation that the Group needs to strengthen. In the fiscal year ended March 31, 2023, efforts at Group companies were further expanded. During the fiscal year ending March 31, 2024, the Group will continue to focus on these three pillars in seeking to develop a solid cornerstone for achieving its corporate ideal.









This time around, two substantial changes were made; First, the notion of "adequate wages" as a base materiality was added. Second, we have assigned an Executive Officer in charge of operations to serve as the person responsible for materiality at ELECOM in order to strengthen the driving force behind our efforts. In addition, in the fiscal year ending March 31, 2024, responding to the medium- to long-term vision and business plan to be formulated, non-financial initiatives will be reexamined, and a long-term action plan will be developed.

Materialities for the fiscal year ending March 31, 2024

Following the determination process set out previously, the ELECOM Group's materialities for the fiscal year ending March 31, 2024, have been set as follows.

The following pages provide a summary of achievements with respect to each comprehensive materiality attributable to initiatives for addressing each of the materialities during the fiscal year ended March 31, 2023.

Changes effective from the fiscal year ended March 31, 2023: Addition of "adequate wages" as a base materiality and overhaul of KPI

Comprehensive materiality	Base materiality	Strategy points	KPI	Relevant SDGs	Pages featured
Business continuity Strengthening management frameworks	Business continuity Ensuring compliance Governance structure Supplier management	As advocated in our Credo realize "the ELECOM Group continues to grow." <Risk reduction> · Enhance contact points for whistle-blowing · Strengthen corporate governance <Business opportunity creation> · Build solid trust · Fulfill social responsibilities as a company · Realize stable supplies of products and services	Risk reduction	· Ratio of production in China and Taiwan	 ▶p34-36 ▶p43 ▶p46
				· Ratio of companies endorsing CSR procurement guidelines (Companies that have signed an MOU)	
				· Implementation of compliance training	
				· Number of assessments regarding Board of Director effectiveness	
	Disaster control	Secure supply chains during times of disaster <Risk reduction> · Minimize risk factors that might impede business continuity · Disperse logistics centers · Disperse order centers	Risk reduction	· Number of Nomination Committees and Compensation Committees established and operated	 ▶p47-48
				· Achievement ratio of consolidated business result forecasts	
				· Number of resolved issues and problems identified through business continuity planning (BCP)	
				· Ratio of logistics centers that are in operation	
			Risk reduction	· Ratio of order centers that are in operation	 ▶p47-48
Business continuity Development of human resources and organizations	Personnel development Work style reform Supporting diversity Respect for human rights Corporate culture reform Promotion of work-life balance	Maintain and improve the mental and physical health of employees <Risk reduction> · Ascertain the status of health check implementation and encourage employees to get checked · Eliminate untaken paid leave Continue serving as a company that is able to create innovation and address social challenges <Business opportunity creation> · Ensure the PDCA cycle through evaluation and transparency confirmation with respect to readiness internally and externally	Risk reduction	· Percentage of individuals seeking physician consultation upon having been identified as experiencing high levels of stress as a result of stress assessment	 ▶p28 ▶p30 ▶p33
				· Number of newly appointed female managers	
				· Number of proposals to management seeking wage revision	
				· Number of measures implemented based on administration of employee surveys	
Customer safety and satisfaction	Customer safety and satisfaction Product quality Development of new products and technology	Provide new lifestyles and win the continued support of customers <Risk reduction> · Evaluate and verify brand image · Carry out measures in response to poor evaluations within user reviews · Eliminate market recalls through products quality improvement Provide "bridges" that can overcome gaps between people and new technologies <Business opportunity creation> · Propose new products that give rise to more comfortable lifestyles for all and develop long-selling products and services · Address social challenges and create future value	Risk reduction	· Conduct annual corporate brand surveys	 ▶p38-39
				· Average user review score (4.0 or above; excludes scores for discontinued or limited-edition products)	
				· Number of new products released	
				· Number of product liability (PL) issues	
	Customer service	Raise customer service levels by diversifying tools <Business opportunity creation> · Turn responses to customer questions and inquiries into new sales opportunities · Strengthen feedback systems that use text mining-based VOC (voice of customer) analysis	Business opportunity creation	· Number of awards of Kids Design Award and Good Design Award	 ▶p39
				· Percentage of inquiries handled (telephone, live chat, etc.)	
				· Number of instances of VOC analysis being used to improve new products and services	
				· Number of complaints concerning the operation of environmental management systems	
Responses to environment	Development of eco-conscious products Responses to climate change Reduction of wastes	Reduce impact of business on the environment and ensure the safety and quality of products for the environment <Risk reduction> · Monitor the environmental impact of businesses and products <Business opportunity creation> · Develop products and services that contribute to the establishment of a sound material-cycle society · Develop products and services that contribute to tackling global warming Provide products and services that reduce environmental impact and address supply chain issues <Business opportunity creation> · Lower CO ₂ emissions by reducing packaging volume · Develop resource-saving eco-conscious packaging and energy-saving long-life products · Develop products with non-plastic packaging	Risk reduction	· Rate of reduction in Scope 1 and 2 CO ₂ emissions (vs. FY2020)	 ▶p18-25
				· Ratio of packaging volume reduction	
				· Number of "THINK ECOLOGY" symbol certified products	
				· Petroleum-based plastic reduction of containers and packaging	
			Business opportunity creation	· Number of sales of products that contribute to the establishment of a sound material-cycle society (ink cartridges, etc.)	 ▶p18-25

Materiality highlights

Comprehensive materiality: Business continuity (strengthening management frameworks)

Background of identification as a materiality (risks and opportunities)

The ELECOM Group draws support from numerous stakeholders in serving as a publicly listed company in Japan's Prime Market. The potential for the ELECOM Group to achieve further growth hinges on its efforts to assess risk and fulfill its responsibilities. Whereas failure to adequately take certain matters into account may result in exposure to risk, sustainability initiatives provide opportunities to identify themes and key points warranting attention. The ELECOM Group will accordingly redouble its efforts in this regard, while making the most of its strengths with a focus on developing stable foundations and achieving long-term growth.

Objectives of initiatives and progress achieved

Base materiality	Risks	Opportunities	FY2021	FY2022	FY2023 (planned)	Pages featured
Business continuity	○	○	· Launched Sustainability Committee · Endorsed United Nations Global Compact	· Established a specialized organization for sustainability · Gained understanding of issues and international requirements	· Launch Corporate Planning Department* · Formulate medium-term vision and business plans	▶p8
Ensuring compliance	○	○	· Established internal contact points for whistle-blowing	· Implemented and initiated compliance training* · Formulated standards for business entertainment and gift-giving*	· Deploy compliance training on a Group-wide basis · Formulate Compliance Code of Conduct*	▶p46-47
Governance structure	○		· Inclusion of women on the Board of Directors*	· Developed understanding of the need for more robust governance and made preparations to such ends	· Adopt executive officer system* · Establish Nomination Committee and Compensation Committee	▶p43-45
Supplier management	○		· Called for CSR procurement efforts · Began to conclude CSR procurement MOUs	· Initiated administration of SAQs* (Self-assessment questionnaires) · Established Group company to serve as procurement base	· Prepare for implementation of CSR audits* · Redouble efforts for dispersal of production sites	▶p35
Disaster control	○		· Initiated relocation of logistics hub to inland site	· Reinforced BCP structure · Completed relocation of logistics hub to inland site	· Take action to better address issues	▶p47-48

(Supplementary explanation) The table contains selected initiatives implemented over the last three years. For FY2023 (planned), the planned initiatives are shown. A single asterisk (*) refers to ELECOM CO., LTD. A double asterisk (**) refers to the respective entity indicated.

Looking back on FY2022

The launch of a dedicated department helped ELECOM understand the requirements from a global perspective, identify overall deficiencies in the Company, and prepare the environment for strengthening governance in particular. With respect to supplier management, we established ELECOM Asia Pacific IPO Pte. Ltd. (Singapore) for the sake of mitigating geopolitical risk in product procurement and ensuring consistent supply. In addition, we relocated our logistics hub from a coastal area to an inland location in part given aims involving disaster control.

Initiatives for FY2023

The Group will transition to the implementation phase, which will entail disclosing the medium-term vision and seeking to integrate it with sustainability initiatives that facilitate manifestation of that vision. In addition, strengthening the governance structure will involve establishing the executive officer system and committees, and setting the stage for transition to the CSR audit phase with respect to supplier management. In terms of logistics that underpin the supply chain, we will contend with the Japanese logistics industry's "2024 issue" by implementing measures that address labor shortages through mechanization and achieving labor savings, and by engaging in partnerships that transcend corporate boundaries.

KPI

Respective initiatives were not implemented during fiscal years for which fields have been left blank (-).

Base materiality	KPI	Unit	Targeted companies	FY2021	FY2022
Business continuity	Achievement ratio of consolidated business result forecasts (compared to final revised forecast)	%	ELECOM Group	120.2%	106.7%
	Achievement ratio of consolidated business result forecasts (compared to initial forecast)	%	ELECOM Group	87.7%	83.1%
Ensuring compliance	Number of serious violations	Instances	ELECOM Group (Japan)*1	0	1
	Number of whistle-blowing reports made	Instances	ELECOM Group (Japan)	-	0
Supplier management	Multiple purchase ratios	%	ELECOM	95.2%	95.2%
	Ratio of companies endorsing CSR procurement guidelines (number of companies that have signed an MOU)	Companies	ELECOM	100.0%	99.6%
		Companies	Other than ELECOM	0.0%	77.2%
Disaster control	Number of resolved issues and problems identified through business continuity planning (BCP)	Instances	ELECOM Group (Japan)*1	0	4
	Ratio of logistics centers that are in operation	%	ELECOM Group (Japan)*1	100.0%	100.0%
	Ratio of order centers that are in operation	%	ELECOM	100.0%	100.0%

*1. Solely consists of ELECOM for the fiscal year ended March 31, 2022, but Group-wide from the fiscal year ended March 31, 2023.

*2. Changes and additions to the KPIs above in the fiscal year ending March 31, 2024 are being made to facilitate operations and better understand prevailing circumstances.

Comprehensive materiality: Business continuity (development of human resources and organizations)

Background of identification as a materiality (risks and opportunities)

Enhancing a strong management structure, and the human resources and organizational capabilities thereunder, is the key to corporate growth. Amid the looming decline in Japan's working-age population, we have been creating opportunities for growth by building appealing workplace environments that attract human resources and make it possible for a wide variety of people to play active roles, establishing business environments that enable development of human resources who serve as assets, and implementing risk countermeasures by developing efficient organizational management.

Objectives of initiatives and progress achieved

Base materiality	Risks	Oppor- tunities	FY2021	FY2022	FY2023 (planned)	Pages featured
Personnel development	○	○	・ Established e-learning platform*	・ Upgraded training programs* ・ Enhanced training facilities	・ Extend training programs to Group companies	▶p29-30
Respect for human rights	○	○	・ Established a policy on human rights of labor ・ Established contact point for reporting harassment	・ Reviewed policy on human rights of labor	・ Revise policy on human rights of labor	▶p27
Work style reform		○	・ Reviewed the childcare support system ・ Inclusion of women as officers*	・ Telework arrangements made available during ordinary times and prohibition on second jobs partially lifted ・ Implemented no-dress code policy ・ Formulated targets for promoting women's empowerment* ・ Initiated employee engagement surveys*	・ Implement measures based on survey results	▶p30-31 ▶p33
Promotion of work-life balance		○				
Supporting diversity	○	○				
Corporate culture reform	○					
Adequate wages	○	○	-	・ Introduced inflation allowance	・ Revise salaries	▶p28

(Supplementary explanation) The table contains selected initiatives implemented over the last three years. For FY2023 (planned), the planned initiatives are shown. A single asterisk (*) refers to ELECOM CO., LTD. A double asterisk (**) refers to the respective entity indicated.

Looking back on FY2022

In addition to expanding training programs and facilities and improving the environment for human resource development, various systems were reviewed and internal communication was promoted to create an environment where both people and the organization can grow, and employees have been able to feel the in-house changes.

Initiatives for FY2023

Efforts will be made to expand the development of the educational environment initiated by ELECOM to Group companies and to implement measures to address issues identified through dialogue with employees. Moreover, "Adequate Wages" has been added to the basic materiality, and in the face of recent social conditions such as rising prices, the Company will strive to create an environment in which employees can lead their lives with peace of mind and achieve more results.

KPI

Respective initiatives were not implemented during fiscal years for which fields have been left blank (-).

Base materiality	KPI	Unit	Targeted companies	FY2021	FY2022
Promotion of work-life balance	Ratio of health checks received	%	ELECOM Group (Japan)*1	92.0%	94.7%
	Reduction of the ratio of untaken paid leave to zero (No one taking less than 5 days)	%	ELECOM Group (Japan)*1	93.6%	96.7%
Corporate culture reform	Survey on sense of pride in the company through in-house questionnaires (five-point scale)	Points	ELECOM Group (Japan)	-	3.58

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Comprehensive materiality: Customer safety and satisfaction

Background of identification as a materiality (risks and opportunities)

The ELECOM Group will persist in developing new technologies and improving its services in seeking to deliver safety and satisfaction to its customers, serving as a bridge connecting innovation to people in this world of rapid technological advancement. The Group will consistently maintain a sense of urgency knowing that it will not prevail unless it remains an essential enterprise that taps into market transformation and meets societal expectations. Moreover, the Group will contribute to society while seeking long-term business growth in a manner that entails listening to feedback from its stakeholders premised on the notion that the Group gains business opportunities by helping to address social challenges through its products and services.

Objectives of initiatives and progress achieved

Base materiality	Risks	Oppor- tunities	FY2021	FY2022	FY2023 (planned)	Pages featured
Customer safety	○	○	・ Embarked on a project reconnecting with ELECOM's customer-focused origins	・ Prepared to strengthen business ties by overhauling organizational frameworks and operational flows in product development, SCM and sales* ・ Relocated and expanded Yokohama Technology Development Center	・ Generate results and activate the business strategy by overhauling ties to product development, SCM and sales* ・ Acquire ISO 9001 certification** (HAGIWARA Solutions)	▶p2 ▶p39
Customer satisfaction	○	○				
Customer service		○				
Product quality	○	○				
Development of new products and technology		○				

(Supplementary explanation) The table contains selected initiatives implemented over the last three years. For FY2023 (planned), the planned initiatives are shown. A single asterisk (*) refers to ELECOM CO., LTD. A double asterisk (**) refers to the respective entity indicated.

Looking back on FY2022

With our sights set on social conditions and the future, we reassessed weaknesses in ELECOM Group's product development and reviewed options in terms of how best to make improvements. The necessary human resources, organizational structure, and skills were reviewed, and a system of initiatives was put in place for the next fiscal year. The call center service level was low at the start of the fiscal year, but we managed to take decisive action in rebuilding the operational framework.

Initiatives for FY2023

We will activate our strategy under the new framework, thereby drawing up business plans and addressing challenges of product development. Moreover, feedback from customers through customer support and user reviews will be shared with the development and sales divisions to further strengthen efforts to link product development and customer satisfaction.

KPI

Respective initiatives were not implemented during fiscal years for which fields have been left blank (-).

Base materiality	KPI	Unit	Targeted companies	FY2021	FY2022
Customer safety	Number of product liability (PL) issues	Instances	ELECOM Group (Japan)*1	0	0
Customer satisfaction	Conduct annual corporate brand surveys	0	ELECOM	Completed	Completed
	Average user review score (4.0 or above out of 5.0; excludes scores for discontinued or limited-edition products)	Points	ELECOM	3.82	3.83
Development of new products and technology		Points	Other than ELECOM (Japan)	-	4.38
	Number of new products released	SKUs	ELECOM Group (Japan)*1	3,789	3,097
	Number of awards of Kids Design Award	Instances	ELECOM	4	3
	Number of awards of Good Design Award	Instances	ELECOM	10	13
Customer service	Telephone service level	%	ELECOM Group (Japan)	-	78.1%

*1. Solely consists of ELECOM for the fiscal year ended March 31, 2022, but Group-wide from the fiscal year ended March 31, 2023.

*2. Changes and additions to the KPIs above in the fiscal year ending March 31, 2024 are being made to facilitate operations and better understand prevailing circumstances.

Comprehensive materiality: Responses to environment

Background of identification as a materiality (risks and opportunities)

As a manufacturer, in addition to striving to reduce environmental impact in our business activities and contributing to environmental issues with the ELECOM Group's technologies, it is also essential to "coexist with society" by working to restore nature's inherent power. Conscious of the future risks of climate change, as well as the business opportunities created by this social challenge, the Group will take a sincere approach to this issue, including efforts in the supply chain.

Objectives of initiatives and progress achieved

Base materiality	Risks	Oppor- tunities	FY2021	FY2022	FY2023 (planned)	Pages featured
Development of eco-conscious products	○	○	・ Launched THINK ECOLOGY initiatives*	・ Extended THINK ECOLOGY to Group companies ・ Promoted environmental practices involving packaging	・ Review environmental practices involving products	▶p20
Responses to climate change	○	○	・ Began tracking and disclosing Scope 1 and 2 emissions	・ Launched Scope 1 and 2 measures and formulated targets ・ Endorsed the recommendations of TCFD	・ Extend Scope 1 and 2 measures ・ Begin evaluating and disclosing Scope 3 emissions	▶p21-24
Reduction of wastes	○	○		・ Began tracking packaging waste volume ・ Prepared for SCM project*	・ Work to reduce packaging waste volume ・ Engage in SCM project*	▶p25

(Supplementary explanation) The table contains selected initiatives implemented over the last three years. For FY2023 (planned), the planned initiatives are shown. A single asterisk (*) refers to ELECOM CO., LTD. A double asterisk (**) refers to the respective entity indicated.

Looking back on FY2022

THINK ECOLOGY, the Company's own eco-standard, has been expanded to Group companies, and in particular, environmental measures in packaging, Scope 1 and Scope 2 CO₂ emission reduction measures have been started. Additionally, discussions on countermeasures among departments were initiated, as we were able to recognize the amount of packaging materials discarded, which had not been adequately shared up to this point. Furthermore, relocation of our logistics hub has culminated in more extensive functions, and has also served as a measure to address physical risk of climate change given the facility's relocation from a coastal area to an inland site.

Initiatives for FY2023

We will further review options for enabling us to offer environmentally-conscious products to the public, and will also evaluate and disclose Scope 3 emissions in seeking to engage in more extensive efforts from the next fiscal year onward. The Company will also coordinate with relevant divisions to reduce waste we have managed to identify. Scope 1 and 2 will continue to be addressed throughout the Group.

Long-term targets

Scope 1 and 2 CO₂ emissions Carbon neutrality by 2050
50% reduction by 2030 (vs. 2020)

Note: Scope 3 CO₂ emissions targets will be set for the fiscal year ending March 31, 2024, after emissions are evaluated.

KPI

Respective initiatives were not implemented during fiscal years for which fields have been left blank (-).

Base materiality	KPI	Unit	Targeted companies	FY2021	FY2022
Development of eco-conscious products	Number of sales of products that contribute to the establishment of a sound material-cycle society (ink cartridges, etc.)	Units	ELECOM	1,426,199	1,447,194
	Number of sales of products that contribute to tackling global warming (CFC-free air dusters, etc.)	Units	ELECOM	650,732	469,493
Responses to climate change	Number of complaints concerning the operation of environmental management systems	Instances	ELECOM Group (Japan)*1	0	0
	Number of environment-related complaints from stakeholders	Instances	ELECOM Group (Japan)*1	0	0
	Ratio of packaging volume reduction	%	ELECOM	-	-3.9%
	Petroleum-based plastic reduction of containers and packaging	t	ELECOM	117.47	93.04
Development of eco-conscious products	Number of "THINK ECOLOGY" symbol certified products	SKUs	ELECOM Group (Japan)	-	2,142

*1. Solely consists of ELECOM for the fiscal year ended March 31, 2022, but Group-wide from the fiscal year ended March 31, 2023.

