



Sustainability Report 2021

English version



Conserving natural forests rooted in regions for the future

The ELECOM Group recognizes that conserving the global environment is an important issue. We are accordingly working with local communities on projects for regenerating natural forests under the philosophy of “conserving natural forests that are adapted to the climate of a region for the future and by doing so, contributing to environmental conservation activities such as tackling global warming.”

In March 2009, we signed the ELECOM FOREST Mie Forest Development Declaration together with the Mie Afforestation Promotion Society and Mie Prefecture, and we have started natural forest regeneration projects together with these signatories. Tree planting activities are carried out every April as part of new employee training.



New employees planting trees at ELECOM FOREST Shima (Shima, Mie Prefecture) in April 2018



ELECOM FOREST Characteristics

An initiative spanning over 20 years

Regenerating a natural forest is a long-term commitment that requires over 20 years to complete. The first five years or so involves creating a base for regenerating the region's native natural forest by planting nursery trees and setting up infrastructure to protect these trees.

The initiative is highly appreciated by local communities not only for the reduction in CO₂ emissions but also the prevention of landslides and other disasters and the new enrichment to fishing grounds as destinations for river inflows.

Conserving native vegetation

In order to create natural forests comprising native tree that is adapted to a region, we carry out measures such as holding discussions with experts and then engage in regeneration in accordance with the principles below.

- We plant nursery trees from seeds that are indigenous to the local area in consideration of the genetic composition of the trees.
- We decide on which types of trees to plant following a full investigation into the state of growth of plant species in the region.
- We avoid covering the whole area in a uniform manner but instead combine tree planting with monitoring over smaller areas and then use the results to consider and make corrections to the overall planting composition.
- We avoid weeding in a uniform manner, but instead strive to cultivate naturally occurring broad-leaved trees alongside planted trees to create diverse forests.

Creating forests loved by the community

When planting nursery trees, we cooperate with the community over planting events in which citizens can participate and we also get the community involved in raising seedlings. In this way, we aim to create forests that are loved by the people of the local community.

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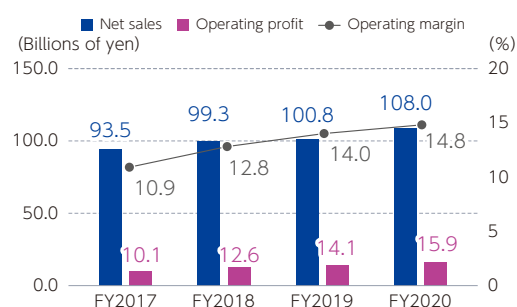
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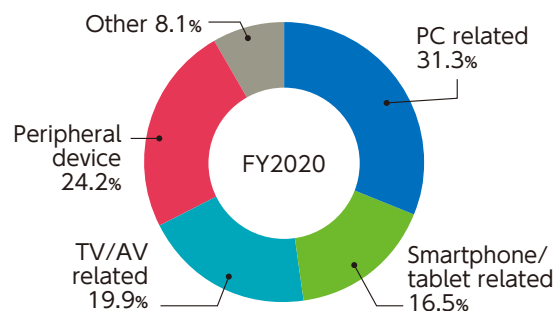
Company Overview As of March 31, 2021

Company 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	¥12,577,780,000
Number of employees	672 (The number of employees including those at consolidated subsidiaries: 1,452)
Description of business	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Number of group companies	14 (7 in Japan, 7 in other countries)

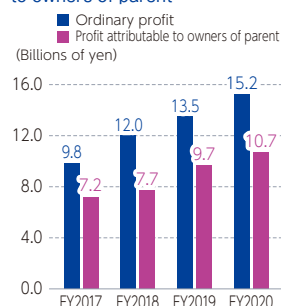
■ Net sales/Operating profit/Operating margin



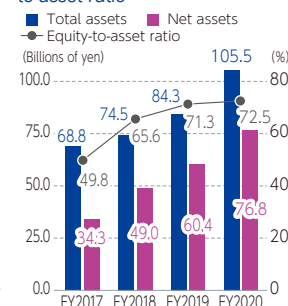
■ Sales ratios by type of product



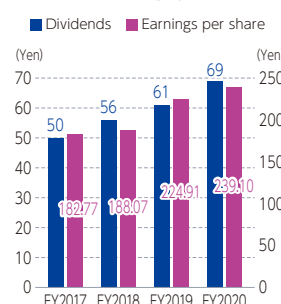
Ordinary profit/Profit attributable to owners of parent



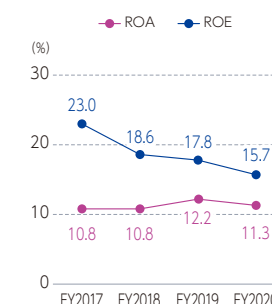
Total assets/Net assets/Equity-to-asset ratio



Dividends/Earnings per share



ROA/ROE



Message from the Chairman



First of all, I would like to offer my sincere thanks to our customers and other stakeholders for the incredible support and understanding you have shown the ELECOM Group over the years.

Our Group provides products and services that build “bridges” between people and a variety of IT devices under the slogan of “lifestyle innovation.” Our business began with personal computer peripheral accessories, but we have expanded in scope and in recent years, we have even engaged in business areas related to social infrastructure, including healthcare, disaster prevention, broadcast communications, public transport, and energy. As our connections with society and people’s lifestyles grow, we keenly feel our increasing responsibility as a company to tackle social issues such as the environment and climate change.

We believe that engaging in ESG/CSR is an essential theme for the sustainable growth and development of both the Company and society. As a trusted company, we must drive risk reduction, including not only strengthening the management system for fundamental and

universal policies such as observing business ethics or respect for human rights etc., but also conserving the natural environment, enhancing product quality and achieving workforce safety. It is also important that we see various social issues as new business opportunities so that we can leverage the Group’s strengths to tackle these issues while continuing to create new products and services.

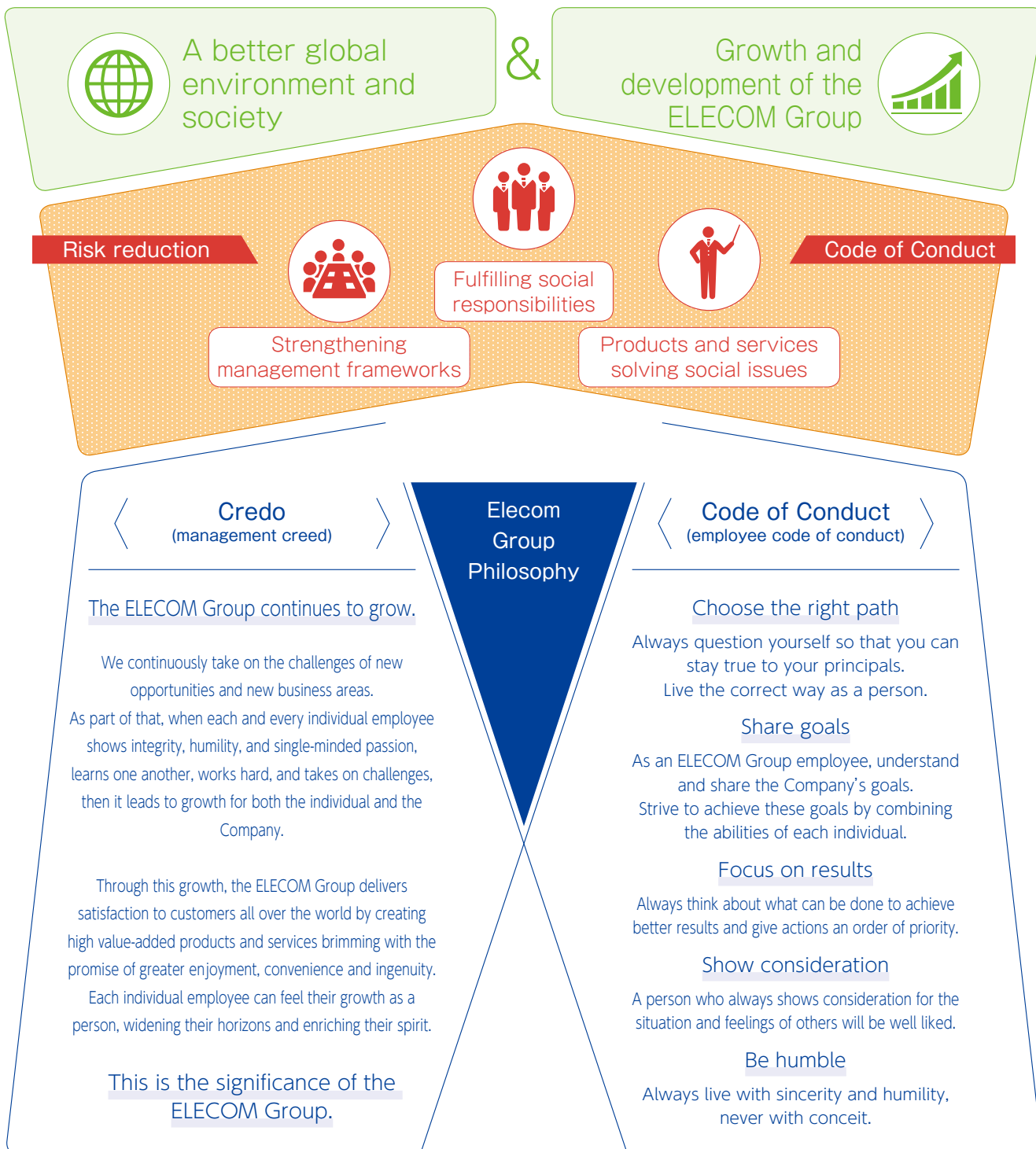
Our clear mission is to make our planet and society better while also growing and developing our business. To achieve this, we will carry out activities that achieve both risk reduction and business opportunity creation so that we can contribute to society and further raise the value of the ELECOM Group.