*2. Changes and additions to the KPIs above in the fiscal year ending March 31, 2024 are being made to facilitate operations and better understand prevailing circumstances.

Relationships with Stakeholders

In its relationships with stakeholders, the ELECOM Group focuses on five groups – customers, shareholders, employees, suppliers, and local communities – and maintains daily communications with these groups. The ELECOM Group considers the various impacts the Group's business activities have on people and strives to contribute to the realization of a sustainable society and increased value for stakeholders.



Communication with stakeholders

(All figures as of March 31, 2023)

Major stakeholders of the ELECOM Group	Overview of initiatives	Means of communication
Customers We serve a wide range of individuals, companies and government offices, as well as locations in Asian nations and the United States. Sales composition ratio: 	Underpinned by its mission of "lifestyle innovation," the Group provides products and business solutions related to daily life in seeking to consistently serve as a bridge connecting innovation by new technologies with customers. Responding to customer concerns worldwide with innovative ideas is exactly a driving force for and a proof of the ELECOM Group's growth.	<ul style="list-style-type: none"> ● Corporate branding ● Various forms of advertising ● Digital marketing ● Websites ● News releases ● Various social networking services
Shareholders <ELECOM> Issued shares: 92,221,420 shares Number of shareholders: 14,490 Breakdown of shares held by shareholder category: 	In addition to proactively disclosing share-related information, we have also created opportunities for having a dialogue with shareholders and investors face to face, including holding financial result presentations and one on one meetings for investors. The valuable opinions we receive through such dialogue are shared with management as necessary.	<ul style="list-style-type: none"> ● General Meeting of Shareholders ● Financial results presentations: 2 times (Full-year financial results presentation in May and interim financial results presentation in November) ● Small meetings for institutional investors: 2 times (Attended by investors from a total of 28 companies) ● Briefing sessions for individual investors: 3 times ● One-on-one meetings with sell-side analysts and institutional investors (Japan and outside of Japan): 214 companies (Incl. joint attendance) ● Websites ● Various IR materials (financial results digests, annual securities reports, annual reports, etc.)
Employees Number of employees: 2,037 Composition ratio: 	We aim to become a company where employees and the Company can grow together through respecting the human rights and diversity of our employees, constantly working to improve employee's sense of fulfillment and creating new value by bringing together the diverse values of our workforce. We believe that this sort of corporate approach will enable us to address social challenges and further create future possibilities through our businesses.	<ul style="list-style-type: none"> ● Various committees ● Training programs ● Employee assessments and interviews ● Internal and external whistle-blowing contact points ● Intranet, in-house newsletters and surveys ● Employee engagement surveys
Suppliers ELECOM carries out procurement from many suppliers, primarily located in East Asia.	With the entire supply chain as the scope of ELECOM's social responsibility, a fair and comprehensive evaluation will be conducted, with joint efforts with suppliers to recognize and resolve issues, thereby realizing a sustainable society.	<ul style="list-style-type: none"> ● Onsite inspections ● Procurement guidelines ● CSR procurement self-assessment survey
Local communities 42 locations in Japan 15 locations outside of Japan	Our ongoing local revitalization initiatives and other social activities are essential when it comes to sustainably increasing corporate value. As such, we will continue to build strong ties to regional communities through activities such as tree planting and sports sponsorships going forward.	<ul style="list-style-type: none"> ● Regeneration of local natural environment (Tree planting in Mie Prefecture and conservation of Maruyama Senmida Rice Terraces) ● Exchanges with local residents (e.g. greening promotion councils) ● Support and exchange in local sports ● Inviting local children to corporate recreation facilities ● Academic-industrial collaboration projects ● Support for local governments (e.g. support for children's home via Mie Prefecture)

Distribution of financial value to stakeholders

The financial value allocated by the Group toward each stakeholder in the fiscal year ended March 31, 2023 is as follows.

Stakeholder	Fiscal year ended March 31, 2023	Details
Employees	¥10,680 million	Salaries, bonuses, provision for bonuses, retirement benefit expenses, share-based payment expenses, legal welfare expenses, welfare expenses
Local communities	¥48 million	Donations, etc.
Financial institutions	¥1 million	Interest expenses
Shareholders	¥3,271 million	Dividend payments

Involvement in external initiatives

We seek to help give rise to a sustainable society through our business activities. As such, we are involved in supporting various initiatives to such ends.

United Nations Global Compact*

In January 2022, ELECOM endorsed and became a signatory to the United Nations Global Compact. The ELECOM Group has accordingly been making progress with initiatives to address social challenges by putting the Ten Principles of the UN Global Compact into practice. Details of such initiatives are reported annually.

* The United Nations Global Compact is an initiative for building a healthy global society through combined efforts of the United Nations and the private sector. It serves as a voluntary initiative for companies and organizations seeking to achieving sustainable growth while serving as good corporate citizens by demonstrating responsible and creative leadership.



The Ten Principles of the UN Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Labour	Principle 2: make sure that they are not complicit in human rights abuses.
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour;
	Principle 4: the effective abolition of child labour; and
	Principle 5: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 6: the elimination of discrimination in respect of employment and occupation.
	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Task Force on Climate-related Financial Disclosures (TCFD)*

In April 2022, ELECOM endorsed the recommendations of the TCFD and joined the TCFD Consortium, which was established to facilitate discussion on effective corporate information disclosure and appropriate initiatives regarding the TCFD. The ELECOM Group regards climate change as a major social challenge and accordingly seeks to take action and disclose information upon having identified opportunities and risks associated with its business activities.

*The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board, which is an international organization that seeks to ensure stability of the financial system. The TCFD makes recommendations for ensuring stability of financial markets by promoting a transition to a decarbonized society, through identifying and disclosing financial effects of corporate business risks and business opportunities attributable to climate change.



KEIDANREN (Japan Business Federation)

ELECOM will fulfill its social responsibilities by putting the spirit of KEIDANREN's Charter of Corporate Behavior into practice.

Environment

The ELECOM Group works to achieve corporate and social sustainability through eco-conscious corporate activities, under the notion of “coexisting with society” since its founding. Through our initiatives to reduce CO₂ emissions in looking toward achieving a decarbonized society, we will keep striving for sustainable development of companies and society going forward by promoting efforts to prevent global warming, particularly in terms of making effective use of resources and developing eco-conscious products.

Basic Principles

The ELECOM Group is promoting sound business practices in order to harmonize and balance activities to conserve the global environment with activities to manage the planning, development, manufacture and sale of IT lifestyle products.

Environmental Policy

- Compliance with environmental laws and regulations**
The ELECOM Group complies with laws and regulations, rules, and other agreed requirements in relation to the environment.
- Efficient use of resources and energy**
The ELECOM Group promotes the effective use of resources, energy and water, and strives to conserve the finite resources of the planet.
- Realizing a recycling-oriented society**
The ELECOM Group contributes to realizing a recycling-oriented society.
- Reduction of global environmental impacts**
The ELECOM Group aims for an eco-conscious approach to manufacturing and selling its products, which includes measures to conserve biodiversity and respond to global warming.
- Establishing and continuously improving environmental management systems**
The ELECOM Group sets targets based on the Environmental Policy, reviews them on a periodic basis, and strives to establish, implement, and continuously improve environmental management systems.
- Publicizing and disseminating the Environmental Policy**
The ELECOM Group disseminates its Environmental Policy to all stakeholders within the Company, ensuring that it is understood by each employee, and promoting educational and training activities so that the policy can be put into practice.
In addition, the Group uses documents and other measures to publicize the policy among external stakeholders, requesting their compliance and cooperation.

Publicizing and disseminating the Environmental Policy

The ELECOM Group promotes educational and training activities to enable each and every Group employee to understand the Environmental Policy, and to put it into practice in all areas of the business. In addition, the Group uses documents and other measures to publicize the policy among external stakeholders, requesting their compliance and cooperation.

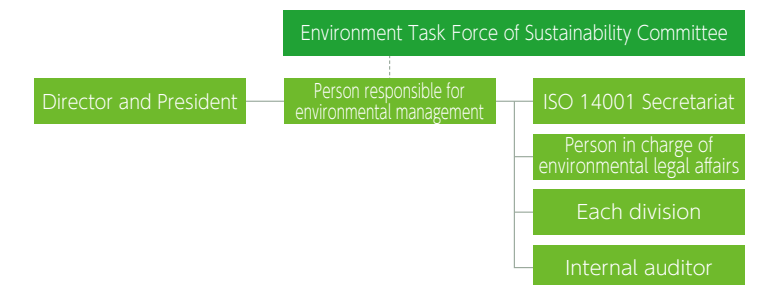
Company-wide Introduction Study Group	Waste Management and Public Cleansing Act Study Group	Rechargeable Battery Development Special Study Group
Mid-career Hires/Transferees Study Group	Overseas Shipment Special Study Group	Training for Persons in Charge of Compliance Assessment
Development/QA Special Study Group	Environmental Internal Audit Seminar	

Environmental management systems

The ELECOM Group has established and operates its environmental management system (EMS) pursuant to environmental management regulations stipulated based on its Environmental Policy. We comply with laws, regulations, and other rules related to environmental activities associated with our business and operate our environmental management system, which has been granted certification under the ISO 14001 international standard. This enables us to thoroughly manage various environmental risks associated with our business activities and strive to reduce environmental impact. In promoting these efforts, the ISO 14001 Secretariat works with the Working Group for Environmental Measures of the Sustainability Committee to promote environmental measures and the development and sale of eco-conscious products. This entails implementing the plan-do-check-action (PDCA) approach in regularly evaluating the impact of our business on the

environment and disclosing results of initiatives to address climate change. The Group strives to achieve continuous improvement in this regard by conducting internal audits and carrying out in-house awareness-building and education activities, while otherwise engaging in environmental activities for facilitating decarbonization and resource conservation, enlisting the entire Group.

Environmental management system



Number of environment-related fines and penalties

	Targeted companies	Unit	FY2020	FY2021	FY2022
Number of environmentally related fines	ELECOM Group (Japan)	Fines	0	0	0
Total monetary amount of environmentally related fines	ELECOM Group (Japan)	Yen	0	0	0

Acquisition of official certifications

Details regarding acquisitions of ISO 14001 environmental management system certification is as follows (as of March 31, 2023). Percentage of Group companies (Japan) that have acquired ISO 14001 certification: 28.9%

Management system	Company name	Date of initial registration	Business offices	Description
ISO 14001	ELECOM	February 3, 2006	Head office	To set up the Product Development Division at the head office
ISO 14001	Logitec INA Solutions	April 27, 2005	Head office: Ina Factory	All factories and Product Development Divisions
ISO 14001	DX Antenna	December 17, 1999	Seishin Technology Center	Applies to Manufacturing Department

Toward realization of a decarbonized society

The 2016 Paris Agreement seeks to encourage efforts that will keep the average increase in global temperature to less than 2°C relative to the pre-Industrial Revolution level. It accordingly sets universal objectives that involve reaching a peak level of worldwide greenhouse gas emissions as soon as possible and striking a balance between greenhouse gas emissions and absorption volume (through forests, etc.) by the second half of the 21st century. The ELECOM Group has achieved growth by delivering products and services to people in serving as “bridge the gap between innovation and people.” This also means that we continue to grow while addressing social challenges. In order for us to keep growing while addressing problems and challenges of the world going forward, we will need to engage in business activities enlisting a perspective shared among everyone. The ELECOM Group accordingly embarked on such initiatives in April 2023, upon having set the following targets for helping to achieve a decarbonized society.

CO₂ reduction targets

- Reduce CO₂ emissions (Scope 1 + Scope 2) by 50% compared to levels of FY2020 by FY2030.**
- Work to reduce CO₂ across the supply chain while aiming to achieve carbon neutrality in 2050 in alignment with the worldwide objective, through our business activities.**

The ELECOM Group will proceed with initiatives based on these targets, beginning with efforts that involve adopting use of renewable energy in office buildings in looking to reduce greenhouse gas emissions in its business activities, and increasing the number “THINK ECOLOGY” certified products that help reduce environmental impact.

Initiatives related to climate change

Efficient use of resources and energy

The ELECOM Group promotes conservation of resources and energy, and strives to reduce CO₂ emissions and conserve the finite resources of the planet.

Record of activities

● Adopting renewable energy

The ELECOM Group has been taking steps to adopt renewable energy with the aim of achieving its stated CO₂ emissions reduction targets. We are unable to unilaterally switch to renewable energy when it comes to many of our office buildings given that a majority of them are occupied as tenants. When it comes to offices occupied as tenants, we are proceeding with efforts to adopt renewable energy, which involves diligently negotiating with building owners in accordance with the "Leading Tenant Action Plan" set forth by Japan's Ministry of the Environment. When it comes to our own properties, we are installing self-consumption solar panels, as has been the case with the Ina Factory of Logitech INA Solutions, and are otherwise prioritizing initiatives such as those that involve switching over to renewable energy electric power options in FY2023.

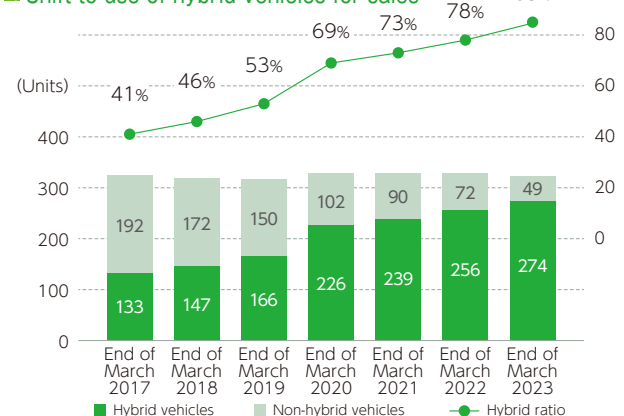
● Energy-saving activities (logistics centers)

Operational efficiency of our logistics centers is making significant gains as we undertake digital transformation (DX). Meanwhile, we are engaging in energy-saving initiatives given the need for considerable electric power volume due to the large size of such facilities. We are currently proceeding with efforts that involve switching to LED lighting in the facilities and installation of motion sensors. At the Hyogo Logistics Center, we have completed work that has entailed conversion to LED lighting and installation of motion sensors in part of the warehouse (approx. 33,124 m²), which has resulted in energy-savings of 18,000 kWh per month. Meanwhile, for the sake of saving energy on the operations front, the Kanagawa Logistics Center embarked on an initiative to turn off power in areas not in use beginning in mid-August 2022. That has resulted in a reduced electricity consumption of approximately 12% relative to the previous fiscal year. At the Hyogo Logistics Center, we also remind employees to turn off office lighting and air conditioning units, and periodically shut down high-pressure fans. Moreover, we have been striving to reduce power consumption in material handling and work areas. In addition to powering on and off by means of motion sensors among the LED sensor functions, this has involved setting schedules specifying times for turning on lighting for each specified group, light intensity when in standby mode, and time intervals for keeping lights on.

● Use of hybrid vehicles for sales

Sales vehicles are an essential aspect of support for our sales capabilities, which is a strength of the ELECOM Group. ELECOM has a large fleet of its own sales vehicles and has been successively switching the fleet over to hybrid vehicles since 2011. Hybrid vehicles now account for 85% of our fleet upon our having finished replacing a total of 18 vehicles overall during the fiscal year ended March 31, 2023, thereby contributing to lower gasoline consumption.

Shift to use of hybrid vehicles for sales



Adoption of self-consumption solar energy

At its head office factory (Ina, Nagano Prefecture), Logitech INA Solutions has been promoting eco-conscious business activities having embarked on adoption of self-consumption solar energy in December 2021. Situated in Japan's Minami Shinshu region featuring abundant nature overlooking Japan's Central Alps to the west and its Southern Alps to the east, the head office factory complex is on a site with plentiful greenery and contains three buildings: an office building, a manufacturing building, and a logistics building. Its business domain is centered on manufacture and sales of industrial computers. We made the decision to install solar panels on the rooftops of each of those buildings given factors such as Nagano Prefecture's clear air, high altitude, long hours of sunshine, and low temperatures, placing it among the prefectures with the highest levels of photovoltaic efficiency in Japan. There are three operating solar power plants that generate electricity independently for daytime factory operations, enlisting separate power management systems in each of the three buildings. The setup consists of 1,260 solar panels yielding annual power generation of 430,978 kWh and depending on the season capable of supplying all power consumed by the factory during the daytime hours when the sun is at its highest point in the sky. The environmental contribution of solar power generated by this system is expected to be equivalent to a reduction in oil consumption amounting to 97,831 liters per year, CO₂ emissions reduction amounting to 194,156 kg of CO₂ per year, or reduction in primary energy volume of 4,206,346 MJ per year. We will continue to engage in environmentally-conscious business practices through manufacturing.



Installation of solar power panels
(Logitech INA Solutions, Ina Factory)

Reducing environmental impact caused by products

The ELECOM Group has been switching over to "THINK ECOLOGY" products since FY2021 with the aim of reducing environmental impact involving products and packaging. This serves as an initiative for mitigating risks associated with a low-carbon commitment and creating opportunities. When it comes to such products, the products page of the online catalog displays the "THINK ECOLOGY" certified symbol, thereby letting customers know that a product is environmentally conscious. This encourages customers to actively select products with minimal environmental impact, which culminates in less environmental burden.

Particularly when products and packaging containing petroleum-based plastics are discarded, such materials cause CO₂ emissions and result in microplastics that threaten marine ecosystems. As such, the ELECOM Group seeks to protect the global environment by engaging in initiatives focused on reducing plastic materials and cutting down on volume of paper use and waste.

Specific measures being taken in this regard have included downsizing packaging, reducing quantities of component parts, and decreasing use of petroleum-based plastic materials by switching to bio-based plastics and recycled materials such as recycled paper materials. In addition, we have been making progress in shifting to online manuals when it comes to our printed manuals included with our products. We are furthermore striving to reduce volume of paper use and cut down on waste through packaging that features QR codes* directing customers to online manuals.

With 2,134 models having been switched over in FY2022, 27% of all models are "THINK ECOLOGY" products on a cumulative basis. Moreover, with these initiatives having culminated in total plastics reduction of 93 tons thus far, we will keep forging ahead in switching over to "THINK ECOLOGY" designated products.

*QR Code is a registered trademark of DENSO WAVE Incorporated.

"THINK ECOLOGY" certification standards

Proprietary environmental certification standards	Item	Standard	Descriptive labelling
	Energy conservation	(i)	This product has been designed for power savings or long life exceeding our standard product by at least 10% to conserve energy.
	Resource conservation	(ii)	The volume of this product is equal to or greater than that of our standard product but its total weight of raw materials is at least 10% less than the standard product to conserve resources.
	Reduction of wastes	(iii)	This is a paperless product in that it does not contain a printed instruction manual or other such documentation to reduce waste.
	Reduction in volume of plastics	(iv)	The volume of this product is equal to or greater than that of our standard product but it contains at least 20% less plastic in proportion to raw materials by weight to conserve the environment.
		(v)	The packaging of this product contains at least 20% less plastic than the standard product by weight to conserve the environment.
	Use of recycled materials	(vi)	The packaging of this product exclusively consists of paper, cardboard and polyethylene film to conserve the environment.
		(vii)	More than 10% of the raw materials used in the primary components of the product itself and its components are recycled materials to conserve the environment.
	Use of raw material substitutes for petroleum-based plastics	(viii)	More than 10% of the raw materials used in the packaging of this product are recycled materials to conserve the environment.
		(ix)	More than 10% of the raw materials used in the primary components of the product itself and its components are substitutes for petroleum-based plastics to conserve the environment.
	Promotion of recycling and reusing	(x)	More than 10% of the raw materials used in the packaging of this product are substitutes for petroleum-based plastics to conserve the environment.
		(xi)	This product is certified with respect to recycling and reusing after disposal of the primary components of the product itself and its components to promote recycling and reusing.

The ELECOM Group's products that meet ELECOM's proprietary standards feature the "THINK ECOLOGY" symbol indicating that such products have lower environmental impact than before.



Information disclosure based on the TCFD recommendations

In April 2022, the ELECOM Group declared its endorsement for recommendations of the TCFD* aimed at reducing risks of market instability caused by climate change. The ELECOM Group is working according to the framework based on the recommendations, recognizing climate change as one of the key challenges that substantially affect its sustainable growth. We aim to achieve sustainable growth aligned with the notion of a decarbonized society by analyzing the risks and opportunities that climate change imposes on our businesses and accordingly applying such findings to our business strategy and risk management.

*The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board, which is an international organization that seeks to ensure stability of the financial system. The TCFD makes recommendations for ensuring stability of financial markets by promoting a transition to a decarbonized society, through identifying and disclosing financial effects of corporate business risks and business opportunities attributable to climate change.

Governance

The ELECOM Group aims to consistently contribute to the realization of a better global environment based on its Credo and Code of Conduct. In seeking to address sustainability issues including those related to climate change, we established the Sustainability Committee in 2021. The committee is chaired by the Representative Director and President and oversees climate change risk. With its meetings held every month, the Sustainability Committee is tasked with identifying risks of sustainable business activities impeded by climate change and various other factors, recommending new business opportunities derived from climate change, making decisions on materialities, KPIs and other important matters, checking on progress in that regard, and drawing up countermeasures. The Sustainability Committee furnishes semiannual and occasional reports on sustainability activities, including those involving climate change, to the Board of Directors, which monitors and oversees such activities.



Strategy

The ELECOM Group's in-house CO₂ emissions are limited given that it does not have its own manufacturing facilities. On the other hand, we recognize that the Group's medium- to long-term business risks and opportunities are considerably affected by challenges related to climate change given a tendency for substantial emissions with respect to its manufacturing subcontractors and transportation. In 2022, we conducted further scenario analysis, identified major risks and opportunities, and explored countermeasures in that regard pursuant to the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) released in 2022 and the Net Zero Scenario of the International Energy Agency (IEA), as we engaged in initiatives to address challenges related to climate change underpinned by our Environmental Policy.

The Roadmap to Net Zero by 2050 based on the IEA's Net Zero Scenario envisions energy conservation, behavior change, renewable energy, and hydrogen-centered decarbonization, without reliance on negative emissions technologies. It also indicates the need for redoubling efforts running up to the year 2030 taking into account long-term transformation ensuing up to the year 2050 particularly in terms of the transition to renewable energy and electric vehicles, and furthermore expresses concerns about escalating critical mineral consumption associated with expansion of the decarbonization technology market. Moreover, the IPCC's AR6 envisions a high likelihood of warming exceeding 1.5°C during the 21st century under prevailing nationally determined contributions (NDCs)* announced prior to COP26. The AR6 expresses the notion that limited overshoot of the 1.5°C target poses significant additional risks to human and natural systems relative to a scenario of staying at or below 1.5°C, thereby indicating the need for ambitious reductions in respective nations by 2030.

The ELECOM Group has redefined its risks and opportunities, given that the emission scenarios have been re-established under these reports.

(2°C and 1.5°C or less scenario)

- Laws and regulations that include imposition of carbon tax and carbon border adjustment tax, and decarbonization initiatives are more stringently enforced than previously envisioned and move forward ahead of plan.
- Propensity among society and customers seeking carbon reduction with respect to products and services intensifies further, underpinned by an increasing commitment to decarbonization.
- Limited overshoot of targets due to insufficiency of prior NDCs culminates in a more pronounced increase in typhoons, torrential rains, and other natural disasters.

(4°C scenario)

- Temperature increase is not brought under control as anticipated amid lack of progress in reaching consensus on climate change mitigation and delays in achieving NDCs, due to war and conflict.
- Energy prices escalate due to lack of progress in reaching consensus and delays in achieving NDCs.
- This results in frequent occurrence of typhoons, torrential rains and other such natural disasters over an extensive geographic area, along with more widespread and frequent occurrence of heatstroke and mosquito-borne infections attributable to chronic increases in temperatures.

* Nationally determined contributions (NDCs) are greenhouse gas emission reduction targets submitted by respective nations that have ratified the Paris Agreement.

The ELECOM Group's strengths seemingly include its product development and procurement capabilities in terms of promptly addressing market demand and trends, as well as the Group's robust supply chain equipped with operational maneuverability and logistical capacity in delivering such products to customers in a timely manner. Results of our scenario analysis reveal that the need for us to address climate change and increasingly stringent regulations associated with climate change could potentially undermine these strengths, which have been cultivated over many years. Meanwhile, our active efforts involving mitigation and adaption with respect to climate change have revealed the emergence of opportunities in terms of providing products and solutions for facilitating customer decarbonization initiatives and in terms of cutting costs of the ELECOM Group.

World in the scenario

	World in the scenario of temperature increase of 2° C or less	World in the scenario of temperature increase of 4° C
Procurement activities	<ul style="list-style-type: none">• Increase in procurement costs as a result of carbon pricing being imposed on suppliers• Production costs surge due to regulations on use of plastics• Operations are suspended at some factories due to natural disasters, which delays shipments• More stringent supplier management associated with regulations for GHG emissions	<ul style="list-style-type: none">• Prolonged disruption in product supply from factories due to frequent occurrence of floods and other natural disasters• Respective nations encounter lack of progress in reducing GHG emissions
Product development activities	<ul style="list-style-type: none">• Elimination of plastic from products and packaging, recycling and other eco-conscious measures strengthened further• Products and packaging downsized and standardized to align with streamlining of deliveries	<ul style="list-style-type: none">• Demand for eco-conscious products increases in advanced economies, although environmental response of each nation varies• Demand for disaster supplies mounts due to increased frequency of disasters
Sales and office activities	<ul style="list-style-type: none">• Increasing prevalence of extremely hot days makes it necessary to review working styles• Air conditioning costs increase due to rising temperatures• Work restrictions become necessary due to restrictions on electricity consumption amid power shortages caused by a trend of escalating electrification• Surge in electricity costs associated with burdens of investing in renewable energy	<ul style="list-style-type: none">• Sales office functions encounter disruption associated with increasing occurrence of natural disasters• Increasing harm to health of employees and deterioration of working environments due to chronic weather abnormalities, and it is necessary to review office equipment and working styles• Costs of capital investment increase in order to cope with weather abnormalities
Logistics activities	<ul style="list-style-type: none">• Delivery costs rise due to increased capital investment amid the need to comply with new energy conservation law imposed on carriers• Packaging and delivery methods must be revamped due to regulations on GHG emissions	<ul style="list-style-type: none">• Warehouse facilities and transport vehicles increasingly incur damage due to natural disasters• Frequent occurrence of late deliveries due to increasing prevalence of natural disasters
Stakeholders	<ul style="list-style-type: none">• Demand for products containing plastics decreases as customers become more eco-conscious regarding products due to increasingly stringent regulations• Companies not deemed to be eco-conscious are excluded from consideration when it comes to investment, employment, and product purchasing	<ul style="list-style-type: none">• Markets served thus far shrink or disappear amid changing consumer behavior accompanying chronic weather abnormalities• Lost sales opportunities increase as customers are affected by disasters

Reference of the scenarios: SSP1-2.6 (2° C or less scenario), SSP1-1.9 (1.5° C or less scenario), IPCC/RCPB.5 (4° C scenario), IPCC/RCP2.6 (2° C or less scenario)

■ Risks and opportunities

Classification			Analysis results	Occurrence	Impact	Addressing risks and opportunities
Risks	Transition risks	Government policy & laws and regulations	Increase in costs associated with imposition of carbon pricing	M	Major	Reduce CO ₂ emissions by switching to renewable energy and implementing energy-saving measures
			Increase in electricity costs associated with burdens of investing in renewable energy	S / M		Take steps to reduce power consumption along with operational improvement and streamlining at facilities subject to substantial electricity demand
			Delivery costs rise amid the need to comply with new energy conservation law imposed on carriers	S / M		Downsize packaging and streamline delivery methods
			More stringent regulations imposed with respect to tracking and reducing GHG emissions across the entire supply chain	M		Review the product development framework enlisting life cycle assessment (LCA)
		Markets	Decrease in sales of products not deemed eco-conscious	M	Major	Switch over to plastic-free and bio-plastic products
			Contraction of existing markets	M / L		Enhance marketing to align with market trends and develop Phase Free products
	Reputation	M	Loss of trust due to slow response regarding an eco-conscious approach	Moderate		Expand lineup of "THINK ECOLOGY" products
			Investment withdrawn by investors			Set long-term targets for reducing CO ₂ emissions and disclose progress toward achieving such targets
		Technology	Introduction of eco-conscious technologies and handling of materials for products	M	Moderate	Reduce use of petroleum-based plastics
	Physical risks	Acute	Delays arise with respect to product procurement and delivery due to supply chain disruption associated with intensifying meteorological catastrophes	S / M	Major	Review and strengthen business continuity plans, and transition to multiple suppliers and logistics centers
			Capital investment costs increase due to a deteriorating workplace environment			Implement work style reforms and review the employment framework
		Chronic	Productivity and utilization rates of sales locations and logistics centers decreased due to deteriorating working environments accompanying weather anomalies	M / L	Major	Increase productivity by improving operations, improve working environments through mechanization
Opportunities	Energy and resource efficiency	M / L	Decrease in costs due to logistical streamlining	Moderate		Optimize distribution networks by coordinating with delivery service providers, engaging in joint delivery with other shippers, and reviewing conditions for shipping to customers
			Decrease in costs through use of uniform raw materials			Expand use of recycled materials and bio-plastics
	Products, services, and markets	M / L	Sales expanding due to development of products that align with eco-consciousness and changes in behavior	Moderate		Growth in sales of the "THINK ECOLOGY" products
			Emergence of more business opportunities that involve affinity with low carbon-oriented policies			GHG emission reduction targets and promotion of initiatives
			Creation of new businesses that contribute to reduction of environmental impacts			Expansion of Phase Free products
	Resilience	M / L	Reduce opportunity loss by strengthening the supply chain	Moderate		Strengthen ties with suppliers and delivery service providers, review and strengthen the BCP Stabilize logistics center operations through mechanization
			Greater prevalence of new technologies and new materials with low environmental impact			Develop and increase sales of eco-conscious products and services

* S: Short term (2022–2024), M: Medium term (2025–2030), L: Long term (2031–2050)

■ Quantitative estimates of financial impact under two scenarios, one of which entails transition having proceeded as planned and the other of which entails transition having not proceeded as planned (as of 2030)

Benchmarks	Unit cost	Transition has proceeded as planned	Transition has not proceeded as planned
Carbon tax	Carbon tax amount: ¥289 → ¥16,900	¥19,300,000	¥38,600,000
Fee for electricity derived from renewable energy	Increase in electricity fee per unit: ¥1.5/kWh	¥3,340,000	¥0

* Carbon tax: US\$130/t-CO₂ (according to IEA World Energy Outlook 2021), calculated assuming an exchange rate of ¥130 to the US dollar

- [Assumptions]
- Scope 1 and Scope 2 emissions of Group companies in Japan
 - Variation in Scope 1 and Scope 2 CO₂ emission reductions as of 2030 (compared to the base year FY2020: 2,770 t-CO₂): 50% to 0%
 - Variation in ratio of renewable energy-derived electricity use as of 2030 (FY2020: 4,458,000 kWh): 50% to 0%
 - Purchased electricity emissions volume takes into account variation in electrical emissions factors
Electrical emissions factor for 2020 according to the Foundation of Electric Power Companies of Japan (FEPC): 0.441 kg-CO₂/kWh
Electrical emissions factor target for 2030 according to FEPC: 0.37 kg-CO₂/kWh
 - Carbon tax takes into account anticipated variation from 2020 to 2030
Carbon tax in 2020: ¥289/t-CO₂
Estimated carbon tax in 2030: ¥16,900/t-CO₂

Management of climate change risk

We are expected to be subject to two types of risks associated with climate changes. One is caused from restrictions imposed on our business activities and increased costs associated with strengthening of government policy and regulations, shifting stakeholder perceptions, and technological developments. Another is caused from climate changes such as chronic weather anomalies that are becoming apparent in the form of intensifying meteorological events and rising temperatures. The ELECOM Group takes a cross-divisional approach with respect to accordingly compiling data on numerous risk factors associated with climate change. The Working Group for Environmental Measures of the Sustainability Committee identifies major risks associated with climate change upon having discussed such matters with relevant divisions. We assess such identified risks in terms of the potential extent of their impact in a three-tiered scale of major, moderate, or minor, and analyze them from the perspective timing of the potential emergence of such risk (short term, medium term, and long term). After that we consider options in terms of engagement policies and countermeasures. The Sustainability Committee furnishes semiannual and occasional proposals and reports on sustainability, including matters involving climate change risk, to the Board of Directors, which discusses matters of particularly high priority and oversees the status of business execution as one of the business risks of the entire ELECOM Group.

Benchmarks and targets

The ELECOM Group set medium- to long-term targets for reduction of CO₂ emissions during the fiscal year ended March 31, 2023. These targets are to serve as managerial benchmarks toward achieving the objective of keeping the average increase in global temperature to at least 2°C or less relative to the pre-Industrial Revolution level.

- Reduce CO₂ emissions (Scope 1 + Scope 2) by 50% relative to levels of FY2020 by FY2030.
- We aim to achieve carbon neutrality by 2050 through our business activities and in alignment with the worldwide target, while also working to reduce CO₂ across the supply chain.

The ELECOM Group will proceed with efforts to reduce greenhouse gas emissions in its business activities, using the introduction of renewable energy in office buildings and increasing the number of "THINK ECOLOGY" certified products that contribute to reducing environmental impact as a springboard. In addition, the ELECOM Group recognizes that the CO₂ emissions attributable to its manufacturing subcontractors and transportation account for a substantial proportion of its emissions across the entire supply chain, given that its business model is such that the Company does not have its own manufacturing facilities. Going forward, we will work to achieve carbon neutrality by building a framework for cooperation with our suppliers and delivery service providers, accurately identifying CO₂ emissions attributable to our respective activities, reducing emissions, and tracking progress in that regard.

Amount of electricity, gas, and gasoline consumed, and CO₂ emitted, by the ELECOM Group

■ Energy consumption				■ CO ₂ emissions and emissions intensity			
	FY2020	FY2021	FY2022		FY2020	FY2021	FY2022
Electricity consumption (MWh)	4,458	4,793	5,106	Scope 1 (t-CO ₂)	786	805	748
Gasoline consumption (kL)	302	319	293	Scope 2 (t-CO ₂)	1,984	2,045	2,153
Gas consumption (thousand m ³)	38	29	30	Scope 1/Scope 2 total (t-CO ₂)	2,770	2,850	2,901
				Intensity (t-CO ₂ /sales)	1.00	1.04	1.08

Energy consumption has been on an upward trend since the previous fiscal year. In FY2022, some business locations have reduced their consumption of electricity and gasoline through the introduction of telework and energy-saving activities. However, the Hyogo Logistics Center and the Yokohama Technology Center saw an increase in total energy consumption with the increased floorspace and introduction of new equipment and devices following the relocation. As a result, CO₂ emissions increased by 50.78 tons compared to the previous fiscal year, and progress toward the 2030 target was -9.5%. We will verify whether streamlining operations in our business activities can prevent increases in energy consumption, and work to reduce the emissions.

Risk-based financial impact

We believe that procurement of renewable energy is an important part of the ELECOM Group's efforts to reduce CO₂ levels given that more than 70% its Scope 1 and Scope 2 CO₂ emissions are associated with electricity consumption. Under these circumstances, we have quantitatively estimated the financial impact of such initiatives, premised on the notion that imposition of carbon tax and volatility of fees for electricity derived from renewable energy are among the benchmarks for 2030. These estimates do not account for carbon taxes of nations where manufacturing subcontractors operate even though such taxes are likely to have a non-negligible effect on procurement costs.

Waste management

Initiatives for sound material-cycle society

The ELECOM Group conducts its business activities with a focus extending to disposal of the products it produces as a manufacturer, and furthermore promotes waste reduction and resource recycling through its initiatives involving 3R (Reduce, Reuse, Recycle) activities. Starting from the fiscal year ended March 31, 2023, ELECOM has been reevaluating its perception of waste not only with respect to its products but also logistics materials when it comes to manufacturing and distribution. We will continue to actively promote 3R initiatives going forward, premised on our renewed awareness that such efforts not only lead to conservation of resources and reduction of CO₂ emissions but also culminate in operational streamlining and lower costs.

Reduce

- Replace plastic packaging with renewable packaging, such as paper packaging, and promote reductions in non-burnable waste.
- Rebuild supply chain management by integrating manufacturing and sales in seeking to reduce product returns and waste through more appropriate supply (beginning in the fiscal year ended March 31, 2023)
- Enlist cooperation of manufacturing and logistics to reduce packaging materials at the time of purchase (beginning in the fiscal year ended March 31, 2023)

Reuse

- Directly operate outlet stores
(Provide products at a lower price with defective packaging, etc. that cannot be sold to consumers, after first performing inspections to confirm that they have not been opened)
- Collect used ink cartridges to facilitate their reuse among manufacturers (2,080,000 cartridges collected during the fiscal year ended March 31, 2023)

Recycle

- Appropriate management of waste and recycling of materials
- No-cost collection and recycling of used personal computers and lithium batteries
https://www.logitec.co.jp/inas/company/kankyo/recycle_report/index.html (in Japanese)

Waste management at business sites

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Since the fiscal year ended March 31, 2023, the amount of logistics material waste at logistics warehouses has been added. Accordingly, we will work to reduce the types of waste that have been on an increasing trend.

Waste (t)	FY2021		FY2022	
Materials recycling	92.19	39%	64.75	4%
Materials recycling (logistics materials)	–	–	1,162.91	75%
Disposal	89.37	38%	265.33	17%
Disposal (RPF processing*1)	–	–	15.07	1%
Outlet sales	54.56	23%	39.81	3%
Total	236.12	100%	1,547.87	100%

*1 This recycling process produces high-grade solid fuel primarily from waste paper and plastics, which are not suitable for material recycling.

Waste management at production sites

©Logitec INA Solutions, Ina Factory

Waste (t)	FY2020	FY2021	FY2022
Complex waste (waste plastic/metal)	140.76	83.00	11.02
Fluorescent lamps	14.15	0.00	0.00
Wooden pallets	7.65	10.62	12.32
Expanded polystyrene	7.63	8.60	14.60
Waste plastic	6.78	36.63	5.67
Used batteries	0.12	0.00	0.00
Hazardous waste	0.00	0.00	0.00

©DX ANTENNA PHILIPPINES, INC.

Waste (t)	2020	2021	2022
Solder scrap	0.047	0.040	0.272
Fluorescent lamps	0.0	0.004	0.018
Printed circuit boards	0.0	0.0	0.002
Packaging materials	11.08	8.90	5.016

* In the Philippines, solder scrap, fluorescent lamps, and printed circuit boards are considered hazardous waste.

Management of chemical substances

Management of chemical substances

The ELECOM Group in Japan continually sets its sights on minimizing risks to local communities and has accordingly established a system for taking swift action in case an accident occurs. In addition, we will continue to voluntarily disclose information on our handling and management of chemical substances going forward, with the aim of providing our stakeholders with an understanding of the safety initiatives taken by the ELECOM Group in Japan for the sake of our local communities.

Management of chemical substances at production sites of the ELECOM Group in Japan

Under pollutant release and transfer register (PRTR) systems, as provided for in Japan's Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, designated business operators are obliged to assess volumes of applicable chemical substances upon their discharge or transfer, and to report such information to the national government. The head office factory of Logitec INA Solutions handles the applicable substance 4,4'-diphenylmethane diisocyanate, which is used as a raw material in its urethane foam for packaging, although in amounts less than the notifiable volume. The facility properly manages its usage of the applicable substance in part by tracking consumption volumes, limiting its use exclusively to those who have completed safety education, and stringently enforcing use of personal protective gear and ventilation equipment. Under such management, in the fiscal year ended March 31, 2023, there have been no significant accidents involving leaks of chemical substances, etc. that would infringe environmental laws and regulations or have a serious effect on the environment. Furthermore, we have also worked to reduce the use of chemical substances in the manufacturing processes of this factory, and in consideration of reducing the risk to the local community and endeavoring to be eco-conscious, strove to reduce our use of and replace 4,4'-diphenylmethane diisocyanate. Through the use of alternative substances, we have stopped using this chemical substance since 2022.