Going forward, all Group employees will come together so we can meet the expectations of our stakeholders. We humbly ask for your continued guidance and support.

Junji Hada, Chairman/Representative Director
ELECOM CO., LTD.

Elecom Group Sustainability

We believe that sustainability at the ELECOM Group is to grow the Company by cultivating and empowering our employees based on our Credo (management creed) and Code of Conduct (guidelines for employee behavior), so that we can make a sustainable contribution that brings joy to customers around the world. We aim to realize this kind of sustainability.



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 ESG/CSR initiatives in the spirit of corporate ethics and thorough implementation of compliance programs, and for cultivating employees and a corporate culture that strives to sustainably raise corporate value by taking on challenges in new areas without deviating from social norms.

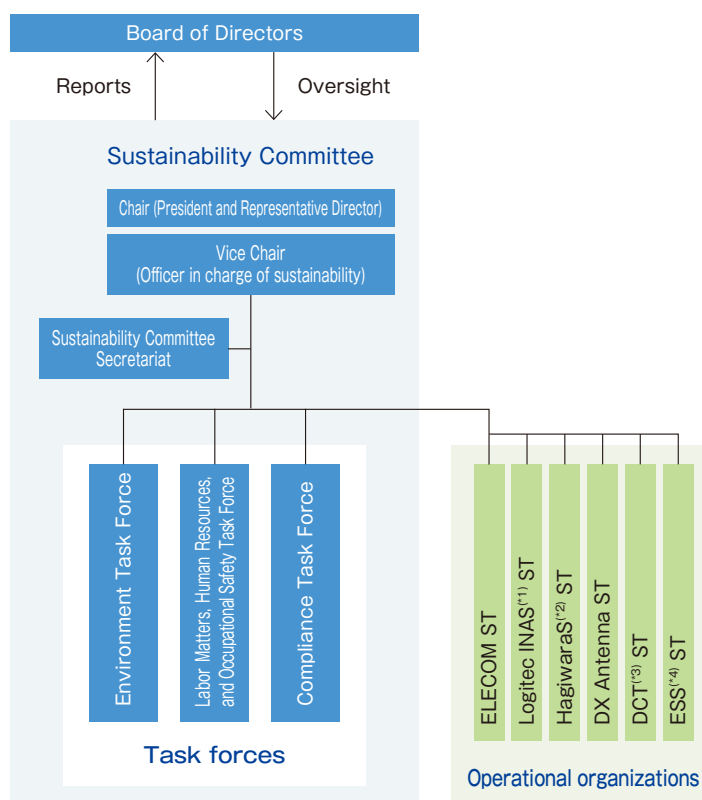
Sustainability Implementation Structure

In November 2020, the ELECOM Group established a Sustainability Committee with the president and representative director as chair and officer in charge of sustainability as vice chair.

The Sustainability Committee establishes various task forces to advance activities that reduce risks to the Company and society and then manages and regularly reports on the progress of these task forces. Also, in order to advance activities for new business opportunity creation, we have also established the Sustainability Team (ST) at each Group company which strives to create ideas, products, and services that will lead to solutions for social issues.

Each task force and ST assigns an order of priority to social issues that either pose a risk that might impede sustainable business activities or could become new business opportunities for the ELECOM Group. It then determines materialities that should be engaged by the Group and sets key performance indicators (KPI), which are approved by the Sustainability Committee. Following this, operational organizations at each company implement various initiatives aimed at achieving these goals.

Regarding the management of and regular reporting on progress, regular meetings are held once every quarter in which the Committee monitors the progress on each materiality based on KPI. Once a year, the Sustainability Committee reports to the Board of Directors on topics such as the results and an overview of the year's activities and plans for future activities.



*1: Logitec INAS Logitec INA Solutions Co., Ltd.
 *2: HagiwaraS HAGIWARA Solutions Co., Ltd.
 *3: DCT D-CLUE Technologies Co., Ltd.
 *4: ESS ELECOM Support & Service Co., Ltd.

Elecom Group's Materialities

Determining materialities and 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. First of all, Step 1 is to identify social issues that are considered important to the ELECOM Group. We did this by using references such as the GRI's global standards for sustainability reporting, the ISO 26000 international standard for social responsibility, and the SDGs, which are shared global guidelines for realizing a sustainable society.

Next, Step 2 is to analyze which issues are more important and assign an order of priority. We did this by surveying the Company's employees and officers, as well as other stakeholders such as customers, shareholders, investors, and suppliers, asking them for their opinions and assessments regarding each of the social

issues, thereby checking their degree of interest. Then, once we ascertained which materialities should be tackled first, we assigned an order of priority to our initiatives.

Finally, as Step 3, we gathered together materials such as the assessment results and order of priority gained through Step 2 and used these to define materialities as approved by Company management. For materialities related to each of risk reduction and business opportunity creation, the Sustainability Committee sets policies for tackling issues and KPI for each task force and ST at Group-related companies.

It also monitors the effects from advancing business activities and changes in the social environment. Once a year, the Committee carries out surveys, analyses changes and trends in the results, and revises the materialities and KPI accordingly. 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.

● The Materiality Analysis and Determination Process ●

Step 1

Identify and arrange social issues that are relevant to the Group as potential materialities



Step 2

Carry out evaluations and surveys within the Company and with stakeholders to assign an order of priority



Step 3

Define materialities that should be tackled and each task force and ST set them as KPI, etc.