Initiatives related to biodiversity

Regenerating a natural forest

In addition to the ELECOM FOREST tree planting activities aimed at promoting natural forest regeneration projects we have carried out thus far, we have also been further enhancing our natural forest initiatives by lending support to conservation activities involving the Maruyama Senmaida Rice Terraces in Kumano City. In September 2020, we entered into a partnership agreement with Kumano City, Mie Prefecture concerning regional promotion and conservation capitalizing on the value of the Maruyama Senmaida Rice Terraces of Kumano City, and have since been making effective use of our mutual resources underpinned by our close partnership and cooperation. In so doing, we have been promoting the region by engaging in Maruyama Senmaida's rice field restoration, preservation, and landscape management, and also by engaging in urban-rural exchange involving ELECOM Group employees and Kumano City residents.

- Distinctive characteristics of the Maruyama Senmaida Rice Terraces

The Maruyama Senmaida Rice Terraces have been selected as one of the 100 top rice terrace locations in Japan. They make up one of Japan's largest rice terraces boasting 1,340 terraced fields with scenery referred to as the best in Japan. Historical records indicate that there had been 2,240 terraced fields some 400 years ago, but that number dwindled to some 530 fields by the initial years of Japan's Heisei era (1989–2019) largely due to a lack of successors. There are currently 1,340 terraced fields that have been maintained and preserved as a result of subsequent field restoration work carried out with the help of local residents. In addition, the National Federation of UNESCO Associations in JAPAN has registered these conservation initiatives under the "Heritage for the Future Project" given that their aims ensuring that ancestors' legacy be preserved for the next century.

- Initiatives to conserve terraced rice fields

Initiatives to restore the rice fields commenced in 1993 with government support in response to sentiment of community members to preserve the rice fields. After enactment of Japan's first "Senmaida Ordinance" in 1994, followed by completion of accommodation facilities and launch of a rice terrace ownership program, regional promotion has been underway including revival of the "Mushi Okuri" farming event that disappeared in 1953 and manufacture of the "Nameraka Doburoku" type of sake using traditional methods. By combining the forces of ELECOM and Kumano City, we are looking toward the future as we forge ahead with respect to efforts that involve improving forest environments for securing water resources, maintaining landscapes by reintroducing water mills, and promoting interaction between ELECOM Group employees and Kumano City residents.

Water-related risk

The ELECOM Group's business locations are categorized as offices, logistics centers, and factories. We have two factories through our Group companies, one of which is the Ina Factory of Logitec INA Solutions and the other of which is the DX ANTENNA PHILIPPINES, INC., neither of which use water in manufacturing processes given that both engage exclusively in assembly processes. As such, the overall Group consumes potable water only. Meanwhile, due to the importance of identifying water-related risk at each of our locations, we have evaluated water-related risk enlisting WRI Aqueduct water-related risk assessment tools of the World Resources Institute with respect to the degree of impact and risk management across the ELECOM Group's value chain, given the particularly notable significance of our logistics centers and factories in that regard.

	Overall water risk	Water stress	Riverine flood risk	Coastal flood risk	Major watershed and coastal areas	Water withdrawals (FY2022) m ³	Percentage of water withdrawals attributable to the Group
DX ANTENNA PHILIPPINES, INC.	High	Low-Medium	Medium-High	Medium-High	Laguna de Bay	525	8.2%
Logitec INA Solutions, Ina Factory	Low-Medium	Medium-High	Low-Medium	Medium-High	Tenryu River/Toyokawa River	718	
ELECOM Hyogo Logistics Center	Low-Medium	Low-Medium	Low-Medium	Medium-High	Yodogawa River	1,398	
ELECOM Kanagawa Logistics Center	Low-Medium	Medium-High	Low-Medium	Medium-High	Sagami River	1,218	

Water risk: Water risk is measured using indicators for water stress, water depletion, interannual variability, seasonal variability, groundwater table decline, riverine flood risk, coastal flood risk, drought risk, untreated connected wastewater, coastal eutrophication potential, unimproved/no drinking water, unimproved/no sanitation, and a country-specific ESG risk index.
Water stress: Water stress measures the ratio of total water withdrawals to available water supplies.
Riverine flood risk: Riverine flood risk measures the percentage of population expected to be affected by riverine flooding, taking into account flood protection standards. It is assessed based on inundation caused by river overflow, population in flood zone, and vulnerability.
Coastal flood risk: Coastal flood risk measures the percentage of the population expected to be affected by coastal flooding, taking into account flood protection standards. It is assessed based on inundation caused by storm surge, population in flood zone, and vulnerability.

Social

The ELECOM Group is supported by various stakeholders. With valuing our communications not only with our customers and shareholders, but also with our employees, suppliers, and communities, addressing the requests and expectations of such stakeholders, we seek to achieve ongoing growth and development.

Human rights

The ELECOM Group advocates a basic policy on human rights of labor. All employees and officers work together to ensure compliance with the United Nations Global Compact (endorsed on January 2022) as well as human rights and labor standards as prescribed by international norms, laws and regulations, as part of our efforts to achieve a society in which human rights are universally respected. As well as being provided in Japanese, this policy has been translated into local languages, and has been made available to all employees of the ELECOM Group.

Basic Principles

The ELECOM Group complies with human rights and labor standards as prescribed by international norms, laws and regulations, and works to achieve a society in which human rights are universally respected through the practice of the following activities.

Basic policy on human rights of labor

- 1 The ELECOM Group supports and respects internationally declared human rights norms as well as national laws regarding human rights and labor in all aspects of its corporate activities.
- 2 The ELECOM Group respects the human rights of each individual and does not discriminate based on race, nationality, ethnicity, beliefs, religion, academic background, social status, age, gender, sexual orientation, gender identity, or disabilities.
- 3 The ELECOM Group endeavors to build sound labor-management relations by respecting the freedom of association and the right to collective bargaining of workers and employers, based on national laws, international norms, and labor practices.
- 4 The ELECOM Group does not engage in any form of child labor and forced or involuntary labor.
- 5 The ELECOM Group does not conduct harassment that degrades other people and makes them feel uncomfortable based on their status or gender and so on.
- 6 The ELECOM Group, through fair transactions, respects national laws and international norms regarding corporate ethics and strives for continuous improvement.

Employee education on human rights issues

The ELECOM Group has established rules in relation to harassment and set out mechanisms to prevent all kinds of harassment in the workplace. Its aim is to achieve a healthy workplace environment in which all employees can fully demonstrate their abilities.

Cross-departmental, position-based training and other training programs are conducted to prevent harassment and raise employee awareness of the issue.

Fair assessment and treatment

The ELECOM Group seeks to maintain and increase employee motivation and job satisfaction by ensuring that results of employees are positively assessed and reflected in their treatment, irrespective of age and career background. We accordingly place great importance on dialogue that facilitates mutual understanding in part by providing feedback on assessment results, while also ensuring that employee wages, promotions, bonuses, and other benefits reflect achievement of targets established based on our corporate business strategy and policies of the organization to which they belong. In addition, efforts are being made, in light of recent social conditions, to maintain a wage level that allows employees to be rewarded for their work, including the introduction of an inflation allowance in the fiscal year ended March 31, 2023 and the consideration of wage revisions in the fiscal year ending March 31, 2024.

Management of wages

The ELECOM Group makes sure that wages and other forms of compensation paid as consideration for labor are free from discrimination based on age, gender and other such characteristics. We furthermore continuously manage wages, which entails confirming legal and regulatory compliance enlisting labor affairs divisions and internal audits, in part to ensure that wages accurately reflect working hours and overtime hours.

Harassment hotlines

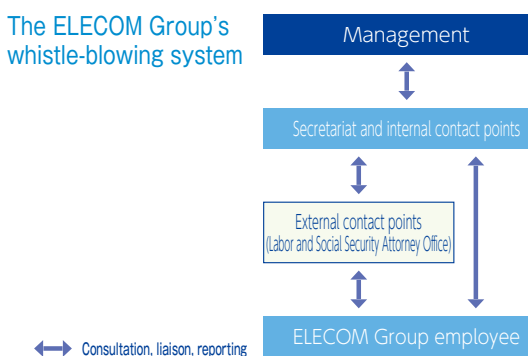
The ELECOM Group has accordingly set up internal and external contact points where all of our employees are able to seek consultation regarding harassment and human rights violations, to prepare workplace environments conducive to seeking consultation for employees who have been subject to harassment and other such inappropriate behaviors. Rules for the protection of whistleblowers have been established to ensure that they are not disadvantaged, and are operated in a manner that protects whistleblowers and preserves confidentiality.

Whistleblowing reports for the fiscal year ended March 31, 2023: 11

Relationship with labor union

There are two labor unions in the ELECOM Group: the ELECOM Labor Union (formed in September 1998, with 577 members) and the DX Antenna Labor Union (formed in December 1959, with 298 members). (The number of union members is given as of March 31, 2023) In order to maintain and improve relations with the respective labor unions, ELECOM and ELECOM group companies hold periodic labor-management councils, and work to cultivate relationships of trust based on dialogue. By checking the details of operations and receiving reports on the causes of long working hours, and specific improvement measures, the Company moves through a cycle of sharing information with the labor union aimed at controlling and reducing long working hours.

The ELECOM Group's whistle-blowing system



Interview with Executive Officer in Charge Masaki Tanaka Executive Director and Managing Executive Officer, Vice-Chair of Sustainability Committee, ELECOM CO., LTD.

Numerous innovations including AI and IoT have emerged on the world stage amid an ongoing scenario of drastic changes in the social environment and markets, and have furthermore become increasingly widespread and prevalent. However, such innovative technologies are not always accessible to everyone, which has given rise to significant social challenges in terms of a gap that has emerged between technology and people. The ELECOM Group has addressed such challenges by providing products and services that bridge this gap.

There has been mounting concern among the international community in recent years regarding socially responsible investment in terms of selecting investment targets from an environmental and social perspective. Given this situation, we responded to stakeholder expectations by establishing the Sustainability Promotion Division in FY2022. This division is spearheading efforts that entail rallying our entire workforce in addressing our materialities. Given that issues related to human capital and governance have particularly been topics of discussion in our dialogue with investors, we recognize the importance of focusing on these concerns. Going forward, the Group aims to redouble our efforts by enhancing systems and structures. The Group will strive to enhance our corporate value by extending dialogue with our stakeholders from now on in terms of earnestly embracing objective opinions of third parties and realizing "the ELECOM Group continues to grow" aim, which our Credo extols.



Human resources development

The ELECOM Group seeks to serve as a company that constantly generates innovation and one that produces growth for both the individual and the Company. To this end, it is fundamental to create an environment and framework in which each and every employee can feel a sense of personal growth, broaden his or her horizons, and enrich his or her mind, as well as to create an environment and framework in which he or she can continue working. To develop human resources and organizations, an environment has been created where diverse human resources can work comfortably and take on challenges, and where they can accumulate knowledge and ideas through job-specific training opportunities.

Basic views

The ELECOM Group divides its human resources development into the three domains of "systematic human resources development," "skill development (support)," and "career development." We consider each of them from the perspectives of "training systems," "on-the-job training," "planned career paths," and "improvement in personnel systems" and promote the comprehensive nurturing of personnel.

Systematic human resources development

By combining cross-divisional rank-specific training with specialized training that meets the needs of the business and operational situations of each division and Group company, we aim to improve general business skills and specialist knowledge and skills with good balance.

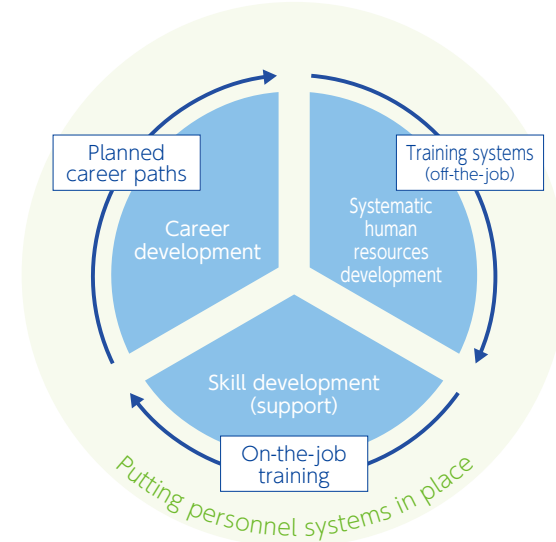
Skill development (support)

Based on the content of education and training and the timing with which it is implemented, mentors who have completed the same course and superiors implement on-the-job training in the workplace. Through practical training that is focused on outcomes, we support skill development that is linked directly to the various operations.

Career development

Based on the progress of skills development through a combination of off-the-job and on-the-job training as well as job performance, we take a flexible approach to develop, promote, and reassign. We will improve personnel systems to support systematic career development that takes into account the employee's own wishes for self-realization.

Diagram of human resources development model



Training system

The ELECOM Group plans various forms of training for the purpose of promoting role recognition and employee skill development in alignment with each employee's stage of growth. From the fiscal year ended March 31, 2023, in addition to training for employees from the first five years of employment and skill development training for sales and product development departments, trainings for managers will be expanded to support the growth of each and every employee, aiming to develop human resources that will contribute to the creation of innovation and to foster human resources for management executives.

In the fiscal year ended March 31, 2022, e-learning environment has been in place, and education on information security, etc. is being promoted. Going forward, programs will be rolled out such as a system of support for gaining professional qualifications, and take steps to provide more educational opportunities that accommodate employees' intrinsic motivation for growth.

	First year after joining the company	▶ 2nd years -	▶ Supervision / management	
Cross-divisional rank-specific training	New employee training	Annual training [2nd to 5th years]	Supervisor training	Manager training
	Information security training, sustainability training, compliance training, and harassment training			
Sales division training	Sales training [Beginner]	Communication training Visual merchandising training	Negotiation techniques training	
		Corporate sales training [Beginner/Advanced]		
Procurement division/ product development division training	Trade practices training CSR procurement training Marketing training Logical thinking training Critical thinking training		Design thinking training Strategic approach training Strategic negotiation skills training	

*Example of ELECOM's training system.

Support for employee learning on their own initiative/desire for growth

The ELECOM Group has adopted the credo of "Creating company growth along with individual growth" and believes that each employee's personal growth is the foundation of the company, and therefore encourages and supports learning to enhance expertise, including the acquisition of skills and techniques directly applicable in their business assignment.

DX Antenna operates a system of paying allowances in accordance with official qualifications, and the company provides support in cases where the costs are a bottleneck for those wishing to enhance their career on their own initiative, irrespective of their job category. Going forward we will continue to design systems to support employees eager for personal growth.

Respect for diversity and inclusion

The ELECOM Group views individual variation with respect to sense of values and perspectives as an asset, in addition to differences in nationality, race, ideology, culture, language, gender, and age. We believe that chemical reactions between individuals that occur when diverse human resources spontaneously come up with ideas and interact to generate innovation. In the ELECOM Group of the past an archaic corporate culture remained persistently. We view this as a prime time for change now that we are able to turn our attention toward this situation. We are accordingly transforming our corporate culture across the entire Group and have furthermore been making progress in creating rewarding workplaces where diverse employees are able to make the most of their abilities.

Employment status of those with disabilities

37 people with disabilities are employed by the ELECOM Group (Japan only, as of March 31, 2023). We promote the employment of those with disabilities and create working environments comfortable for such individuals, as we hope all of our employees, including those with disabilities, to grow while inspiring each other.

Hiring of employees of different nationalities

The ELECOM Group is building global supply and sales networks, centered on Asia. We have accordingly been promoting the hiring and support of employees of different nationalities, as we believe that participation by employees from diverse cultural backgrounds is indispensable for the expansion of the business. We have 79 employees of non-Japanese nationalities actively involved in such efforts as of March 31, 2023.

Initiatives to promote female participation

Recognizing that female perspectives and participation are indispensable to the Company's growth, the ELECOM Group accordingly strives to create environments that enable women to play active roles. We have accordingly set targets in that regard in seeking for women to account for 10% of our managerial positions and 20% of our supervisory positions by the fiscal year ending March 31, 2028*. In addition to cultivating a culture that promotes diversity, we are also facilitating work style reforms, which include support for life events. Such initiatives have involved devising measures that support childcare by offering employees childcare leave up until a child reaches 3 years of age maximum, reduced working hours, exemption from working outside designated hours, telework arrangements, and flexible scheduling of work hours. Going forward, action will be taken with respect to developing an environment that makes it possible for all the employees including our female workforce to make use of these sorts of work arrangements.

*These quantitative targets have been established for ELECOM CO., LTD. on a non-consolidated basis. Supervisory positions consist of the Company's leadership roles and sales managers.

Enhanced training platforms

During the fiscal year ended March 31, 2023, we established the Shonan Training Institute and have otherwise been enhancing our training platforms. With a capacity exceeding 100 employees, the facility has over 20 training rooms of various sizes. It also has over 100 overnight guest rooms, a cafeteria for meals, and a communal lounge, making it a large-scale facility dedicated to training. The facility enables us to foster team building by conducting long-term residential training programs and carrying out efficient and focused training sessions away from daily operations.



Support for different work styles

Through the introduction of work styles that leverage individual diversity to create a harmonious blend from employees with diverse values, the ELECOM Group is promoting work style reforms that enable every employee to utilize their abilities to the fullest extent. During the fiscal year ending March 31, 2023, we implemented reforms with respect to existing work arrangements and programs, which has involved promoting no-dress code policy, shifting to a smart office environment at the Osaka head office, establishing telework arrangements applicable beyond the scope of the COVID-19 pandemic, and offering working shifts more flexible. The support has been provided for enabling employees to achieve work-life balance by raising awareness of what they have accomplished rather than how long they have worked, supporting childcare, nursing care, and sick leave, etc., and implementing measures that include partially lifting prohibitions on secondary jobs. The ELECOM Group also provides various products and technologies that facilitate work arrangements that are not confined to set time schedules or locations, in response to such social challenges.

Child care/nursing care support system

The ELECOM Group is moving forward with systems to enable employees to achieve a balance between work and childcare or nursing care. In addition to establishing reduced working hours for child care and nursing care respectively, the Group has been carrying out initiatives to meet the diverse needs of individual employees. During the fiscal year ended March 31, 2023, this entailed initiatives such as establishing telework arrangements and creating systems to ensure smooth return to the workplace.

Main features of the childcare support system

System	ELECOM Group	Statutory
Reduced working hours system for pregnant women	Reduced working hours of up to 2 hours a day based on presentation of "maternity health care guidance item contact card"	-
Childcare leave system	Until the first birthday (if requirements are met, until the end of the government fiscal year of the third birthday)	As a rule, until the first birthday (if certain requirements are met, until the second birthday)
Leave for spouse's childbirth	One day at the time the spouse gives birth (special paid leave)	-
Reduced working hours system for those caring for children	Until the child enters elementary school (if requirements are met, until the elementary school graduation)	Until the third birthday Obligation to make an effort: until the commencement of elementary school
Child nursing care leave system	In the case of one child: 12 days In the case of two children or more: 24 days Unpaid Until the commencement of elementary school	In the case of one child: 5 days In the case of two children or more: 10 days Can be either paid or unpaid Before the commencement of elementary school

Main features of the nursing care support system

System	ELECOM Group	Statutory
Caregiver leave system	Total of 93 days Unpaid	Total of 93 days
Reduced working hours system for those involved in nursing care	Three years from first use Reduced working hours of up to 2 hours a day	Three years from first use
Caregiver leave system	In the case of one subject family member: 12 days In the case of two subject family members or more: 24 days Unpaid	In the case of one subject family member: 5 days In the case of two subject family members or more: 10 days Can be either paid or unpaid

Job rotation surveys and in-house recruitment

The ELECOM Group regularly administers job transfer preference surveys to its employees as a means of helping them develop their careers in alignment with their aspirations, which is in addition to company-initiated personnel placements. We actively strive to establish new departments and facilitate personnel transfers in a manner that improves employee motivation, taking into account individual employees' wishes, aptitudes and family circumstances, as well as excesses and

deficiencies in staffing levels of respective organizational units. We have established an in-house recruitment program, which we use not only on a regular basis, but also in response to the needs for human resources or when establishing new departments. Through such in-house recruitment, successful 10 employees transferred to another department during the fiscal year ended March 31, 2023.