Materiality survey (excerpt)

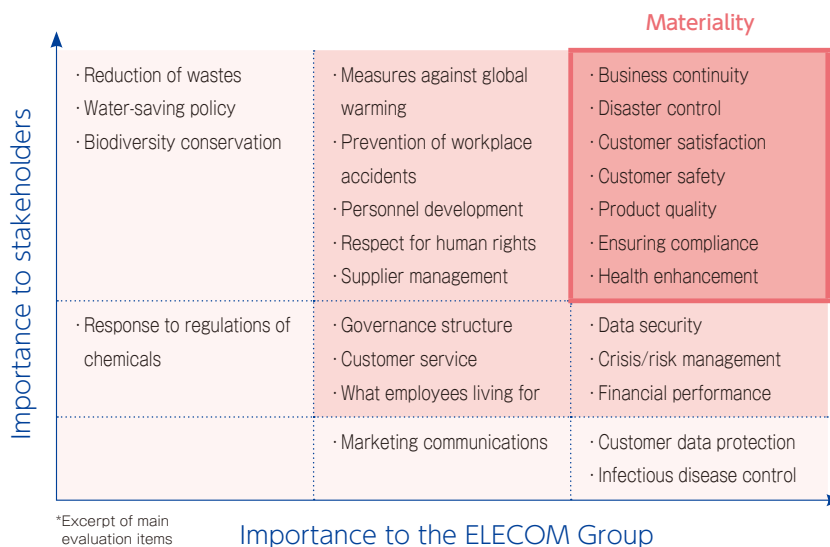
(1) Risk reduction

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.

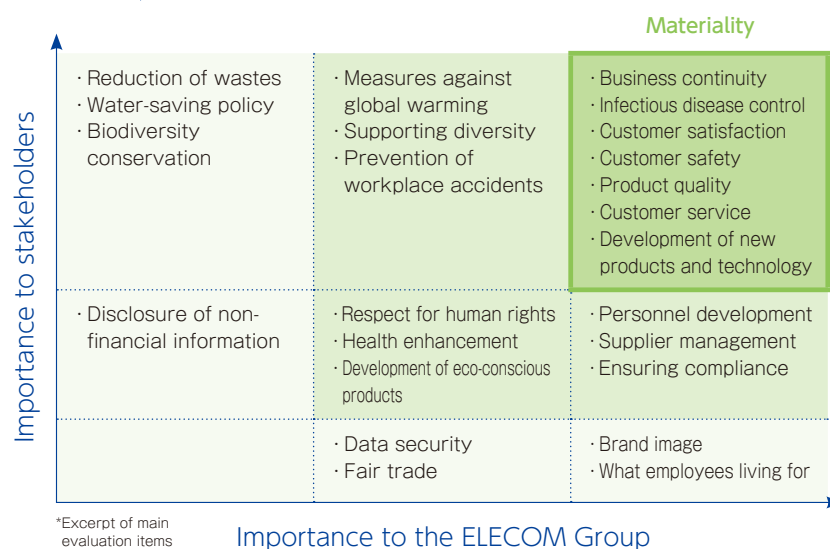
For each item, please select the answer from the pulldown menu that you think best describes the ELECOM Group. The possible answers are "1. Extremely important," "2. Very important," and "3. Important."

			Risk reduction
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 >



Materiality

Following the determination process set out previously, the ELECOM Group's materialities have been set as follows.

Encompassing materiality	Base materiality	Risk reduction	Business opportunity creation	Strategy points	KPI	Relevant SDGs	Pages featured
Business continuity	(i) Business continuity	○	○	As advocated in our Credo realize "the ELECOM Group continues to grow." <Risk reduction> · Minimize risk factors that might impede business continuity <Business opportunity creation> · Fulfill social responsibilities as a company · Realize stable supplies of products and services	Risk reduction · Multiple purchase ratios · Number of companies following CSR procurement guidelines (number of companies that have signed an MOU) Business opportunity creation · Achievement ratio of consolidated business result forecasts		5 10 29
	(ii) Disaster control	○		Secure supply chains during times of disaster <Risk reduction> · Disperse logistics centers and locate them inland · Disperse order centers · Duplicate data centers	Risk reduction · Number of resolved issues and problems identified through business continuity planning (BCP) · Number of days logistics centers are in operation · Establishment of a logistics center in Shin-Osaka · Number of days order centers are in operation	   	40
	(iii) Infectious disease control		○	Create sales opportunities that tackle new social issues <Business opportunity creation> · Expand healthcare product lineup, including anti-infection products (such as hypochlorous acid sprays and antibacterial products) · Expand lineup of remote work-related products	Business opportunity creation · Sales growth rate of healthcare products · Sales growth rate of remote work-related products	 	4 23
Customer safety and satisfaction	(iv) Customer satisfaction	○	○	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 <Business opportunity creation> · Propose and sell new products that make lifestyles more comfortable for all people	Risk reduction · Degree of customer satisfaction according to survey results · Average user review score (4.0 or above; excludes scores for discontinued or limited-edition products) Business opportunity creation · Annual number of new products (model numbers) · Annual ratio of new products		30 31
	(v) Customer safety	○	○	Ensure the safety and quality of products for customers <Risk reduction> · Monitor the environmental impact of products · Eliminate market recalls through products quality improvement <Business opportunity creation> · Develop new products that showcase safety and reliability	Risk reduction · Number of complaints concerning the operation of environmental management systems · Number of environment-related complaints from stakeholders · Number of product liability (PL) issues Business opportunity creation · Number of awards of Kids Design Award and Good Design Award and entries		30 31
	(vi) Product quality	○	○				
	(vii) 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 inquiries responded to (phone, FAQs, chatbot, etc.) · Number of instances of VOC analysis being used to improve new products and services		31
Ensuring compliance	(viii) Ensuring compliance	○		Thoroughly raise awareness of relevant policies <Risk reduction> · Carry out legal compliance training · Enhance contact points for whistle-blowing · Strengthen corporate governance	Risk reduction · Number of serious violations · Number of whistle-blowing reports made	 	29 37 to 40
Health enhancement	(ix) Health enhancement	○		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 · Reduce the number of workplace accidents	Risk reduction · Ratio of health checks received · Reduction of the ratio of untaken paid leave to zero (No one taking less than 5 days) · Workplace accidents: Frequency rate/degree of severity	 	23 25 26 27
Development of new products and technology	(x) Development of new products and technology		○	Provide "bridges" that can overcome gaps between people and new technologies <Business opportunity creation> · Develop products and services that contribute to the establishment of a sound recycling-based society · Develop products and services that contribute to tackling global warming · Convert to eco-conscious packaging	Business opportunity creation · Number of sales of products that contribute to the establishment of a sound recycling-based society (ink cartridges, etc.) · Number of sales of products that contribute to tackling global warming (CFC-free air dusters, etc.) · Ratio of conversion to eco-conscious packaging	 	14

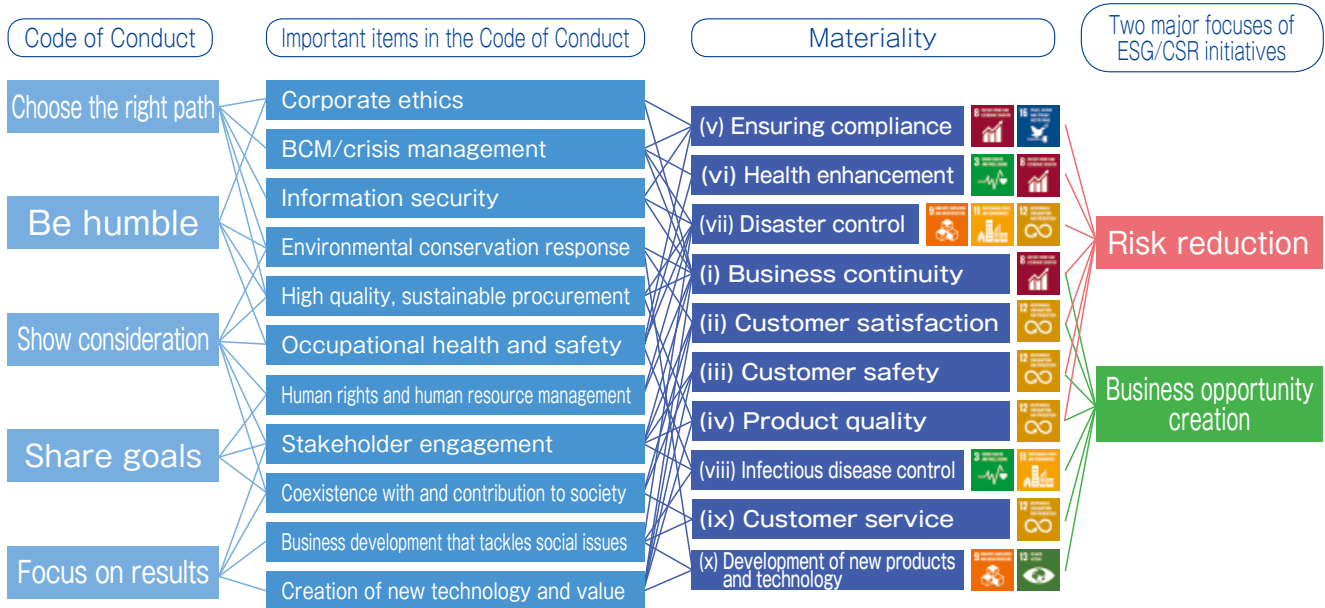
Elecom Group Code of Conduct

Based on its Code of Conduct, the ELECOM Group has formulated the Elecom Group Code of Conduct which serves as a guide for ESG/CSR initiatives.

The Code of Conduct provides fundamental guidelines that all employees and officers of the ELECOM Group should comply with while carrying out their daily business activities and it is extremely important for realizing sustainable growth and development as

well as practicing ethical and responsible business activities.

Also, under this year's determination process, though they were not set as the materialities at the moment, we have recognized the social agendas such as measures against global warming, human rights issues, diversity, and contribution to local communities as important issues for the ELECOM Group and we will form strategies and advance initiatives that engage these.



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 be able to contribute to the realization of a sustainable society and increased value for stakeholders.



Customers

In addition to the Group's main products of general digital peripherals, we have also expanded our business into areas including embedded devices for industrial use and cutting-edge R&D for healthcare and medicine.

Under the slogan of "lifestyle innovation — delivering joy to customers by creating new value for more comfortable and enriching business and home lives," we will continue to provide customers in various fields with products and services that build "bridges" between innovative technologies and peoples' lifestyles. Responding to customer concerns with innovative ideas is a driving force for and a proof of our growth.

/ Communication examples / • Sales activities by ELECOM Group sales personnel
• Various advertising media, digital marketing • Website • News releases



Shareholders

Elecom currently has a total of 46,110,710 issued shares and 10,301 shareholders. A breakdown of shares held by shareholder category includes 22.4% held by financial institutions and securities companies, 18.2% by overseas corporations, 21.3% by other types of Japanese corporations, 36.7% by individuals and other types of shareholders, and 1.3% held as treasury stock. (All percentages as of March 31, 2021)

In addition to proactively disclosing share-related information, we have also created opportunities for meeting and having a dialogue with shareholders and investors face to face, including holding financial result presentations and one on one meetings for institutional investors as well as company information sessions for individual investors. The valuable opinions we receive through these meetings are shared with management as necessary.



/ Communication examples / • Annual General Meeting of Shareholders
• Financial result presentations and one on one meetings for institutional investors
• Company information sessions for individual investors
• Website • Various IR materials (financial results digests, annual securities reports, annual reports, etc.)

Employees

The ELECOM Group has 1,452 full-time employees. By region, 87.9% are located in Japan and 12.1% are located overseas. (As of March 31, 2021)

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 satisfaction and sense of fulfillment and creating new value by bringing together the diverse values of our workforce.



/ Communication examples / • Various committees • Training programs
• Employee assessments and interviews • External whistle-blowing contact points
• Intranet and in-house newsletters

Suppliers

The ELECOM Group carries out procurement from many suppliers, primarily located in East Asia. We consider our entire supply chain as being within the scope of our social responsibilities, so in addition to carrying out fair and comprehensive evaluations, we also work with suppliers to recognize and solve issues with the aim of realizing a sustainable society.



/ Communication examples / • Onsite inspections • Procurement guidelines

Local communities

The ELECOM Group has 46 business locations in Japan and seven outside of Japan. (As of March 31, 2021)

We believe that coexisting with each region and society and building good relationships with communities are essential to the sustainable operation of our business, so we build strong ties to regional communities through activities such as tree planting and sports sponsorships.



// Communication examples //

- Conservation of local nature and communities (e.g. tree planting and conservation of Senmaida Rice Terraces in Mie Prefecture)
- Exchanges with local residents (e.g. greening promotion councils, music events in tree planting areas)
- Local sports sponsorships (e.g. sponsoring American football team)
- Inviting local children to corporate recreation facilities
- Support for local governments (e.g. disaster recovery support for Kumamoto Prefecture, support for children's home via Mie Prefecture)
- Academic-industrial collaboration projects



Distribution of financial value to stakeholders

The financial value allocated by the Group toward each stakeholder in the fiscal year ended March 31, 2021 is as follows.

Stakeholder	Amount	Details
Employees	¥10,343 million	Salaries, bonuses, provision for bonuses, retirement benefit expenses, share-based payment expenses, legal welfare expenses, welfare expenses
Local communities	¥74 million	Donations, etc.
Financial institutions	¥1 million	Interest expenses
Shareholders	¥2,858 million	Dividend payments

Introduction of management systems

The ELECOM Group has introduced the following management systems and works to continuously improve them by implementing PDCA cycles. (ELECOM Group: as of March 31, 2021)

Company name	Management system			
	ISO 9001	ISO 14001	ISO/IEC 27001	*ISO 13485
ELECOM CO., LTD.		○		
Logitec INA Solutions Co., Ltd.	○	○	○	
HAGIWARA Solutions Co., Ltd.				
DX Antenna Co., Ltd.	○	○		
D-CLUE Technologies Co., Ltd.	○			
ELECOM Support & Service Co., Ltd.				
ELECOM Health Care Co., Ltd.				*

*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/



Environment

As a member of global society, the ELECOM Group seeks to grow its business and to realize a sustainable society through corporate business activities that take the global environment into consideration. We operate environmental management systems that are subject to continuous improvement, and work with all our stakeholders to prevent environmental pollution, provide safe and environmental-friendly products, and counteract global warming.

Environmental Policy

The ELECOM Group considers the reduction of environmental impacts to be one of the most important issues in relation to achieving a sustainable society, and advocates the following environmental policy. We promote educational and training activities with the aim of instilling the policy in all employees at targeted locations, and putting the policy into practice.

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.

1 Compliance with environmental laws and regulations

The ELECOM Group complies with laws and regulations, rules, and other agreed requirements in relation to the environment.

2 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.

3 Realizing a recycling-oriented society

The ELECOM Group contributes to realizing a recycling-oriented society.

4 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.

5 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.

6 Publicizing and disseminating the Environmental Policy

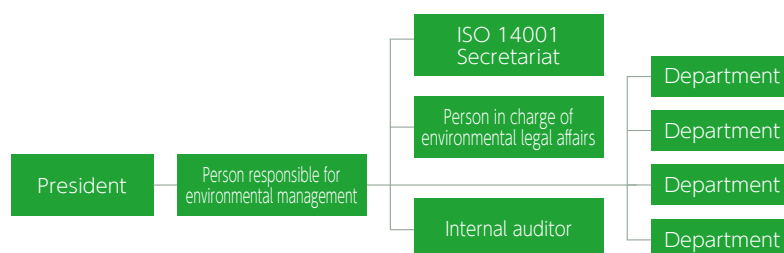
The ELECOM Group disseminates its Environmental Policy to all stakeholders within the Company, ensuring that it is understood by each employee, and promoting educational and training activities so that the policy can be put into practice.

In addition, the Group uses documents and other measures to publicize the policy among external stakeholders, requesting their compliance and cooperation.

ELECOM Group environmental management systems

Under the guidance of the person responsible for environmental management, other parts of the Group work with the ISO 14001 Secretariat to operate an environmental management system.