Awards program

The ELECOM Group has established an awards program with the aim of sharing best practices that embody its Credo and Code of Conduct and elevating such best practices as integral to the corporate culture. Not mention to granting awards for achieving improvement with respect to operations and business performance, we also commend contributors to win design awards that help improve corporate brand value. During the fiscal year ended March 31, 2023, one Chairman's award and one President's award were granted for a project whose contribution was substantial, along with one operational improvement award, and four performance awards. Moreover, 13 series of products received the Good Design Award and 9 series of products received the iF Design Award, and a total of 35 people who contributed to the development of each product were honored for their contributions to the sustainable growth of the company.

Occupational health and safety

Having positioned the notion of ensuring safety and health of every employee involved in business activities as a top priority for business continuity, the ELECOM Group has established its "Occupational Health and Safety Policy" to enhance health and safety management, and disseminated to employees throughout the Group. We also strive to create physical spaces conducive to generating innovative ideas, in addition to workplace environments that provide for safe and healthy venues for work both physically and mentally. In addition, we approach the notion of work-life balance of our employees, which is listed as a materiality, as an important matter that enriches their spirits and broadens their horizons, above and beyond protecting their health and prompting vitality.

Basic Principles

The ELECOM Group, in maintaining and developing its business, makes the health and safety of all people involved in its business activities the top management priority by implementing the following efforts:

Industrial Health and Safety Policy

1. The ELECOM Group strives to create a safe and comfortable working environment and ensure the physical and mental wellbeing of its employees.
2. The ELECOM Group complies with applicable laws and regulations regarding health and safety in business operations, as well as the requirements of local communities, public institutions, and its customers.
3. The ELECOM Group conducts training to increase safety awareness.
4. The ELECOM Group thoroughly manages working hours and strives to eliminate long working hours.
5. The ELECOM Group, in the event of a serious occupational incident, shares the outline and cause of the incident with employees within the Group and takes measures to prevent its recurrence.

Occupational health and safety implementation structure

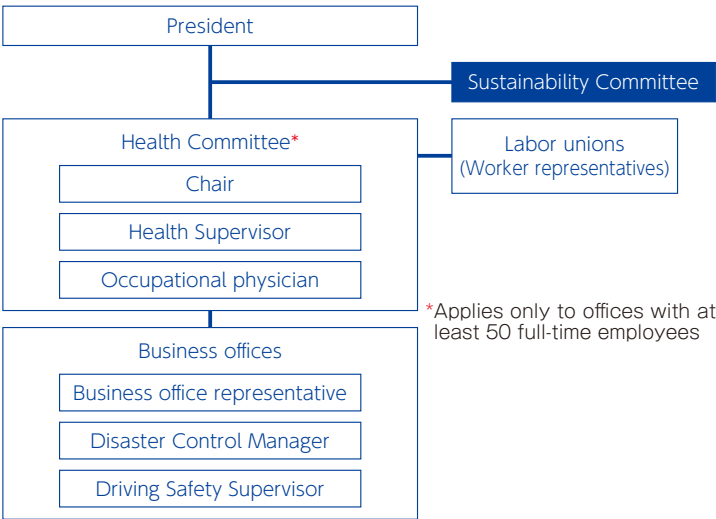
The ELECOM Group has established the Health Committee pursuant to the Industrial Safety and Health Act as one of its initiatives devoted to occupational health and safety. This also enlists the involvement of labor unions through an approach whereby labor and management join forces in working to prevent disasters and making improvements.

Monitoring

The Health Committee regularly collects information through office representatives and labor unions (worker representatives) on occupational accidents and illnesses, as well as health and safety initiatives that have taken place within respective Group companies, and respective offices.

Reporting and command system

The Health Committee reports results of monitoring to management. In addition, management commentary on such reports is properly provided as feedback to the respective business offices through office representatives and labor unions (worker representatives).



Occurrences of occupational accidents

A record of occupational accidents experienced by the ELECOM Group is as follows. We continuously work on initiatives to achieve a record of zero accidents by engaging in initiatives at our locations inside and outside Japan, such that include implementing safety education and training and performing safety patrols.

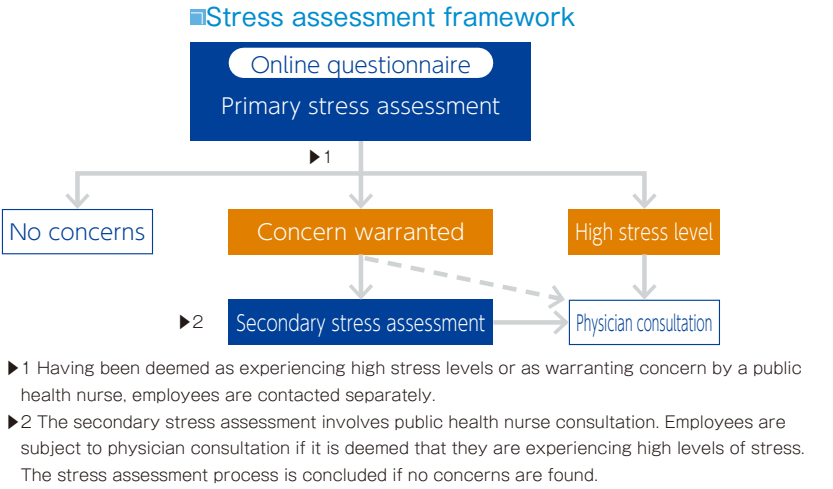
Changes have been made to correct inaccuracies stated in disclosure of the previous fiscal year with respect to number of incidents reported for the period extending from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2022.

		Targeted companies	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of incidents	Japan	ELECOM Group	Incidents	0	0	1	0	0
	Outside of Japan	ELECOM Group	Incidents	0	0	0	0	0
Lost time injury frequency rate (LTIFR) ^{*1}		ELECOM Group	%	0.00	0.00	0.56	0.00	0.00
Occupational accident severity rate ^{*2}		ELECOM Group	%	0.00	0.00	0.02	0.00	0.00
No. of fatal accidents		ELECOM Group	Incidents	0.0	0.0	0.0	0.0	0.0

^{*1} The lost time injury frequency rate (LTIFR) expresses the frequency of occupational accidents in terms of the number of fatalities and injuries culminating in at least one day leave of absence attributable to occupational accidents occurring per 1,000,000 total working hours³.
^{*2} The occupational accident severity rate expresses the severity of accidents in terms of total number of working days lost per 1,000 total working hours³.
^{*3} Total working hours are based on the number of Group employees (full-time employees) as of March 31, 2023, with the annual working hours per person calculated by multiplying the number of business days by eight hours.

Support for mental health

Since 2016, the ELECOM Group has been performing stress assessment surveys using an online system in order to achieve prevention and early detection of mental health disorders. This encourages employees to develop awareness of their own stress levels and makes it possible for mental health specialists and clinical psychologists to perform follow-up with respect to employees deemed to be experiencing high levels of stress. We also perform group analysis and share the results with persons in charge of respective divisions to facilitate activities conducted to improve workplace environments. More than 90% of our employees underwent stress assessment surveys during the fiscal year ended March 31, 2023. In addition, the stress check inspection organization has been replaced to strengthen mental health measures.



We use "The Brief Job Stress Questionnaire" recommended by Japan's Ministry of Health, Labour and Welfare. The questionnaire enlists a simple question format consisting of 57 four-choice questions to make it easier for respondents to complete. Meanwhile, we prevent overlooking cases requiring physician consultation by having a public health nurse perform the second of a two-step check process.

Employee engagement

In the fiscal year ended March 31, 2023, ELECOM started to administer engagement surveys with the aims of identifying workplace challenges and improving employee engagement. For a company to achieve sustainable growth, it is essential that employees empathize with the corporate mission, work proactively toward its realization, and fully demonstrate their own abilities. This survey will be used to link the results of this study to the growth of individuals and the organization as a whole.

Purchasing management

The ELECOM Group has established purchasing management regulations applicable across the entire Group. We also engage in continuous improvement of trade controls related to imports and exports upon having established a control structure, based on the assumption that transactions are to be carried out with enterprises certified as authorized economic operators (AEO).

Basic principles for purchasing management

The ELECOM Group builds mutual trust with its suppliers through good-faith purchasing practices in order to achieve its corporate objectives. Moreover, the ELECOM Group consistently evaluates its suppliers in an impartial, fair and comprehensive manner, as follows.

Basic guidelines on purchasing management

1. We seek suppliers who develop an approach to business that engenders trust in terms of the integrity and managerial capabilities of their managers, enterprise size, and their financial standing.
2. We seek suppliers who offer consistent supply strengths and premium-quality service drawing on their production capacity, achievements, specialty operations and manufacturing technologies.
3. We seek suppliers who adapt to changes in the business environment.
4. We seek suppliers who achieve product and service safety, consistent quality, competitive pricing and delivery times.
5. We seek suppliers who work to achieve business continuity in a manner that assures effectiveness.

Basic principles for trade controls

The ELECOM Group complies with trade laws and regulations, and continuously improves its trade control framework with the aim of achieving its corporate objectives.

Basic guidelines for trade controls

1. We comply with trade control laws, regulations and international regimes applicable in respective countries and regions.
2. We carry out transactions in alignment with authorized economic operator (AEO) rules and regulations, subject to conditions that transactions involve AEO-certified enterprises.
3. We establish positive relationships of trust with entities that include public authorities of respective nations and regions, and international logistics companies.
4. We implement education required to employees and others regarding trade and commerce.

In addition, we promote environmental-friendly and sustainable procurement in part by using fewer containers as a result of achieving greater load efficiency.

- (i) We employ consolidated intermodal transportation system with respect to shipments and customs clearance by means of buyer's consolidation.
- (ii) We achieve greater load efficiency and use fewer containers.
- (iii) We reduce our volume of truck transport by using fewer containers.

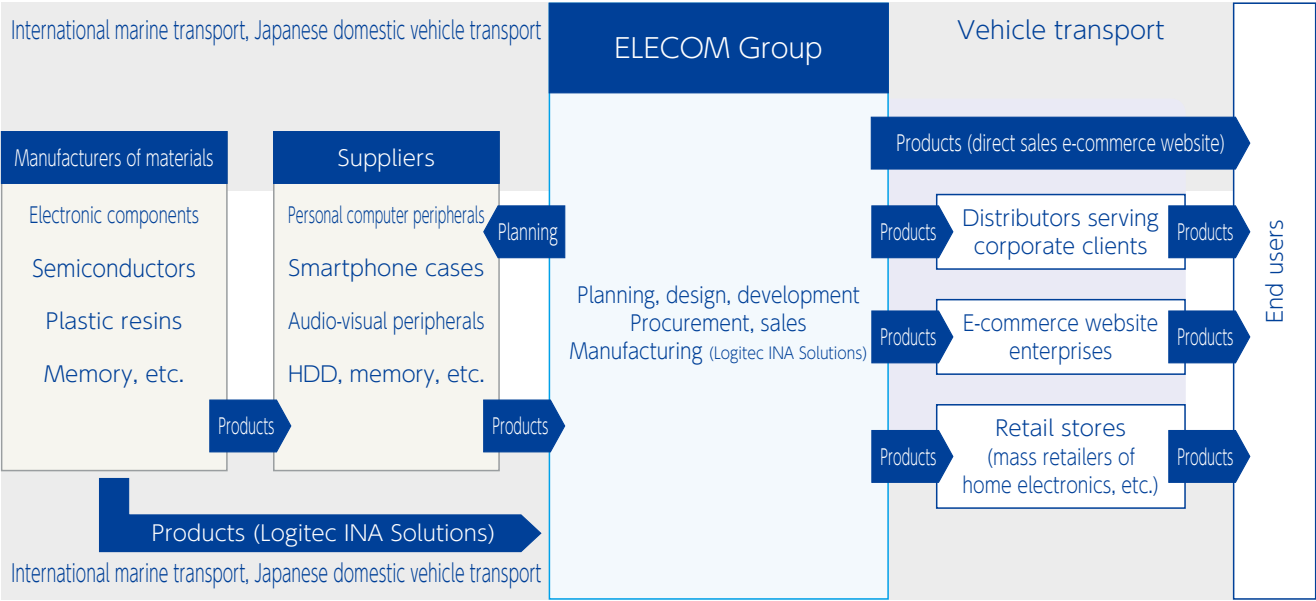
Supply chain management

The ELECOM Group procures raw materials, parts, equipment and services necessary for production from suppliers across various regions. The Group regards the notion of ensuring responsible procurement management as a key challenge in serving as an enterprise that does not manufacture many of its products in-house but instead relies on suppliers for procurement. The Group is committed to promoting CSR procurement starting with efforts to identify our own challenges with the aim of ensuring a shared awareness of social responsibility with our suppliers and achieving mutual gains in corporate value. Going forward, the Group will continue to develop better partnerships with its suppliers and strive for sustainable procurement.

ELECOM Group procurement overview

The ELECOM Group seeks to expand its supply chains by working together with its various suppliers through its business activities. From the fiscal year ended March 31, 2023, considering geopolitical risks, changes have been made in procurement sources and the development of production sites to diversify production locations. In addition, ELECOM has traditionally procured from China and other Asian countries via our group company ELECOM (HONG KONG) LIMITED, and in April 2022, the Company newly established ELECOM Asia Pacific IPO Pte. Ltd. (Singapore) in April 2022. This reduces our country-specific risk inherent when operations are clustered in a single country and enables us to establish a more stable procurement environment. Going forward, we will continue to address challenges of building a responsible supply chain as we shore up the procurement capabilities that serve as one of the ELECOM Group's strengths.

Primary supply chains of the ELECOM Group



Initiatives for management of supply chain

Also with respect to its supply chain, the ELECOM Group respects international norms such that include the United Nations Global Compact (endorsed in January 2022) and the ILO Declaration on Fundamental Principles and Rights at Work released by the ILO*. We accordingly address issues related to labor, human rights, the environment, and ethics in its supply chain. The Group recognizes the magnitude of challenges inherent in the whole Group's business and therefore, and is working to develop group-wide promotion and implementation system.

During the fiscal year ended March 31, 2023, we have made progress in signing CSR procurement MOUs enlisting the cooperation of our suppliers across the entire Group. ELECOM asked its suppliers to cooperate in understanding the actual status of their efforts through the self-assessment questionnaires. At this point, it is only at the stage where verification of the actual status of the Group and its suppliers has been achieved, but going forward, initiatives will continue throughout the Group, and efforts will be made to disclose information, review CSR procurement guidelines, and build an auditing system to strengthen cooperation throughout the supply chain, including the Group.

*The International Labour Organization (ILO) is an international body that promotes the guarantee of basic human rights with respect to labor by encouraging better working conditions.

Step 1	Step 2	Step 3	Step 4
Initiative notification and request	Supplier assessment	Audit	Support for improvement
The Group seeks to ensure consent with its policies upon initiating business by including CSR survey provisions in our business contracts, signing CSR procurement MOUs, and gaining agreement with respect to supply chain management initiatives.	We perform risk assessment of suppliers, enlisting findings of their attributes, business materialities and risks, and the self-assessment questionnaires.	Based on the risk assessment findings, we identify the scope of the audit and verify circumstances in greater detail.	We address issues based on findings of the audit.
	Step 1 Ratio of conclusion of CSR procurement MOUs	Step 2 Ratio of implementation of self-assessment questionnaires	
ELECOM	99.6%	100.0%	
Group companies	77.2%	Pending	

CSR Procurement Guidelines

The ELECOM Group asks that its suppliers furnish their cooperation with respect to the following matters that are stated in the CSR procurement MOUs.

1. Regulatory compliance and respect for international norms
- 1) Regulatory compliance and respect for international norms
2. Human rights and labor
- 1) Prohibition of forced labor
- 2) Prohibition of child labor, considerations for young employees
- 3) Ensuring appropriate working hours
- 4) Legal and regulatory compliance with minimum wages and allowances
- 5) Prohibition of inhumane treatment
- 6) Prohibition of discrimination
- 7) Freedom of association, collective bargaining rights
3. Coexistence with society
- 1) Local community relationship building and cooperation
- 2) Supply chain relationship building and cooperation
4. Environment, health and safety
- 1) Occupational safety
- 2) Emergency preparedness
- 3) Occupational injury and illness
- 4) Considerations for physically demanding work
- 5) Facility health and safety
- 6) Health and safety communication
- 7) Employee healthcare management
5. Risk management
- 1) Risk management addressing changes in social conditions
- 2) Rigorous control regarding leakage of information
6. Compliance
- 1) Building a risk management framework for the entire Group including overseas operations, and raising awareness among all employees
7. Environmental measures
- 1) Mitigation of environmental impact in business operations
- 2) Adequate control and reduction of waste and contamination
- 3) Efficient use and reduction of resources, water and energy
- 4) Climate change countermeasures
- 5) Biodiversity conservation
8. Safety and quality of products
- 1) Product quality and safety
9. Fair trade and ethics
- 1) Anti-corruption
- 2) Prohibition against offering and receiving improper advantage
- 3) Appropriate information disclosure
- 4) Respect for intellectual property
- 5) Fair execution of business
- 6) Whistleblower protection
- 7) Appropriate import-export controls
- 8) Responsible mineral sourcing
10. Information security
- 1) Protection against threats to computer network security
- 2) Preventing leakage of personal information
- 3) Preventing leakage of confidential information

Interview with Executive Officer in Charge Teruhiko Nagashiro Representative Director and President of DX Antenna Co., Ltd.



Since its establishment in 1953, DX Antenna has served as a manufacturer specializing in broadcast reception equipment and has been contributing to society by developing products aligned with needs of the times.

With the support of many stakeholders, the year 2023 will mark the 70th anniversary of our founding. The advent of cross-border environmental and human rights issues amid progressive globalization in recent years calls for a heightened emphasis on corporate social responsibility. To address these social challenges, we have been engaging in procurement activities that respect human rights, which has entailed having the Procurement Division enter into CSR procurement MOUs with over

170 suppliers. Meanwhile, the Product Development Division has been focusing on the concerns regarding plastics, which are one of the causes of marine pollution. ELECOM has accordingly been aiming to achieve reduction of plastic bags used for its products and reduction of product malfunction and waste under Sustainability Development Goal 12: "responsible consumption and production," and has furthermore improved its products, one of which is the wind-resistant series BS 110-degree CS antenna developed to withstand recent extreme weather events. Furthermore, we have been pursuing the development of eco-conscious products and have accordingly released 14 models for 2023 (as of January 2023) bearing the "THINK ECOLOGY" symbol, which meets unique criteria of the ELECOM Group in terms of seeking to develop products with reduced environmental impact.

At DX Antenna, we are committed to fulfilling our social responsibility in aiming to bring about a sustainable society as we promptly respond to the changing times serving as a member of the ELECOM Group.

Quality control

The ELECOM Group regards its social mission to be that of serving as a bridge spanning the gap that people face with respect to new technologies and IT equipment, underpinned by its mission of “bridging the gap between innovation and people.” With such sentiment in mind, it premises on a basic policy that our products and services meet the quality that should be clear and easy-to-use for our customers, as well as that our customer support is robustly providing support to the extent needed to satisfy our customers.