By identifying risks and opportunities arising from matters in which compliance is required by relevant laws and regulations or requested by customers, we will steadily move forward with plans in order to achieve continuous improvements.



Environmental targets and record of activities

1 Compliance with environmental laws and regulations

The ELECOM Group complies with laws and regulations, rules, and other agreed requirements in relation to the environment.

Specific laws and regulations

Japanese laws and regulations

Basic Environment Act
Basic Act on Establishing a Sound Material-Cycle Society
Act on the Promotion of Effective Utilization of Resources
Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
Industrial Safety and Health Act
Waste Management and Public Cleansing Act
Fire Service Act, Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities

Overseas laws and regulations

RoHS 2 Directive
Packaging and Packaging Waste Directive
Battery Directive
Regulation (EU) of the European Parliament and of the Council for Persistent Organic Pollutants (POPs) / PFOS Regulation
WEEE Directive
Green Dot

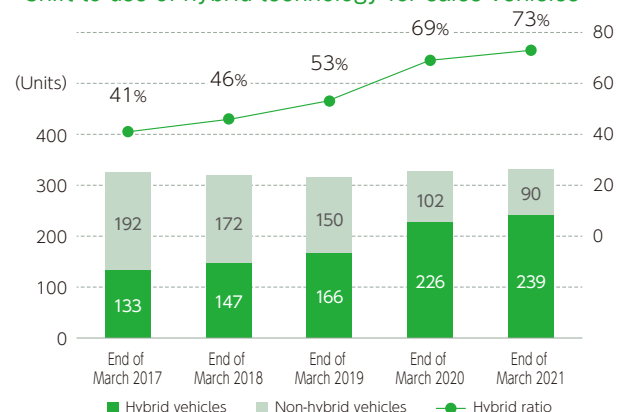
2 Efficient use of resources and energy

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

Specific measures

Introduction of LEDs
Installation of solar power panels
Use of railway transportation, use of marine transportation, and effective use of shared transportation through mixed loading
Use of hybrid technology for sales vehicles

Shift to use of hybrid technology for sales vehicles (%)



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



Shift to use of hybrid technology for sales vehicles (Toyota Prius shown in photo)

3 Realizing a recycling-oriented society

The ELECOM Group contributes to realizing a recycling-oriented society.

Specific measures

Our product packaging aims to use resources effectively and conserve the global environment, and is developed in such a way as to be able to break apart into different materials such as paper or plastic.

Elecom also sells recycled ink cartridges to a large number

of customers, and collects genuine used cartridges from more than 6,000 locations nationwide to recycle as a part of our active contribution to the environment. Through such collections of the used cartridges that are vital for our recycling business, we have contributed to the recycling of resources.

4 Reduction of global environmental impacts

The ELECOM Group aims for an eco-conscious approach to manufacturing and selling its products.



Specific measures

With regard to plastic materials used in product packaging, we are implementing initiatives such as reducing the amount of plastic used, substituting them with eco-conscious paper materials, reducing the number of component parts, reducing the size of the package, and using recycled paper for paper materials. In addition, we began taking measures to shift to paperless manuals by providing instructions for downloading manuals from the Internet using QR codes, beginning with those new products launched in 2020 for which this approach was possible. Furthermore, we are working to reduce greenhouse gas

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

emissions by expanding lineup of CFC-free related products.

In terms of future initiatives, in cases where plastic materials are used, we are working to switch from petroleum-based plastics to bio-based substitutes.

Elecom has devised a proprietary "THINK ECOLOGY" symbol that it uses to denote products that have lower environmental impacts than before. We are moving ahead with plans to display this on products satisfying the conditions, and will continue to make efforts to actively encourage customers to choose eco-conscious products.

5 Establishing and continuously improving environmental management systems

The ELECOM Group has set targets based on the Environmental Policy, reviewed them on a periodic basis, and worked to establish, implement, and continuously improve environmental management systems.

Specific targets and results

Used ink cartridges

We achieved collections of 2,630,000, well clear of the target (2,070,000) in fiscal year ended March 31, 2021.

The ink cartridge market is contracting due to the shift towards paperless operations, but the increase in working from home that followed the COVID-19 pandemic has led to a rise in opportunities for using household inkjet printers, and we are continuing to collect ink cartridges.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Target achieved	○	○	○

Packaging

In order to replace gradually with packages which are able to break apart into different materials, we have set targets for the amount of SKU numbers. In the fiscal year ended March 31, 2020, because development projects had overlapped, we reviewed the development schedule, which resulted in fewer SKUs being achieved than we expected. However, in the fiscal year ended March 31, 2021, we achieved 758 SKUs against a target of 564.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Target achieved	○	×	○

6 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.

Specific measures

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	Osaka Inflow Vehicle Regulation Study Group	Environmental Internal Audit Seminar

Responses to climate change

Climate change driven by global warming has wide-ranging and serious impacts, both direct and indirect, on human lives, ecosystems, and corporate business activity.

In the Global Risk Report 2021, compiled by the World Economic Forum, No. 1 and No. 2 on the list of risks with the highest likelihood of occurring over the next 10 years are "Extreme weather" and "Climate action failure."

The ELECOM Group recognizes that transition risks and physical risks caused by climate change could become an issue for the management of the business.

Taking into consideration societal trends both inside and outside Japan, such as the Paris Agreement and the Japanese government's commitment to effectively reducing emissions of greenhouse gases to zero by 2050, we have begun investigating the setting of targets for reductions over the medium to long term. In order to conduct sustainable economic activity as a corporation, we are also working on initiatives such as harmonious coexistence with the global environment, minimization of risks associated with climate change, creation of business opportunities to resolve environmental issues, and visualization of the energy usage of the Group for reducing CO₂ emissions.

Interview with Executive Officer in Charge Koji Kajiura Senior Executive Director, Vice-Chair of Sustainability Committee, ELECOM CO., LTD.



Typhoons getting stronger, sudden torrential rain, and fierce heat: it is no longer possible to ignore the threat of global warming. Global society has begun a major change in direction towards carbon-neutral or decarbonized societies. As a corporation we have a major role to play, and we are being encouraged to take active measures in response to the situation. Because the ELECOM Group does not own its own production facilities, CO₂ emissions from fuel consumed by the Group itself (Scope 1) and CO₂ emissions generated at the time energy such as electricity is produced (Scope 2) are limited. Conversely, there is a tendency for emissions from the manufacturers to which we outsource, emissions from transportation of work in progress, and emissions related to the transportation, use, and disposal of products (Scope 3) to be large. We recognize that CO₂ is emitted throughout the supply chain, and we will work on initiatives to reduce those emissions.

Investment to research and development on climate change

○ Photosynthesis research

Elecom is focusing on research that could be promising for the absorption of CO₂, and is investing to R&D in this area.

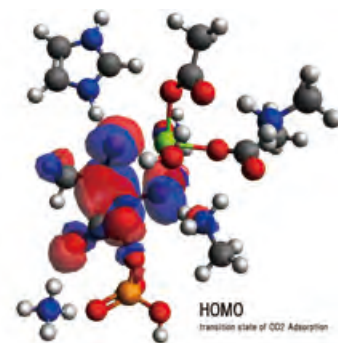
When plants perform photosynthesis, they efficiently absorb extraordinarily low concentrations of atmospheric CO₂ into their leaves, decompose water and discharge oxygen, in addition to which they synthesize carbohydrates such as starch. Areas of the mechanism by which this natural process is performed are not yet well understood, and research has made little progress. We are proceeding with R&D to solve the puzzle of photosynthesis, with the ultimate goal of developing

a CO₂ absorption device that can be used efficiently even in the home. In addition, by investigating under what conditions (wavelength of light, temperature, and CO₂ concentration) organisms that possess photosynthetic pigments demonstrate the greatest ability to synthesize, we believe we can acquire new methods to allow mankind to absorb CO₂ efficiently.