Quality Policy

1. We will keep our customers' or society's trust through serving as a company committed to maintaining a path of righteousness. We will furthermore take swift and sincere action in case unexpected circumstances arise.
2. We consistently meet expectations in terms of pursuing thoughtful products and services based on our commitment to customer perspectives and circumstances.
3. We deliver satisfaction to customers all over the world by creating high value-added products and services brimming with the promise of greater enjoyment, convenience and ingenuity.
4. We learn about and strive to achieve continuous quality improvement, and furthermore persistently take on challenges of refining such management systems.

Acquisition of official certifications

The state of acquisition of quality management system certifications is as follows (as of March 31, 2023).

Percentage of production facilities of the ELECOM Group (Japan and overseas) that have obtained ISO 9001 certification: 100%

Management system	Company name	Date of initial registration	Business offices	Description
ISO 9001	DX Antenna	March 7, 1997	Seishin Technology Center, Engineering	Applies to Manufacturing Department
ISO 9001	Logitech INA Solutions	May 30, 2011	Company-wide	For manufacturing plants
ISO 9001	HAGIWARA Solutions Co., Ltd.	2023 (planned)		
ISO 9001	DX ANTENNA PHILIPPINES, INC.	October 18, 2017	Company-wide	For manufacturing plants
ISO13485 ^{*1}	ELECOM Health Care Co., Ltd.			

^{*1} This management system is based on the ISO 13485 standard. It is operated as stipulated by ministerial ordinance on QMS and has been verified by a third party. http://www.tokyo-eiken.go.jp/k_iryuu/k-kanshi/k_seihantop/k_taisei/ (in Japanese)

Framework for design quality control

The ELECOM Group sells wide range of products including both electric and non-electric equipment, and varying quality standards and control methods apply to each of the products. In addition, in the industry where product life cycles are short and obsolescence is rapid, various efforts are being made to balance speed-to-market and quality and to sustain competitiveness. Our Customer Support Division accordingly verifies whether our products and services meet the quality that are clear and easy-to-use for our customers, and then provides feedback to the Product Development Division to improve product specifications and instruction manuals. ELECOM makes it possible to engage in appropriate development practices in terms of processes and timelines that ensure quality while swiftly carrying out development. This entails placing priority on speed when it comes to products whose quality risk is low, having efforts involving high-risk products and fields subject to first-time entry channeled to the Yokohama Technical Center, which is equipped with enhanced inspection equipment, and performing design evaluation and mass production inspections.



Shielded room

Enhancing mass production quality control

ELECOM employs a fabless business approach rather than having its own factories. ELECOM consigns the manufacturing of many of its products in East Asian countries, with the highest proportion of its production taking place in China and Taiwan, accordingly setting up development and procurement offices in those locations. During the COVID-19 pandemic, local staff were responsible for quality control and supervision. With the travel relaxation of regulations, Japanese staff of the Company directly restarts to visit production sites to further strengthen quality control efforts starting from January 2023. Moreover, with respect to the selection of factories with which we do business, strict audits are required to be passed, and those factory audits and quality guidance have been effective in terms of preventing quality problems in daily mass production shipments, even under the voluntary control of suppliers. ELECOM has also been taking action to shorten timelines extending from product planning until development through initiatives that have involved assigning to local offices professionals who have received instruction from Japanese staff and are equipped with specialized knowledge related to quality guidance. In addition, given that production

of our conductive products is concentrated in China, we are in the process of developing suppliers particularly in nations of the ASEAN region as a means of diversifying our risk. In order to comply with PSE and other regulations, further progress will be made in thorough quality control at production sites, productization with restrictions on the use of certain hazardous substances, such as compliance with the RoHS Directive, and survey on the non-use of conflict minerals^{*}.



Staff members of manufacturing partners

^{*} The term “conflict minerals” here refers to certain minerals from the Republic of Congo and its neighboring countries, such that are widely distributed through global supply chains and serve as a source of funding for militant groups. Such minerals include tantalum, tin, gold, tungsten, and cobalt. The term does not apply to the same minerals from other production regions.

Initiatives to ensure customer satisfaction

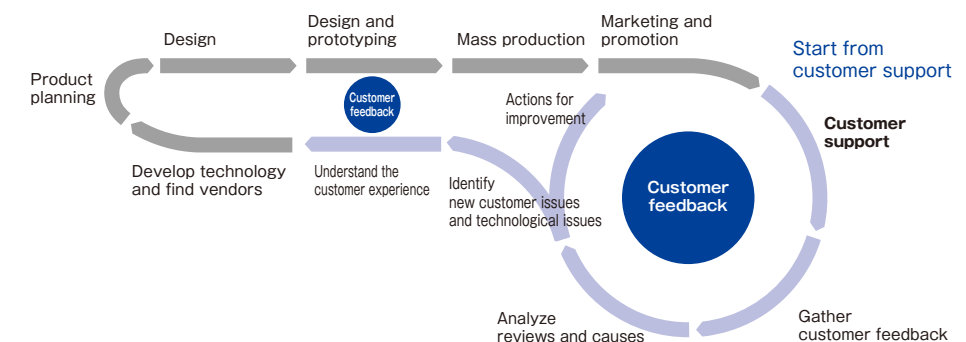
The ELECOM Group engages in activities to heighten customer satisfaction on a daily basis with the aims of developing products and providing services better aligned with the customer perspective. “Deliver satisfaction to customers all over the world” We believe we are able to contribute to society underpinned by the notion that our existence is for this purpose.

Continuous improvement responding to product reviews

In seeking to ensure customer satisfaction in terms of product quality and user experience, ELECOM engages in continuous improvement on a daily basis with such efforts spearheaded by the Customer Support Center of ELECOM Support & Service Co., Ltd. In addition to telephone-based support that entails directly listening to customer feedback, we also place emphasis on so-called non-voice customer support that does not involve use of a telephone. ELECOM has accordingly developed a year-round, 24-7 customer follow-up framework harnessing chatbot and AI technologies, and has also established a customer support environment enlisting the LINE messaging platform for more convenient customer access, available beginning with the fiscal year ended March 31, 2023. In addition to direct customer feedback, customer reviews from web-based retailers and all other information are compiled and analyzed.

Learning the difference between what ELECOM considers to be selling points and what customers actually perceive to be valuable, leads to improvements in product appeal points, quality, and specifications. In particular, given that online shopping customers are not able to physically handle our products, we believe it is possible to dispel customer concerns by enhancing product description pages and reviews, and to otherwise provide greater customer satisfaction by ensuring a smoother purchasing experience. ELECOM regularly holds forums for enabling the Customer Support Center and ELECOM's Product Development Division and Quality Control Division to exchange information. Through such activities, we work to develop a corporate approach of valuing our customers and employees who provide them with support, while also fostering awareness and motivation to achieve continuous improvement.

Continuous improvement enlisting customer support



Retail store preview events and product knowledge workshops

The ELECOM Group organizes preview events and workshops featuring products and solutions of the entire Group. The preview events provide opportunities for retail store representatives to check product specifications and operations while physically handling such products. They also enable customers to directly voice their concerns so that we can address any uncertainties they may have on the spot. ELECOM has also been holding online seminars in recent years, which makes it possible to provide customers with the latest information while creating more opportunities for those from distant locations who are unable to take part in preview events and exhibitions to familiarize themselves with appealing features of ELECOM Group products. We strive to ensure greater customer satisfaction by facilitating exchange of product knowledge that is instrumental in terms of coming up with proposals and solutions, thereby ensuring that ELECOM Group products better address customer concerns and serve as a bridge to innovation.

Innovation management

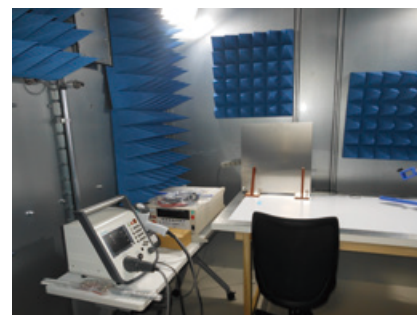
The ELECOM Group looks beyond efforts that entail establishing a research and technological innovation framework in-house, with its initiatives that also involve creation and co-creation of social value by embracing open innovation.

R&D framework

We actively invest in our research staff and facilities with the aims of developing better products and providing end users with superior goods. The ELECOM Yokohama Technical Center (YTC) and the DX Antenna Seishin Technology Center mutually leverage their respective areas of expertise to achieve synergies across the entire Group.

●ELECOM Yokohama Technical Center (known as YTC)

YTC plays a central role with respect to the research and development functions of the ELECOM Group, particularly in terms of engaging in design and R&D with respect to hardware and software products Group-wide and handling feedback with respect to product assessment. In addition to evaluating and verifying design of products whose fabrication is outsourced to manufacturers under a fabless manufacturing model, YTC also engages in product development that achieves differentiation from other companies by monitoring and pursuing technological trends. ELECOM expanded YTC through its relocation in April 2022 with the aim of delivering higher quality products to customers, and has been working to boost quality through further capital investment and functional enhancement.



Static electricity testing environment in shielded room

●DX Antenna Seishin Technology Center

DX Antenna aims to serve as a pioneering information transmission systems provider and has accordingly established research and development teams in Kobe and Tokyo in seeking to serve as a hub for manufacturing knowledge and technology. DX Antenna has located its development, manufacturing, and quality assurance divisions to its Seishin Technology Center (Kobe), established in 2012, thereby enabling DX Antenna to serve as a manufacturer specializing in broadcast reception equipment capable of developing customer-oriented products enlisting high-quality technologies honed over the last seven decades. Equipped with one of the largest anechoic chambers in Japan and an electromagnetic compatibility (EMC) anechoic chamber, Seishin Technology Center develops ultra-high frequency next-generation wireless technologies and products better tailored to complex operating environments. Moreover, in seeking to ensure customer peace of mind even amid severe environmental conditions caused by recent weather anomalies, Seishin Technology Center performs assessment testing and verification given that it has been equipped with chambers for various types of testing performed enlisting a range of operating environment assumptions.



DX Antenna Seishin Technology Center



Large anechoic chamber

DX Antenna R&D framework

▶ <https://www.dxantenna.co.jp/company/research/> (in Japanese)

Open innovation initiatives

●Antenna-eye cloud recording service

On March 1, 2023, we began to provide the Antenna-eye cloud recording service through a joint venture project integrating a high-performance camera based on technology of the ELECOM Group (ELECOM and DX Antenna) with a cloud computing platform owned, developed, and operated from the infrastructure layer to the application layer by SAKURA Internet Inc. This safeguards people's lives and ensures peace of mind by addressing conventional challenges when it comes to remote monitoring and recording with respect to crime prevention security.



Antenna-eye cloud recording service: ▶ <https://antenna-eye.jp/> (in Japanese)

Initiatives involving intellectual property

Approach to intellectual property

The ELECOM Group regards its technologies, brands and services as key business resources that facilitate the Group's market competitiveness. As such, we properly manage various forms of intellectual property derived through business affairs according to our internal rules, thereby working to develop new products and expand new businesses that result in high levels of customer satisfaction by furthermore acquiring and utilizing intellectual property. We also respect the intellectual property of third parties as well as that of the Group, and actively seek to acquire and use intellectual property rights across the entire Group with such efforts spearheaded by the Legal and Intellectual Property Division, while working in conjunction with the Product Development Division.

Primary initiatives

●Filing applications with respect to patents, utility models, design, and trademarks, and intellectual property rights

We aim to acquire intellectual property rights in a timely manner through various filings with respect to new products and technologies created by the Product Development Division. Promoting development of products and technologies as well as acquiring intellectual property rights through various filings serve crucial roles in terms of achieving differentiation of ELECOM Group products from those of our competitors. We also seek to acquire intellectual property rights by appropriately filing for such rights outside of Japan in response to expanding product categories and increasingly diverse sales channels. In so doing, we aim to further reduce intellectual property risk arising from use of ELECOM Group products incurred by the ELECOM Group as well as our customers and business partners.

●Investigating and monitoring intellectual property rights of other companies

We also investigate intellectual property rights of other companies when planning products in order to avoid situations where an ELECOM Group product might infringe on intellectual property rights of other companies. Moreover, we regularly monitor intellectual property rights of other companies when encountering prior products or prior art on the market. We seek to avoid risk of infringing on intellectual property rights by enlisting the services of external research organizations to handle such investigation and monitoring.

Working with local communities

The ELECOM Group seeks to foster strong ties with its communities, and accordingly values its communications serving as a locally-based business operator while respecting local cultures and histories. During the fiscal year ended March 31, 2023, we drew up the Social Contribution Policy in seeking to ensure that the entire Group upholds the ELECOM founder's belief that coexistence with society has always been integral to the enterprise. Having also set a target for social contribution expense amounting to 1% of our ordinary profit, we will contribute to the creation of a sustainable society in serving as an upstanding corporate citizen in continuing to make effective use of our business resources going forward.

Basic Principles

The ELECOM Group will contribute to society through its business activities serving as a bridge to innovation, and will furthermore contribute to the sustainable development of local communities in striving to achieve coexistence with society, which has been integral to ELECOM since its foundation.

Social Contribution Policy

1. Important aspects of our activities

We will aim act in coexistence with society by contributing to the development of local communities and cultures.

We will effectively leverage the strengths and business resources of the ELECOM Group.

We will set our sights on facilitating growth of society overall by create a corporate culture of enabling employee involvement in community activities.

2. Scope of activities

Regeneration of natural environments

We will contribute to addressing environmental challenges such as climate change and biodiversity by facilitating tree planting activities and nature restoration, thereby extending above and beyond conservation of natural environments.

We will strive to reduce environmental impact in our business activities in serving as a manufacturer, and we furthermore believe that restoring the inherent power of nature is an essential aspect of coexistence with society.

Promotion of culture and sports

We will show respect for promotion of culture and sports in local communities and furthermore aim to inspire people in that regard, thereby facilitating societal development in a manner that gives rise to wider horizons and enrichment of the spirit.

Support for the next generation

Through our products and expertise in our business domain, which are strengths of the ELECOM Group, we will contribute to the development of young professionals who are shaping the digital society. We also aim to promote technological advancement across society by partnering with academic institutions, thereby growing in tandem with society.

Contributing to healthcare

We will help deliver more comfortable lifestyles by enlisting expertise amassed by the ELECOM Group in serving as a bridge to innovation.

Initiatives for regenerating natural environments

The ELECOM Group engages in initiatives for regenerating natural environments in hopes of helping to combat global warming, and also with its sights set on conserving biodiversity particularly of native species, preventing disasters such as those caused by winds and tides, achieving landscape conservation, and working with local communities.

●Maruyama Senmaida Rice Terraces (Kumano, Mie Prefecture)

In September 2020, we entered into a partnership agreement with Kumano City, Mie Prefecture concerning regional promotion and conservation capitalizing on the value of the Maruyama Senmaida Rice Terraces of Kumano City, and have since been making effective use of our mutual resources underpinned by our close partnership and cooperation. In so doing, we have been promoting the region by engaging in Maruyama Senmaida's rice field restoration, preservation, and landscape management, and also by engaging in urban-rural exchange involving ELECOM Group employees and Kumano City residents.

Related information ▶p26 Initiatives Related to Biodiversity ◎Natural reforestation

●ELECOM FOREST: ELECOM natural forest development (Owase, Mie Prefecture)

In Owase, Mie Prefecture, since 2009, ELECOM has implemented a natural reforestation project on a deforested site encompassing 18 hectares of land. The project involves working with the nonprofit organization ECOLO Association and residents of Owase, in conjunction with a local forestry association, and is being carried out under the notion that "we will leave to future generations an inherently natural forest suited to the local climate, thereby facilitating environmental conservation initiatives such as those that involve helping to prevent global warming through forestation practices." The Company continues to engage in activities that will enhance the natural reforestation project, having increased its level of donations in 2019, which marked the project's 10th anniversary.

●ELECOM FOREST: ELECOM natural forest development (Shima, Mie Prefecture)

In Shima, Mie Prefecture, developing a forest for the purpose of tide and wind protection at a former golf course site encompassing 8.15 hectares located along the coast since 2012, and the Company rebuilt measures for the promotion including the increase of its level of donations in 2023, which marked the project's 10th anniversary.

Initiatives for promoting culture and sports

●Sponsoring the American football team ELECOM Kobe Finies

As part of our community-based social contribution initiatives undertaken since April 2009, we have become an official sponsor of the American football team ELECOM Kobe Finies, which belongs to Japan's X-League, an adult league.

Meanwhile, the Company has also developed a framework for mutual reinforcement with the American football team of Kobe University, having contributed funds for installation of artificial turf on the university's sports grounds in January 2015.

Underpinned by a philosophy of promoting American football and contributing to the community, the team interacted with children again in 2023 by holding flag football practice sessions for elementary and middle school students and American football seminars to attract university students. The team has also been engaging in community involvement through efforts that have included taking part in clean-up activities locally in Kobe.

●Inviting business partners to complimentary concerts and donating to musical performances

We help promote music through our ongoing co-sponsorship of cultural arts performances hosted by the Japan Philharmonic Orchestra. The Company also has held and co-sponsor the Beethoven 9th Symphony Special Concert every December since 2012, and provided many people with complimentary invitations to attend the events. In addition, the company also has held and sponsored annual special pipe organ concerts since 2021.

Initiatives in support of the next generation

●Inviting children living in orphanages in Mie Prefecture to our recreation facility

We have been inviting children living in orphanages in Mie Prefecture to ELECOM's recreation facility located in Shima, Mie Prefecture since 2019. Despite the COVID-19 pandemic, the Company was again able to invite these children to its recreation facility upon implementing stringent infection control measures. These activities will strengthen communication with the local community and contribute to the enrichment of the minds of children, who are the future leaders of our society.



Maruyama Senmaida Rice Terraces (Kumano, Mie Prefecture)

Governance

Corporate governance

Basic views

The ELECOM Group's fundamental policy for its corporate governance is to increase the efficiency, transparency, and independence of management from the standpoint of its shareholders and other stakeholders to maximize corporate value. Following the policy, by strengthening our managerial framework and enhancing our supervisory function, we will strive to achieve sustainable growth and greater corporate value over the medium to long term by enabling the company to engage in swift and strategic decision-making, while also building an organizational framework that allows us to respond quickly to changes in the management environment.

Scan this QR code for further details.

Corporate Governance Report ▶ <https://www.elecom.co.jp/ir/library/material.html> (in Japanese)

Corporate governance framework

In addition to its Board of Directors and Audit & Supervisory Board, ELECOM has established (or plans to establish) system or meeting forums to ensure appropriate and efficient execution of business as follows.

Executive Officer System

To speed up business execution, we have adopted the Executive Officer System. Executive Officers are responsible for business execution in accordance with the basic policy decided by the Board of Directors. There are eight Executive Officers (of those, three concurrently serve as Executive Directors) as of the publication date in 2023, and their terms are one year, the same as for Executive Directors. There are currently zero female Executive Officers.

Executive Committee

The Executive Committee consists of internal Directors and Executive Officers. In accordance with the basic policy, plan, and strategy decided by the Board of Directors, it discusses policies on important matters for the execution of business by Executive Officers.

Nomination Committee and Compensation Committee (scheduled to be established on August 2023)

To contribute to building appropriate corporate governance and ensuring the transparency of management, as an advisory body to the Board of Directors composed of a majority of external Directors, the Executive Committee discusses the appointment and dismissal of Executive Directors and Audit & Supervisory Board Members as well as compensation.

Sustainability Committee

The Sustainability Committee consists of internal Directors and division managers. It works to improve business activities from the standpoints of reducing risk and creating opportunities with the goal of long-term growth for the Company and society as a whole. The Sustainability Committee works alongside each committee to minimize the risks of managerial and operational issues.

Compliance Committee

The Compliance Committee consists of internal Directors and division managers. It checks on the maintenance and operation of internal control systems, and furthermore makes decisions on measures to prevent recurrence when important incidents involving compliance arise.