The actual fundamental research is being conducted by the group run by Shinichiro Nakamura as a visiting research scholar under the Baton Zone Program at RIKEN, with Elecom bearing all the costs as a joint research effort.



Experiments in the proliferation of photosynthetic pigments under multiple conditions (left), and comparison of proliferation (right).



Molecular orbital for CO₂ absorption transition states

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

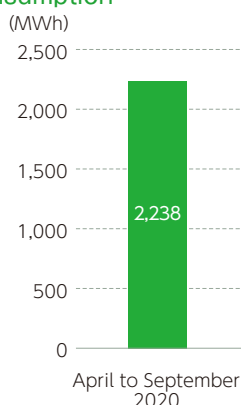
The ELECOM Group maintains an understanding of the amount of electricity, gas, and gasoline consumed by its domestic locations and factories, as well as the amount of CO₂ emitted, and works to disclose this information and take measures to deal with climate change.

The graphs below represent the amounts consumed by the individual fuels (electricity, gas, and gasoline). The amount consumed for the

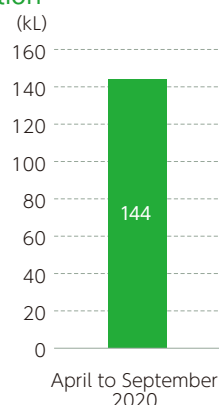
individual fuels multiplied by the respective CO₂ emission coefficients gives the Group's CO₂ emissions.

Between April and September 2020, CO₂ emissions were 1,390t-CO₂. We will continue to monitor both the total and the trend, and implement appropriate energy-saving measures in order to promote initiatives to counter global warming.

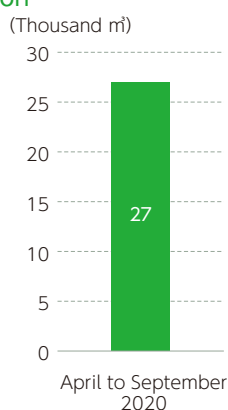
■ Electricity consumption



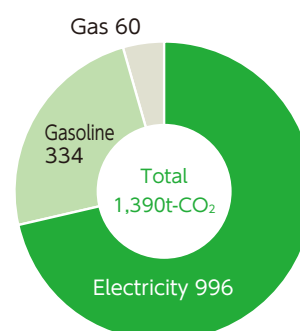
■ Gasoline consumption



■ Gas consumption



■ CO₂ emissions (April to September 2020)



Scope of CO₂ emissions calculation and calculation method

Scope 1 and Scope 2 companies	ELECOM CO., LTD. Logitec Corp. Logitec INA Solutions Co., Ltd. HAGIWARA Solutions Co., Ltd. DX Antenna Co., Ltd. D-CLUE Technologies Co., Ltd. ELECOM Support & Service Co., Ltd. ELECOM Health Care Co., Ltd.	
Calculation method	Electricity CO ₂ conversion coefficient	Calculated based on the nationwide average coefficient (0.000445t-CO ₂ /kWh) given in "the emissions factors for electric utilities (for the use of greenhouse gas emission calculations by specified emitters) - FY2019 results - R3.1.7 Published by Ministry of the Environment/Ministry of Economy, Trade and Industry"
	Fuel CO ₂ conversion coefficient	Calculated based on the coefficients in the Ministry of the Environment's the List of calculation methods and emissions factors for the calculation, reporting and public disclosure system

Going forward, we will expand the scope further to the suppliers that support the mass-production and shipments of the ELECOM Group, and we are working on disclosing Scope 3.

Waste management

3R (Reduce, Reuse, Recycle) activities

In order to lessen the environmental impact of its business activities, Elecom promotes reductions in industrial waste and the recycling of resources through the “3Rs” (Reduce, Reuse, Recycle).

As promotion of the 3Rs not only leads to conservation of resources, but also to lower costs and CO₂ emissions, Elecom will continue to actively implement such initiatives.

Reduction of wastes (“Reduce”)

We are replacing plastic packaging with renewable packaging, such as paper packaging, and promoting reductions in non-burnable waste.

Utilization of outlet sales (“Reuse”)

We directly operate outlet stores that deal exclusively in products with defective packaging, etc. that cannot be recycled, providing them to consumers at a lower price after first performing inspections to confirm that they have not been opened.

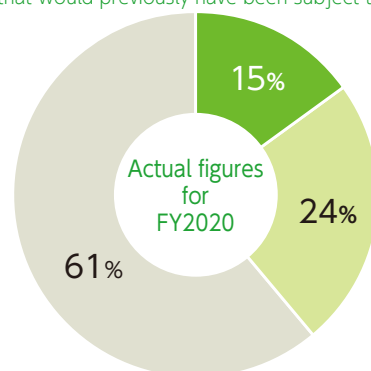
Appropriate management of waste and recycling of materials (“Recycle”)

In addition to visiting the companies to which we outsource our waste management to confirm that waste is being managed appropriately, we dispose of waste using eco-conscious methods such as thermal recycling.

In the fiscal year ended March 31, 2021, we also began using materials recycling.

Breakdown of 3R initiatives

Through our 3R activities, we continue to work to reduce waste products that would previously have been subject to disposal.



■ Outlet sales ■ Recycling/resale ■ Disposal

Waste management at ELECOM Group production sites in Japan (actual figures for the fiscal year ended March 31, 2021)

Waste	Amount of waste (t)
Complex waste (waste plastic/metal)	140.76
Fluorescent lights	14.15
Wooden pallets	7.65
Expanded polystyrene	7.63
Waste plastic	6.78
Used batteries	0.12

Logitech INA Solutions Co., Ltd., Ina Factory



Location: Ina, Nagano Prefecture
 ISO 14001 accreditation: June 2007
 Products: Industrial computers (IPC),
 Hard disk drives (HDD),
 Optical disc drives (ODD),
 etc.
 Resource recycling ratio: 100%

*Figures for the ELECOM Group overseas are scheduled to be disclosed as soon as they have been collected and aggregated.

Management of chemical substances

In addition to making efforts to minimize the risk from business activities to local communities, the ELECOM Group in Japan has put in place systems to enable a prompt response in the event of an accident. In order to gain the understanding of stakeholders in relation to the environmental conservation activities of the ELECOM Group in Japan, we take steps to voluntarily disclose information on the state of chemical substance management.

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

At the head office factory of Logitech INA Solutions Co., Ltd., the use of chemical substances in the manufacturing process is controlled to an extremely low level.

Only 4,4'-diphenylmethane diisocyanate is used in raw materials for urethane foam packaging.

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.

Case study initiatives

At the head office factory of Logitech INA Solutions Co., Ltd., as part of ISO 14001 activities for the environment, we have disseminated methods for safe handling by means of safety data sheets (SDS), etc. to workers in areas where 4,4'-diphenylmethane diisocyanate is used. Employees use personal protective equipment and ventilation, etc. without fail, and take care when handling such substances.

In addition, as a result of efforts to reduce usage and introduce substitutes, the amount purchased fell from 490kg in the fiscal year ended March 31, 2020, to 70kg in the fiscal year ended March 31, 2021.

*Figures for the ELECOM Group overseas are scheduled to be disclosed as soon as they have been collected and aggregated.



Society

In order for the ELECOM Group to continue to grow and develop, and to help people achieve fulfilling lives, it is important to understand the demands and expectations of society, and to respond to them.

While placing great importance of communication with all our stakeholders, we are engaged in a variety of activities to support the business.

Basic policy on human rights of labor

The ELECOM Group advocates a basic policy on human rights of labor. All employees and officers work together to ensure compliance with 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.

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.

- 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.

Human rights

The ELECOM Group, in addition to complying with international norms and laws and regulations in relation to human rights and labor, seeks continuous improvements in the initiatives it implements.

We execute measures to enable flexible work styles and more relaxing lifestyles that suit today's society, and are moving forward with initiatives required to reduce risks, such as implementing in-company training for the prevention of harassment.