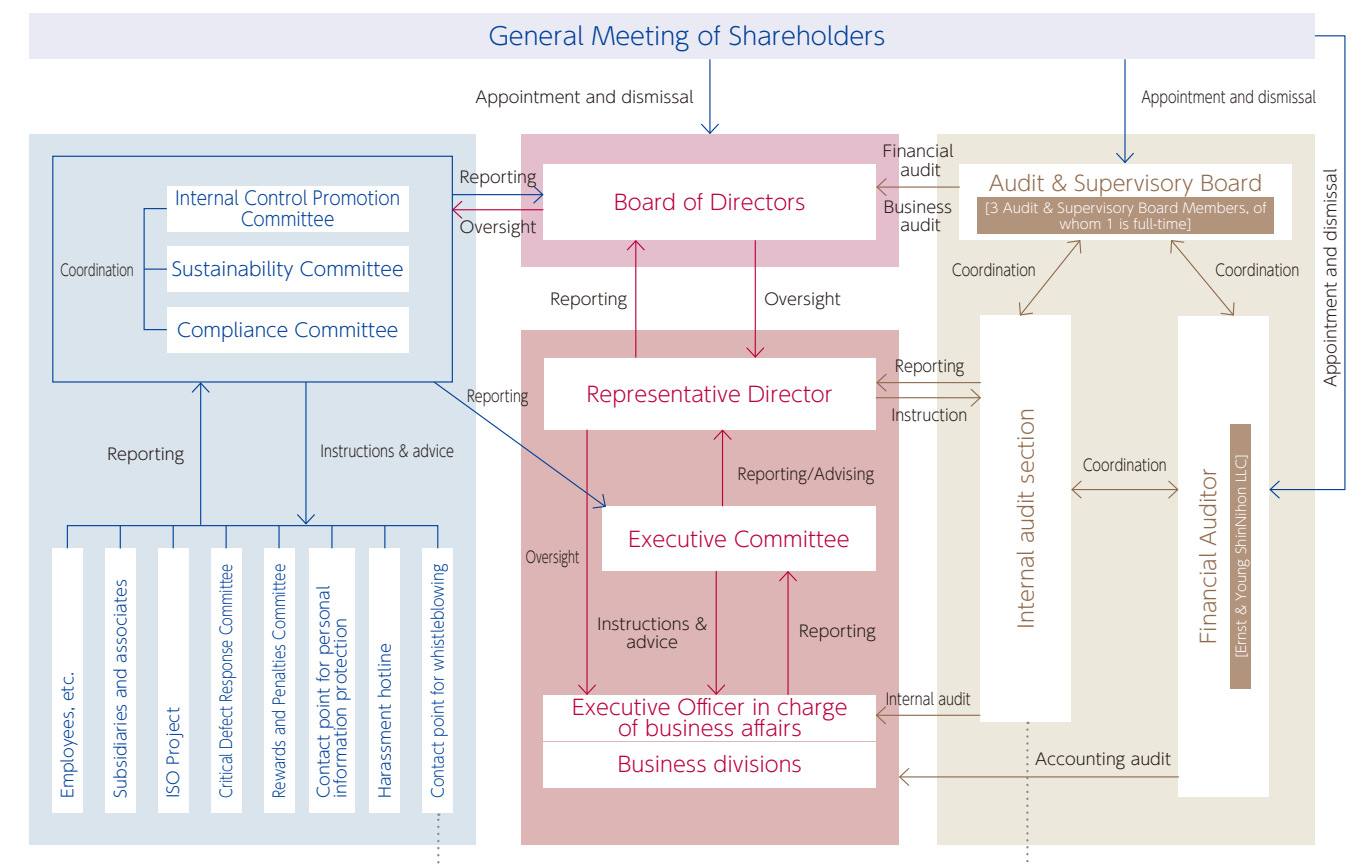
Quarterly Business Meeting

Attended by internal Directors including the Representative Director and President, the Quarterly Business Meeting is held so that managers of the Sales Division can quarterly share details on progress made toward achieving targets and corporate strategy.

Internal audit section

The purpose of the internal audit section is that of helping to bring about improvement of business affairs and increasing managerial efficiency, serving as an organization that is independent of executive bodies.

Corporate governance framework (as of publication date)



Roles of the Board of Directors

ELECOM positions the Board of Directors as a body to decide basic policy and strategy for group management, to decide items related to important business execution, and to oversee business execution. In principle, the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. It makes decisions on matters stipulated by law and on important matters related to management, and supervises business execution. The Board of Directors is currently composed of eight members, of which four are external Directors (as of publication date), and chaired by the Representative Director and President. In addition, important business transactions between ELECOM and its Executive Directors, Audit & Supervisory Board Members, their close relatives, and other related parties are deemed matters to be resolved by the Board of Directors, which adequately deliberates on appropriateness thereof. Business transactions involving conflicts of interest between ELECOM and the Executive Directors would be gained approval of the Board of Directors.

Initiatives to improve assessment

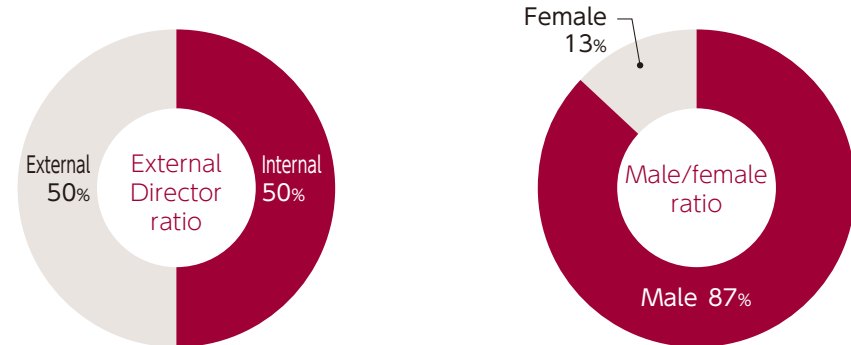
We strive to improve assessment at meetings of the Board of Directors through ensuring sufficient time for deliberation of respective proposals by presenting only those matters that are of high priority according to internal rules, and seeking active discussion encompassing external Directors by providing information prior to such meetings.

Policies and procedures regarding appointment and dismissal of Executive Directors

With respect to appointment and dismissal of Executive Directors, the Company appoints Executive Directors who strive to achieve ideals of the Credo, in a fair and appropriate manner. This entails comprehensively reviewing candidates from the perspective of appointing the right person to the right position in terms of ensuring precise and swift decision-making by the Board of Directors, appropriately managing risk, monitoring business execution, and striking a balance in facilitating coverage of respective corporate functions and each business division. Furthermore, the Company plans to establish a Nomination Committee as an advisory body to the Board of Directors (planned for August 2023). Based on the basic policy and other policies on the appointment and dismissal of Executive Directors formulated and proposed by the Nomination Committee, we will work to ensure a system that includes a more objective perspective.

Diversity of Executive Directors

As of the publication date in 2023, ELECOM has eight Executive Directors, of whom four are external Directors and one is a woman. Each of the external Directors is a professional capable of furnishing useful and appropriate advice and suggestions from a standpoint of independence and objectivity with respect to overall management, and is accordingly equipped with abundant experience and in-depth insight with respect to corporate management and corporate governance. Moreover, all four of the external Directors have been designated as independent officers, upon having deemed that they pose no risk involving conflict of interest with general shareholders and accordingly satisfy the standards of independence stipulated by the stock exchange.



Roles of Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board consists of three external Audit & Supervisory Board Members, including one full-time Audit & Supervisory Board Member (As of publication date). In principle, the Audit & Supervisory Board meets once per month and extraordinarily as necessarily. The Audit & Supervisory Board Members engage in tasks that include attending meetings of the Board of Directors, furnishing opinions as necessarily, listening to the status of business execution as appropriate from Executive Directors and the internal control section, conducting investigations of important approval documents and financial statements, and auditing the adequacy and legality of Executive Directors' execution of business.

Policies and procedures regarding appointment of Audit & Supervisory Board Members

With respect to appointment and dismissal of Audit & Supervisory Board Members, the Company appoints persons who possess certified public accountant, tax accountant, attorney at law and other such qualifications, and who contribute to developing frameworks for establishing corporate ethics of the ELECOM Group from the perspective of risk management, compliance, and accountability by respectively engaging in managerial oversight from the perspective of professional ethics. Furthermore, while taking into consideration the basic policy on the appointment and dismissal of Audit & Supervisory Board Members, to be formulated and proposed by the Nomination Committee (planned to be established in August 2023), and the abundant experience of the Audit & Supervisory Board Members, we are promoting efforts to ensure the establishment of an organization that can be expected to conduct audits from a neutral and objective perspective and based on a company-wide view.

Officer remuneration

Policy for making decisions on remuneration for Executive Directors and Audit & Supervisory Board Members

With respect to remuneration for Executive Directors, the Company has established a basic policy of opting for competitive remuneration levels and remuneration structures upon taking into account the need to secure competent Executive Directors who are suited to such responsibilities in order to achieve the aim of sustainably improving corporate business performance and corporate value over the long term. Specifically, such remuneration consists of a combination of:
i) basic remuneration aligned with an Executive Director's position, responsibilities, years of service and other such criteria, and;
ii) share-based remuneration (stock options, restricted share remuneration) for the purpose of achieving greater corporate value over the medium to long term and encouraging a sense of shared value with shareholders.

Meanwhile, remuneration for external Directors is excluding any linkage to business performance given the nature of external Directors' professional duties, and accordingly limited to that of basic remuneration paid in alignment with position. Basic remuneration is paid as fixed monetary remuneration on a monthly basis. The Company considers the prospect of providing stock options annually at a specified time in view of business performance. Restricted share remuneration is provided annually at a specified time. Transfer restrictions are to be lifted upon retirement. Basic remuneration, stock options, and restricted share remuneration are provided at a ratio of approximately 8:1:1. Moreover, the Company verifies and deliberates on whether remuneration levels and remuneration structures are appropriate in reference to results of executive compensation surveys mainly among listed companies conducted by external research organizations, and also in reference to salaries of the Company's highest-ranking employees. Such findings are then submitted to the Board of Directors for deliberation. Decisions on remuneration for Audit & Supervisory Board Members are made based on discussions involving the Audit & Supervisory Board Members, but their remuneration is excluding any linkage to business performance given the business nature of auditing, and accordingly limited to basic remuneration paid in alignment with position. Furthermore, the Company plans to establish a Compensation Committee as an advisory body to the Board of Directors (planned for August 2023). Based on policies, etc. on the design and management of the remuneration system formulated and proposed by the Compensation Committee, we will work to promote a system for ensuring transparency that is more objective.

Procedure for making decisions on remuneration for Executive Directors and Audit & Supervisory Board Members

ELECOM makes payment of remuneration based on remuneration standards approved by the Board of Directors, of amounts within the scope of total remuneration amounts that have been approved at the General Meeting of Shareholders. In addition, because share acquisition rights are granted in the form of stock options, a portion of remuneration is derived from share price volatility.

Internal control systems

The ELECOM Group prescribes that compliance and risk management are one of its priorities, and has accordingly established basic guidelines for developing internal control systems to ensure that the operations of each organization within its Group companies are carried out legally, appropriately, and efficiently. We furthermore promote overall risk management by overseeing compliance initiatives, having stipulated organizational regulations and rules on committee practices, and having also established the Internal Control Promotion Committee situated at the center of its framework for promoting development of internal control systems of the ELECOM Group. We submit such evaluation findings to the Prime Minister of Japan in internal control reports prepared based on internal control reporting systems under Japan's Financial Instruments and Exchange Act, and furthermore disclose such findings to our shareholders and other investors. Going forward, we will continue to appropriately maintain and operate our internal control systems in accordance with relevant standards and in alignment with changes in the business environment.

Corporate ethics and compliance

Basic views

In order to achieve sustainable growth in a manner that earns the trust of its customers and society, the ELECOM Group believes that it is necessary to engage in honest and ethical practices, in addition to obeying the law. We have accordingly established Code of Conduct that clearly stipulates the actions to be taken by each and every officer and employee of the Group, and require that all Group employees comply with our Code of Conduct in the course of engaging in business activities.

Compliance management system

ELECOM has formulated a "Compliance Code of Conduct," and by strengthening activities to create awareness among our employees, we aim to prevent violations from occurring. In the event that a violation is recognized, we will coordinate with the Compliance Committee, other reporting points, and the internal audit section, and through an understanding of the issues and an evaluation of policies to prevent recurrence, we will work to maintain compliance. In the fiscal year ended March 31, 2023, there was one serious violation. (Note) "Serious violation": a legal violation that is subject to criminal penalties.

Ensuring corporate ethics and compliance

The ELECOM Group provides training for the purpose of raising awareness of compliance as appropriate, particularly when employees join the company and gain promotion, and is working to consistently implement compliance initiatives. Furthermore, in the fiscal year ending March 31, 2024, we plan to organize our "Compliance Code of Conduct" to strengthen our compliance system and ensure even more thorough compliance.

Internal reporting point

The ELECOM Group has established the contact point for whistleblowing inside each company so that all employees can report or consult on violations including legal violations. Operating the whistleblowing system has involved establishing regulations on whistleblower protection to ensure that whistleblowers are not subject to disadvantageous treatment, and ensuring whistleblower protection and strict confidentiality. In addition to notifying all employees, we are using the intranet to create awareness. Whistleblowing reports for the fiscal year ended March 31, 2023: 0

Anti-bribery/anti-corruption

Anti-corruption initiatives

Integrity of each and every employee serves a fundamental element of the ELECOM Group's Credo and forms the basis of our compliance practices. We engage in fair and good-faith business activities underpinned by high ethical standards with aims that include complying with various laws and regulations, fulfilling our corporate social responsibility (CSR), and maintaining the ELECOM Group's social credibility and corporate value.

We accordingly abide by applicable laws, norms, internal regulations, and sound business practices, thereby placing our highest priority on rigorous compliance with respect to preventing any and all forms of corruption including bribery, receipt of excessive business-related entertainment and gifts, collusion, embezzlement, and breach of trust. In the fiscal year ended March 31, 2023, ELECOM created standards on business entertainment and gift giving and engaged in activities to create internal awareness. Furthermore, in the fiscal year ending March 31, 2024, we plan to release our "Guidelines on Bribery and Corruption Prevention and Business Entertainment and Gifts." We are committed to ensuring a sound business environment and corporate activities which involves preventing occurrence of corruption by enhancing our internal structures equipped to address the risk of corruption appropriately.

We furthermore thoroughly take resolute action with respect to shunning any and all relations with antisocial organizations.

Tax compliance

Basic views

The ELECOM Group complies with laws and regimes related to taxation in respective nations and regions, aspires to minimize tax risk, and strives to increase corporate value. We also aim to act as a truly global company, which involves fulfilling our corporate social responsibility by monitoring developments with respect to international taxation frameworks and appropriately addressing such changes.

Tax policy

1. The ELECOM Group engages in tax planning in a legal, appropriate and efficient manner. We regard taxation as an important element of business planning and accordingly use tax incentive schemes available to us within the realm of our normal business activities. However, we do not engage in transactions whose main purpose is that of tax avoidance and are not associated with business realities.
2. The ELECOM Group minimizes its exposure to tax risk to the extent possible when dealing with issues of taxation. We also identify assess and manage tax risk in respective nations and regions in order to minimize such risks, and accordingly seek external advice when encountering significant uncertainties or complexities regarding risk.
3. The ELECOM Group develops and maintains positive relationships of trust with tax authorities in respective countries and regions by submitting tax-related information in a timely and appropriate manner. In the event that concerns are identified, we immediately take corrective action to prevent recurrence of such situations, except when it is necessary to file an objection to actions and opinions of the tax authorities.

Risk management

Risk management related to business operations

The ELECOM Group strives to gain the trust of its respective stakeholders over the long term and accordingly employs basic guidelines for risk management that involves ensuring rigorous compliance while also identifying risk and preventing such risk from materializing. The ELECOM Group promotes risk management by identifying risks at each Group company, planning a response to address such risks, and monitoring execution in that regard.

○Business Continuity Plan (BCP)

The ELECOM Group has drawn up a Business Continuity Plan (BCP) with the aim of resuming and continuing important business of the company within requisite periods of time even in the event of a disaster, accident, cyberattack or unforeseen circumstances otherwise.

We also engage in business continuity management (BCM) for the sake of consistently implementing and assessing measures, education and training stipulated under the BCP, continuously improving and maintaining the BCP.

We also maintain basic guidelines for fulfilling our responsibility to supply products to our customers and to sell inventory to our suppliers even in the event of a major earthquake or other such natural disaster, with the aim of protecting lives and ensuring safety of our employees and their family members, and with the aim of otherwise meeting expectations of our stakeholders.

Risk response at logistics locations

The ELECOM Group has logistics centers in the east and the west of Japan that support the Group's supply chain, with optimal locations for the logistics centers selected from the standpoint of the BCP, including climate change and earthquake risk.

In March 2022, we began moving the West Japan Logistics Center owned by ELECOM and DX Antenna from the Osaka Prefecture's coastal region to the interior of Hyogo Prefecture, and the center began real operations in April 2022. At this facility, we focus on labor-saving and automation to address the reduced labor force. With the introduction of our shuttle-type multi-level automated warehouse system "Systema Streamer SAS-R System," we realized the "Goods to Person (GTP)" concept where goods come to where people are, and worked to reduce the workload for laborers and greatly increase productivity through ultra-high-speed picking. This technology enables "logistics without walking" and represents innovation in logistics from a labor-intensive style to a process-industry style. This innovation also ensures greater safety for warehouse workers than ever before, resulting in a more pleasant working environment. Furthermore, to respond to rapid changes in the market including the increase in e-commerce demand, we have expanded our logistics capabilities including strengthening small-scale deliveries in conjunction with the logistics center.

We will continue to position logistics as one of our management strategies, and in addition to working with each division to pursue operational efficiency, we will address each issue surrounding the logistics industry starting with the 2024 issue with a sense of urgency.



Hyogo Logistics Center, ELECOM



Systema Streamer SAS-R System

Information security initiatives

The ELECOM Group regards the task of ensuring information security as one of its key challenges when engaging in business activities. As such, we accordingly establish rules to such ends and manage information in a manner appropriately aligned with prevailing risks. We take extra precautions when it comes to safeguarding personal information of our customers.

We also monitor changes in risk and maintain high levels of security.

○Information security measures

We take a multi-tiered approach to guarding against cyber-attacks emanating from outside the Group.

Points of entry and exit	Firewalls and e-mail filters
Internal measures	Antivirus, access control, endpoint security

○Education on information security

Every year, we hold training on the theme of information security for new graduates.

We also regularly carry out education on information security for all employees, utilizing an e-learning platform.

○Acquisition of official certifications

The state of acquisition of the information security management system ISO/IEC 27001 is as follows.


Management system	Company name	Date of initial registration	Business offices	Description
ISO/IEC 27001	Logitec INA Solutions	September 22, 2008	Data Recovery Technology Center	

Initiatives of the internal audit

The internal audit section of ELECOM is in charge of the Secretariat of the Internal Control Promotion Committee and the contact point for whistleblowing with respect to internal audit operations and internal control systems.

The internal audit section aims to help bring about improvement with respect to operations and managerial efficiency, serving as an organization that it is independent of executive bodies pursuant to the internal audit regulations. The division conducts internal audits from the perspective of compliance and appropriateness regarding laws and internal regulations, and from the perspective of operational effectiveness and efficiency. The division furthermore confirms implementation of improvement measures and performs follow-up audits, while furnishing advice on improvements to divisions subject to audit pursuant to internal audit findings, and reports to the Representative Director and President and relevant officers and employees. Meanwhile, internal audit teams maintain regular contact with the full-time Audit & Supervisory Board Members, strive to improve efficiency and effectiveness of audits by exchanging information and opinions on audit policies, audit plans, and audit findings, and ensure mutual cooperation with the Audit & Supervisory Board.

Moreover, ELECOM has established a contact point for whistleblowing in accordance with its regulations on whistleblower protection. When contacted by a whistleblower, we proceed with requisite surveys in conjunction with relevant departments, while protecting the personal information of the whistleblower to the extent possible within the scope of laws and regulations.

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205 Anti-corruption		
205-1	Operations assessed for risks related to corruption	
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205-3	Confirmed incidents of corruption and actions taken	
206 Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
207 Tax		
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Environment

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Environment

Actual figures for FY2022:

The fiscal year ended March 31, 2023 marked the third year of the COVID-19 pandemic, and business activities gradually returned to pre-COVID-19 levels as the world reached the end of the pandemic. In terms of the environmental side of the business, some business locations have reduced their energy consumption through the introduction of telework and energy-saving activities. However, the Hyogo Logistics Center and the Yokohama Technology Development Center saw an increase in total energy consumption with the increased floorspace and introduction of new equipment and devices following the move. As a result, CO₂ emissions increased by 50.78 tons compared to the previous fiscal year. The need for evaluation and countermeasures has become clear to ensure that the DX shift aimed at the efficiency of business operations doesn't become a trade-off for energy efficiency. Furthermore, at the Logitec INA Solutions Ina Factory, to reduce the risk to the local community and endeavor to be eco-conscious, we worked to reduce our use of and replace 4,4'-diphenylmethane diisocyanate, and by using of alternative substances, we reduced our use of the chemical substance to zero.

Plan of action:

In FY2022, we established targets for CO₂ reduction. In FY2023, we will launch initiatives to achieve our 2030 and 2050 targets, including promoting energy-saving activities and introducing renewable energy. Furthermore, we will gauge overall CO₂ emissions included in Scope 3, and this will serve as the starting point for our initiatives that aim to reduce our environmental impact with the cooperation of our suppliers and contractors.

Amount of electricity, gas, and gasoline consumption, and CO ₂ emissions					
Changes from the previous fiscal year disclosure: in the fiscal year ended March 31, 2022, we added and adjusted the self-consumption-type solar power production volume of Logitec INA Solutions to our electricity consumption (+71MWh).					
	Targeted companies	Unit	FY2020	FY2021	FY2022
Electricity consumption	ELECOM Group (Japan)	MWh	4,458	4,793	5,106
Gasoline consumption	ELECOM Group (Japan)	kL	302	319	293
Gas consumption	ELECOM Group (Japan)	Thousand m ³	38	29	30
CO ₂ emissions	ELECOM Group (Japan)	t-CO ₂	2,770	2,850	2,901
Scope 1	ELECOM Group (Japan)	t-CO ₂	786	805	748
Scope 2	ELECOM Group (Japan)	t-CO ₂	1,984	2,045	2,153
Scope 1/Scope 2 total	ELECOM Group (Japan)	t-CO ₂	2,770	2,850	2,901
Intensity	ELECOM Group (Japan)	t-CO ₂ /Sales	1.00	1.04	1.08

Scope of CO ₂ emissions calculation and calculation method		
Scope 1 Scope 2 Targeted companies	ELECOM ELECOM Group companies in Japan * We intend to make adjustments in terms of applicable data for ELECOM Group companies outside of Japan beginning in the next fiscal year.	
Calculation method	Electricity CO ₂ conversion coefficient	Calculated based on emissions factors after public electric utility operator adjustment given in the "list of emissions factors for electric utilities (for the use of greenhouse gas emission calculations by specified emitters)," of the Ministry of the Environment
	Fuel CO ₂ conversion coefficient	Calculated based on the coefficients in the Ministry of the Environment's list of calculation methods and emissions factors for the calculation, reporting and public disclosure system

Control of substances subject to the PRTR system at production sites						
Purchase volume	Targeted companies	Unit	FY2019	FY2020	FY2021	FY2022
4,4'-diphenylmethane diisocyanate	ELECOM Group	kg	490.00	70.00	70.00	0

Environmentally related fines					
	Targeted companies	Unit	FY2020	FY2021	FY2022
Number of environmentally related fines	ELECOM Group (Japan)	Fines	0	0	0
Total monetary amount of environmentally related fines	ELECOM Group (Japan)	Yen	0	0	0

Social

Actual figures for FY2022:

We have seen changes in the promotion of female participation and in training. In terms of promoting female participation, in the fiscal year ended March 31, 2022, we established goals and began initiatives to achieve a 10% ratio of women in managerial positions and a 20% ratio of women in supervisory positions by the fiscal year ending March 31, 2028. As a result, while the ratio of women in supervisory positions is rising, we are aware that there is still work to be done in terms of the ratio of women in managerial positions, and are continuing our initiatives. Our training results are increasing, reflecting the effect of expanded training. Furthermore, regarding design applications, as a result of a review aimed at more effective rights acquisition, the number of filings decreased in the fiscal year ended March 31, 2023.

Plan of action:

In April 2023, we will change the name of the General Administration Department responsible for general affairs, human resources, and legal affairs to the Human Resources and General Administration Department, aiming to strengthen further our initiatives aimed at human capital. In addition to resolving issues identified in dialogues with employees, we will support the acquisition of qualifications and promote work style reforms that enable every employee to utilize their abilities to the fullest extent. In terms of promoting female participation, we will hold roundtable discussions for women in supervisory positions who are candidates for managerial positions, working to increase the ratio of women in managerial positions in the fiscal year ending March 31, 2024.

Employee composition								
	Targeted companies		Unit	End of March 2019	End of March 2020	End of March 2021	End of March 2022	End of March 2023
Executive Directors	ELECOM	Male	Persons	9	9	9	11	9
	ELECOM	Female	Persons	0	0	0	1	1
Full-time employees	ELECOM Group	Male	Persons	1,029	1,037	1,063	1,059	1,099
	ELECOM Group	Female	Persons	352	372	389	403	434
	ELECOM Group	Total	Persons	1,381	1,409	1,452	1,462	1,533
Average age	ELECOM Group	Male	Years old	41.5	40.8	41.4	40.7	40.8
	ELECOM Group	Female	Years old	34.2	33.9	34.7	34.8	35.5
Average length of service	ELECOM Group	Male	Years	10.6	10.4	10.4	10.6	10.9
	ELECOM Group	Female	Years	6.2	6.4	6.8	7.3	7.8

*1 Executive Directors include external directors.
*2 Number of employees does not include temporary or part-time employees.
*3 D-CLUE Technologies Co., Ltd., which was a Group company from March 31, 2018 to March 31, 2021, is included.
*4 Force Media, Inc. became a member of the Group in the fiscal year ended March 31, 2022.

Composition of employees by type of employment									
	Targeted companies		Unit	End of March 2021		End of March 2022		End of March 2023	
Full-time employees	ELECOM Group	Male	Persons	1,063	73.2%	1,059	72.4%	1,099	71.7%
	ELECOM Group	Female	Persons	389	26.8%	403	27.6%	434	28.3%
Contract employees Part-time employees	ELECOM Group	Male	Persons	181	33.5%	187	36.6%	173	34.3%
	ELECOM Group	Female	Persons	360	66.5%	324	63.4%	331	65.7%
Temporary employees	ELECOM Group	Male	Persons	-	-	-	-	13	16.5%
	ELECOM Group	Female	Persons	-	-	-	-	66	83.5%

*In the columns for numerical data, "-" indicates fiscal years before the Company started collecting data.

Composition of employees by age

Targeted companies			Unit	End of March 2021		End of March 2022		End of March 2023	
Up to 19	ELECOM Group	Male	Persons	5	0.3%	0	0.0%	1	0.1%
	ELECOM Group	Female	Persons	23	1.6%	0	0.0%	0	0.0%
Up to 29	ELECOM Group	Male	Persons	245	16.9%	224	15.3%	223	14.5%
	ELECOM Group	Female	Persons	147	10.1%	152	10.4%	140	9.1%
Up to 39	ELECOM Group	Male	Persons	242	16.7%	250	17.1%	269	17.5%
	ELECOM Group	Female	Persons	118	8.1%	132	9.0%	158	10.3%
Up to 49	ELECOM Group	Male	Persons	306	21.1%	308	21.1%	324	21.1%
	ELECOM Group	Female	Persons	73	5.0%	81	5.5%	93	6.1%
Up to 59	ELECOM Group	Male	Persons	262	18.0%	273	18.7%	275	17.9%
	ELECOM Group	Female	Persons	28	1.9%	38	2.6%	43	2.8%
Up to 69	ELECOM Group	Male	Persons	3	0.2%	4	0.3%	7	0.5%
	ELECOM Group	Female	Persons	0	0.0%	0	0.0%	0	0.0%

*Number of employees does not include temporary or part-time employees.

Composition of employees by area

Targeted companies			Unit	End of March 2021		End of March 2022		End of March 2023	
Japan	ELECOM Group	Male	Persons	988	77.4%	977	76.7%	1,009	75.6%
	ELECOM Group	Female	Persons	288	22.6%	297	23.3%	326	24.4%
Outside of Japan	ELECOM Group	Male	Persons	75	42.6%	82	43.6%	90	45.5%
	ELECOM Group	Female	Persons	101	57.4%	106	56.4%	108	54.5%

Composition of non-Japanese national employees

		Targeted companies		Unit	End of March 2019	End of March 2020	End of March 2021	End of March 2022	End of March 2023
Recruitment of non-Japanese nationals	Managers	ELECOM Group (Japan)	Male	Persons	0	0	0	1	0
		ELECOM Group (Japan)	Female	Persons	0	0	0	0	0
	Non-managerial positions	ELECOM Group (Japan)	Male	Persons	10	9	10	12	15
		ELECOM Group (Japan)	Female	Persons	3	1	2	3	8
	Full-time employees	ELECOM Group (Japan)	Male	Persons	10	9	10	13	15
		ELECOM Group (Japan)	Female	Persons	3	1	2	3	8
	Temporary or part-time employees	ELECOM Group (Japan)	Male	Persons	3	5	4	0	1
		ELECOM Group (Japan)	Female	Persons	1	1	1	2	6
	Total (Full-time + temporary or part-time employees)	ELECOM Group (Japan)	Male	Persons	13	14	14	13	16
		ELECOM Group (Japan)	Female	Persons	4	2	3	5	14

Number of hires/mid-career hires

	Targeted companies	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of hires	ELECOM Group	Persons	-	-	153	166	206
Number of mid-career hires	ELECOM Group	Persons	-	-	80	112	142
Mid-career hiring ratio ^{*2}	ELECOM Group	%	-	-	52.3	67.5	68.9

*1. Number of hires does not include temporary or part-time employees.

*2. Mid-career hiring ratio is the number of mid-career hires divided by the number of hires

Promotion of female participation

Targeted companies			Unit	End of March 2019	End of March 2020	End of March 2021	End of March 2022	End of March 2023
Ratio of women in managerial positions	ELECOM	%		0.0	0.0	0.0	0.0	2.2
	Other than ELECOM	%		5.6	5.6	5.5	7.4	9.8
	ELECOM Group	%		2.8	2.4	2.3	4.0	6.3
Ratio of women in supervisory positions ^{*1}	ELECOM	%		2.9	3.6	4.4	6.3	11.4
	Other than ELECOM	%		-	-	-	-	10.7
	ELECOM Group	%		-	-	-	-	11.1
Male/female wage difference ^{*2}	Full-time employees	ELECOM	%	-	-	-	-	78.3
		DX Antenna	%	-	-	-	-	72.9
	Temporary or part-time employees	ELECOM	%	-	-	-	-	77.5
		DX Antenna	%	-	-	-	-	59.8

*1. Supervisory positions consist of the Company's leadership roles and sales managers.

*2. Male/female wage difference percentage = the average annual salary of female employees ÷ the average annual salary of male employees

*3. In the columns for numerical data, "-" indicates fiscal years before the Company started collecting data.

Use of childcare leave system

Changes from the previous fiscal year disclosure: the difficulty in understanding created by calculating the return-to-work ratio from childcare leave using the actual year of return to work compared to the initial year of intended return to work was remedied by adjusting the calculation method retroactively across the disclosure period.

Targeted companies			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees who start using childcare leave system ^{*1}	ELECOM Group	Male	Persons	1	4	2	3	12
	ELECOM Group	Female	Persons	13	18	28	26	30
Employees who qualify to take childcare leave	ELECOM Group	Male	Persons	-	-	-	-	29
	ELECOM Group	Female	Persons	-	-	-	-	30
Childcare leave usage ratio ^{*2}	ELECOM Group	Male	%	-	-	-	-	41.4
	ELECOM Group	Female	%	-	-	-	-	100.0
Return-to-work ratio from childcare leave ^{*3}	ELECOM Group	Male	%	-	100.0	100.0	100.0	100.0
	ELECOM Group	Female	%	90.9	94.7	88.2	100.0	93.9
Remain-in-work ratio from childcare leave ^{*4}	ELECOM Group	Male	%	-	-	100.0	100.0	100.0
	ELECOM Group	Female	%	92.9	87.5	100.0	100.0	94.4
Number of users of system of reduced working hours for childcare	ELECOM Group	Male	Persons	1	0	0	1	1
	ELECOM Group	Female	Persons	18	21	33	39	57

*1. For the number of employees who start using childcare leave system, in cases where the leave taken for a single child covers more than one fiscal year, the leave is counted as one person only for the fiscal year in which the leave started.

*2. Usage ratio: number of employees who start using childcare leave system divided by employees who qualify to take childcare leave

*3. Return-to-work ratio = the number of people who returned to work from childcare leave in the fiscal year under review ÷ the number of people who were scheduled to return to work from childcare leave in the fiscal year under review × 100.

*4. Remain-in-work ratio = the number of people who returned to work from childcare leave during the previous fiscal year and were still employed at the end of March in the fiscal year under review ÷ the number of people return to work from childcare leave during the previous fiscal year × 100

Results of training								
	Targeted companies		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Total annual training time	ELECOM	Male	Hours	8,189	11,144	5,586	7,109	8,689
	ELECOM	Female	Hours	1,685	3,105	3,344	2,545	3,806
	ELECOM	Total	Hours	9,874	14,249	8,930	9,654	12,494
Average annual training time per employee	ELECOM	Male	Hours	17.1	22.9	11.0	13.9	15.5
	ELECOM	Female	Hours	13.5	20.4	22.0	14.9	18.0
	ELECOM	Total	Hours	16.3	22.3	13.5	14.4	16.7
Training expenses	ELECOM	Thousands of yen		-	-	45,435	46,663	83,746
	ELECOM Group (Japan)	Thousands of yen		-	-	57,610	59,638	112,450

Annual paid leave: average number of days taken and usage ratio							
	Targeted companies	Unit	FY2018	FY2019 ^{*1}	FY2020 ^{*2}	FY2021	FY2022
Annual paid leave: average number of days taken	ELECOM Group	Days	8.5	12.1	10.1	10.1	9.1
Annual paid leave: average usage ratio	ELECOM Group	%	48.2	67.1	50.5	56.8	57.6

^{*1}. Because the increase in public holidays caused by the "Act to make a public holiday of the day of the enthronement of the Emperor and on which the enthronement was proclaimed and congratulated" resulted in some days of leave designated by the company becoming designated planned days for annual paid leave, the number of days taken increased.
^{*2}. Because the revision to the Labor Standards Act resulted in the obligation to take at least five days of paid leave per year, the number of days taken has increased.

Occurrences of occupational accidents								
Changes from the previous fiscal year disclosure: we corrected inaccuracies stated in disclosure of the previous fiscal year with respect to number of incidents reported for the period extending from FY2019 to FY2021.								
	Targeted companies		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of incidents	Japan	ELECOM Group	Incidents	0	0	1	0	0
	Outside of Japan	ELECOM Group	Incidents	0	0	0	0	0
Lost time injury frequency rate (LTIFR) ^{*1}	ELECOM Group		%	0.00	0.00	0.56	0.00	0.00
Occupational accident severity rate ^{*2}	ELECOM Group		%	0.00	0.00	0.02	0.00	0.00
No. of fatal accidents	ELECOM Group		Accidents	0.0	0.0	0.0	0.0	0.0

^{*1}. The lost time injury frequency rate (LTIFR) expresses the frequency of occupational accidents in terms of the number of fatalities and injuries culminating in at least one day leave of absence attributable to occupational accidents occurring per 1,000,000 total working hours^{*3}.
^{*2}. The occupational accident severity rate expresses the severity of accidents in terms of total number of working days lost per 1,000 total working hours^{*3}.
^{*3}. Total working hours are based on the number of Group employees (full-time employees) as of March 31, 2023, with the annual working hours per person calculated by multiplying the number of business days by eight hours.

Design and trademark applications and acquisitions of intellectual property rights									
			Targeted companies	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of design applications and number of rights acquired	Japan	Filing	ELECOM	Applications/ rights	81	110	108	106	31
		Registration	ELECOM	Applications/ rights	83	99	68	115	77
	Excluding Japan	Filing	ELECOM	Applications/ rights	16	11	3	19	7
		Registration	ELECOM	Applications/ rights	14	9	6	2	7
Number of trademark right applications and number of rights acquired	Japan	Filing	ELECOM	Applications/ rights	48	31	39	29	26
		Registration	ELECOM	Applications/ rights	30	39	17	39	29
	Excluding Japan	Filing	ELECOM	Applications/ rights	23	5	11	12	19
		Registration	ELECOM	Applications/ rights	17	6	4	9	10

Governance

Actual figures for FY2022:

This was a year to deepen understanding of the governance system and to clarify the target of initiatives for the fiscal year ending March 31, 2024. As such, there is not much to show in the below disclosure data in terms of results. Furthermore, please see the Corporate Governance Report for data disclosure on corporate governance.

▶ <https://www.elecom.co.jp/ir/library/material.html> (in Japanese)

Plan of action:

Given the clarity of the target of the initiative in the fiscal year ended March 31, 2023, the Executive Officer System and the evaluation of the effectiveness of the Board of Directors were introduced in April 2023, and preparations for the establishment of a Nomination Committee and a Compensation Committee are proceeding. We will also work to strengthen governance further by expanding our compliance training to group companies.

Diversity of Executive Directors

	Targeted companies		Unit	End of March 2021		End of March 2022		End of March 2023	
Executive Directors	ELECOM	Internal	Persons	6	67%	7	42%	6	60%
	ELECOM	External	Persons	3	33%	5	58%	4	40%
Executive Directors	ELECOM	Male	Persons	9	100%	11	92%	9	90%
	ELECOM	Female	Persons	0	0%	1	8%	1	10%

Remuneration of Executive Directors and Audit & Supervisory Board Members

	Targeted companies		Unit	FY2020			FY2021			FY2022		
				Executive Directors ^{*1}	Audit & Supervisory Board Members ^{*2}	External Officers	Executive Directors ^{*1}	Audit & Supervisory Board Members ^{*2}	External Officers	Executive Directors ^{*1}	Audit & Supervisory Board Members ^{*2}	External Officers
Total remuneration		ELECOM	Millions of yen	223	-	39	248	-	61	234	-	56
	Basic remuneration	ELECOM	Millions of yen	194	-	39	227	-	55	197	-	54
	Stock options	ELECOM	Millions of yen	10	-	-	-	-	-	5	-	-
	Restricted share remuneration	ELECOM	Millions of yen	19	-	-	20	-	-	17	-	-
	Retirement benefits	ELECOM	Millions of yen	-	-	-	0	-	5	13	-	2
Number of eligible officers		ELECOM	Persons	6	-	6	8	-	9	7	-	10

^{*1}. Executive Directors (excluding external Directors)
^{*2}. Audit & Supervisory Board Members (excluding external Audit & Supervisory Board Members)
^{*}Rounded down to the nearest million yen

Whistleblowing reports

	Targeted companies	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Harassment consultations	ELECOM Group (Japan)	Consultations	-	-	-	-	11
Reports received at contact point for whistleblowing	ELECOM Group (Japan)	Reports	-	-	-	-	0

^{*}In the columns for numerical data, "-" indicates fiscal years before the Company started collecting data.