Training in progress (October 2016)

Interview with Executive Officer in Charge **Yukio Shibata** President, Chair of Sustainability Committee, ELECOM CO., LTD.



While working to prevent and reduce negative impacts on human rights, the ELECOM Group is constructing procedures to identify and correct such issues, and in this way fulfills its corporate responsibility to respect human rights. As well as working to provide education and training to raise awareness of human rights among executive officers and employees, we hope for the understanding and compliance of Elecom's other stakeholders.

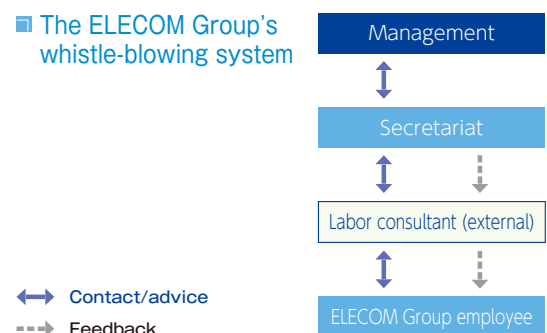
With regard to the working environment, we are striving to put in place various personnel systems and workplace facilities, and the organizational culture, to enable employees to derive satisfaction from their work while expressing their diversity, individuality and abilities.

Preventing harassment

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 positive workplace environment in which all employees can fully demonstrate their abilities. Sharing cases of harassment that have occurred and explaining how they were dealt with, we open the way to preventing harassment, resolving problems, and investigating and implementing measures for further improvement.

In addition to establishing both internal and external advice hotlines that can be used by all employees in relation to harassment, we plan to utilize e-learning to introduce training for all employees on preventing harassment.

The ELECOM Group's whistle-blowing system



Fair assessment and treatment

The ELECOM Group seeks to maintain a level of compensation, benefits and incentives that motivates its employees, and appreciates employees according to the results they generate, irrespective of age or their length of service in the company.

Linking results to the business strategy and the targets set by the organization to which they belong, we reflect them in performance review such as increases in wages, promotions, and bonuses. We also place great importance on feedback and dialogue to establish mutual understanding.

Management of wages

With regard to the wages paid as consideration for labor, the ELECOM Group does not discriminate by age, gender or other characteristics. Furthermore, we confirm compliance with laws and regulations through internal audits, continuously managing the situation so that, for example, working hours and overtime hours are properly reflected in wages.

Relationship with labor union

There are two labor unions in the ELECOM Group: the Elecom Labor Union (formed in September 1998, with 410 members) and the DX Antenna Labor Union (formed in December 1959, with approximately 250 members). (The number of union members is given as of March 31, 2021)

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.

■ Labor practices - human resources development

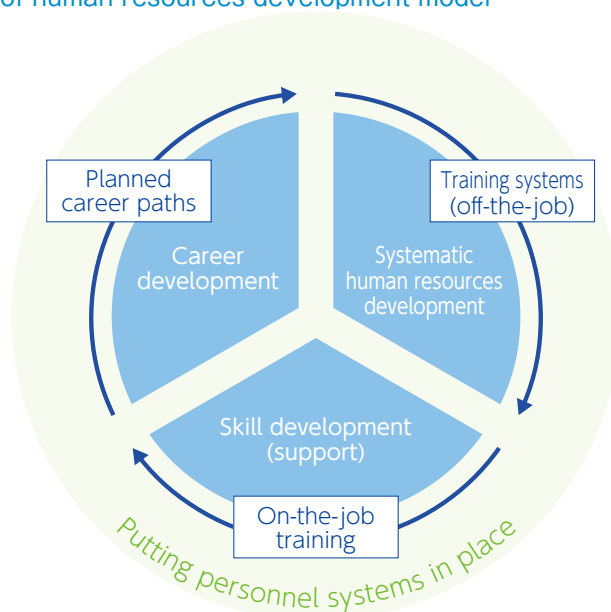
The ELECOM Group regards human resources as its most important management resource, and its Credo and Code of Conduct express accordingly the importance of gathering diverse abilities, with their passion and their spirit of challenge, to help people achieve more fulfilling lives.

By encouraging employees to develop their skills on their own initiative through business activities, etc., and systematically nurturing the human resources necessary for the future expansion of the company, we aim for growth on the part of both the company and employees while contributing to the growth and development of society.

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.

■ Diagram of human resources development model



● Systematic human resources development

By combining cross-divisional rank-specific training with specialized training that meets the needs of the business and operational situation of each division and Group company, we achieve a balance between the development of general business skills and specialist knowledge and skills.

● 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 the results of various duties performed, 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.

Training system

The ELECOM Group has training programs specific to each organization, job category, and rank, and these are also implemented at affiliates of the Group.

First year after joining the company ▶			2nd and 3rd years -		▶ Mid-ranking - management
Cross-divisional rank-specific training	New employee training	New employee follow-up training	Logical thinking training	Self-reflection training	Newly appointed manager training
Sales division training	Sales training [Beginner]		Sales training [Intermediate]		Negotiation techniques training
					Corporate sales training [Beginner] Corporate sales training [Advanced]
Procurement division/ product development division training			Negotiation techniques training [Beginner]	Negotiation techniques training [Advanced]	Facilitation training
			Marketing training	Design thinking training	New business development workshop
			Various specialist training		Project management training

*Example of Elecom's training system.

Results of training

The following table shows the total annual training hours implemented at ELECOM CO., LTD., and average training hours per employee.

		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Total annual training time (hours)	Male	8,189	11,144	5,586
	Female	1,685	3,105	3,344
	Total	9,874	14,249	8,930
Average annual training time per employee (hours)	Male	17.1	22.9	11.0
	Female	13.5	20.4	22.0
	Total	16.3	22.3	13.5

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

The Credo of the ELECOM Group states "Growth for both the individual and the Company" and we believe that the personal growth of each and every individual is the foundation of the Company.

The ELECOM Group recommends and supports study by the employee, primarily that conducted for the purpose of further enhancing expertise, such as the acquisition of skills and techniques that can be used directly in their business assignment.

For example, in departments where communication with people overseas is required, at the request of the employee we will support attendance at an English conversation school with which the Company has partnered. In addition,

we actively allow employees to make use of a variety of opportunities, such as attendance at external seminars.

DX Antenna Co., Ltd. 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.

In addition, in order to enhance the internal system for supporting employees who are eager to learn on their own initiative, the company is planning a training system that is open to all those who apply.

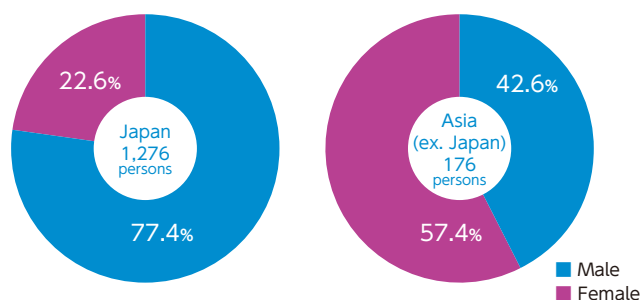
Going forward we will continue to design systems to support employees eager for personal growth.

Labor practices - respect for diversity

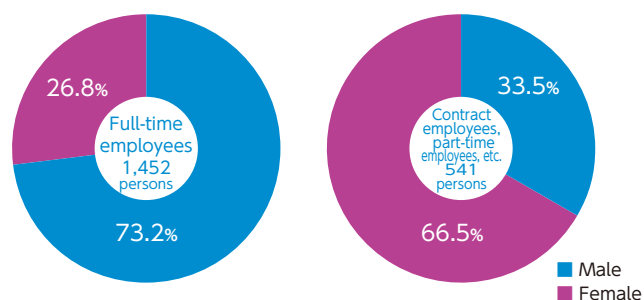
In addition to differences in nationality, race, thinking, culture, language, gender, and age, the ELECOM Group acknowledges differences in individual values and perspectives, bringing together the ideas and abilities of diverse human resources to give power to the organization and opening the way to value creation.

We promote the creation of fulfilling workplaces in which every employee can utilize their abilities to the fullest extent.

■ Composition of employees by area
(ELECOM Group: as of March 31, 2021)



■ Composition of employees by type of employment
(ELECOM Group: as of March 31, 2021)



With locations in a number of countries, primarily in Asia, the ELECOM Group's human resources are rich in diversity.

■ Composition of ELECOM Group employees

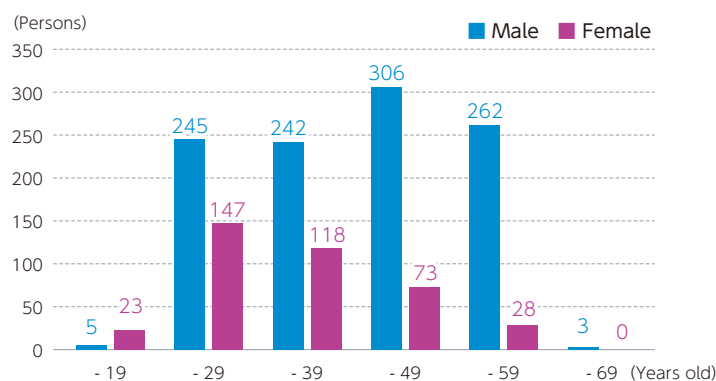
Fiscal year	Gender	Directors (Persons)	Management (Persons)	Employees (Persons)	Average age (Years old)	Average length of service (Years)
End of March 2017	Male	29	154	773	42.4	11.4
	Female	0	3	264	35.6	7.3
End of March 2018	Male	25	107	891	41.4	10.7
	Female	0	3	324	34.1	6.4
End of March 2019	Male	20	106	923	41.5	10.6
	Female	0	3	349	34.2	6.2
End of March 2020	Male	20	122	915	40.8	10.4
	Female	0	3	369	33.9	6.4
End of March 2021	Male	21	126	937	41.4	10.4
	Female	0	3	386	34.7	6.8

*1 Directors include external directors.

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

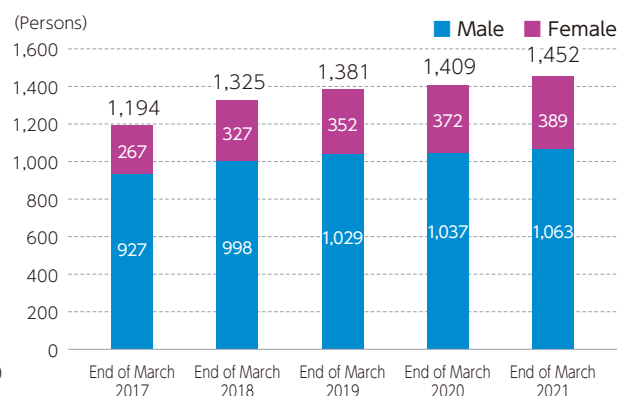
*3 D-CLUE Technologies Co., Ltd. became a member of the Group in the fiscal year ended March 31, 2018.

■ Employee distribution by age range
(ELECOM Group: as of March 31, 2021)



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

■ Number of employees (ELECOM Group)



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

*2 D-CLUE Technologies Co., Ltd. became a member of the Group in the fiscal year ended March 31, 2018.

Employment status of those with disabilities

36 people with disabilities are employed by the ELECOM Group. (Japan only, as of March 31, 2021)

We believe that all employees of the ELECOM Group, including those with disabilities, wish to work together to make a difference and to achieve growth. For that reason, we promote the employment of those with disabilities, and take measures to create an environment in which it is easy for them to work.

Hiring of employees of different nationalities

The ELECOM Group is building global supply and sales networks, centered on Asia. For this expansion of the business, participation by employees from diverse cultural backgrounds is indispensable.

The ELECOM Group promotes the hiring and support of employees of different nationalities.

Initiatives to promote female participation

The ELECOM Group recognizes that female perspectives and participation are indispensable to the growth of the Company, and is working to improve an environment to facilitate them.

In addition to cultivating a culture that promotes diversity, we are promoting work style reforms, which include support for life events, such as by devising measures that support childcare by offering up to 18 months of childcare leave, reduced working hours, and exemption from working outside designated hours.

■ Labor practices - 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.

We will implement measures such as changing work formats, including the use of telework, shifting awareness away from quantity and towards performances, and supporting childcare, nursing care, and sick leave, etc., so as to contribute to achieving a better work-life balance for employees.

COVID-19 countermeasures

Since the emergence of COVID-19, the ELECOM Group has put the highest priority on ensuring the health of employees and their families. In order to prevent obstacles to the provision of products to customers, we have been taking steps such as promoting and putting in place arrangements for telework, restricting business trips and meals eaten together, shifting business negotiations and meetings online, and encouraging employees to stagger commuting times to avoid rush hour.

Particularly in locations where the number of infections is rising, employees are using telework as appropriate, and we are working to restrict people from coming to the workplace.

We will continue to improve flexible work and support systems to enable employees to work safely and securely.

In addition, although our production sites in China were affected severely by the suspension of activities, since May 2020 they have been back in operation, and stable supply of product has been achieved.

Child care/nursing care support system

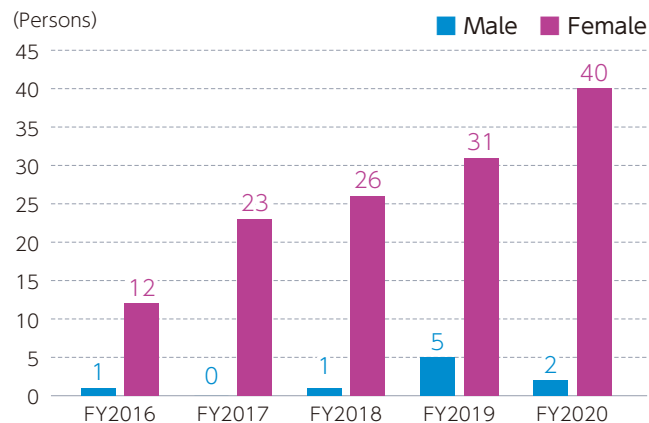
The ELECOM Group is moving forward with systems to enable employees to achieve a balance between work and childcare or nursing care.

In addition to establishing reduced working hours for child care and nursing care respectively, we are carrying out initiatives to meet the diverse needs of individual employees, such as creating systems to smooth the return to the workplace.

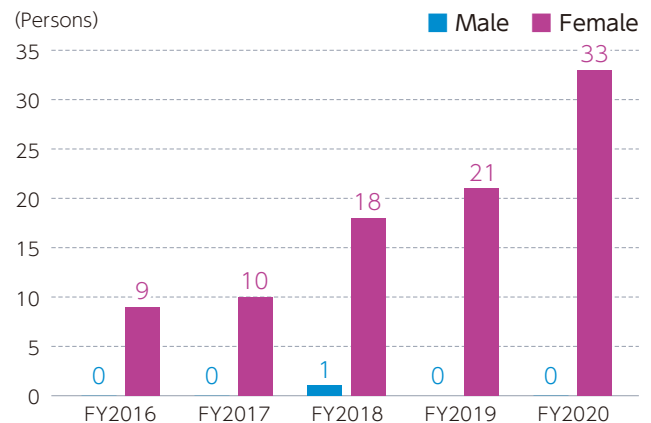
■ Main features of the childcare support system

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 leave)	—
Reduced working hours system for those caring for children	Until the third birthday (if requirements are met, until the commencement of elementary school)	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

■ Number of childcare leave system users (ELECOM Group)



■ Number of users of reduced working hours system for those caring for children (ELECOM Group)



■ Return-to-work ratio and remain-in-work ratio from childcare leave (ELECOM Group)

		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Return-to-work ratio	Male	—	100%	—
	Female	75%	75%	25%
Remain-in-work ratio	Male	—	—	—
	Female	93%	100%	100%

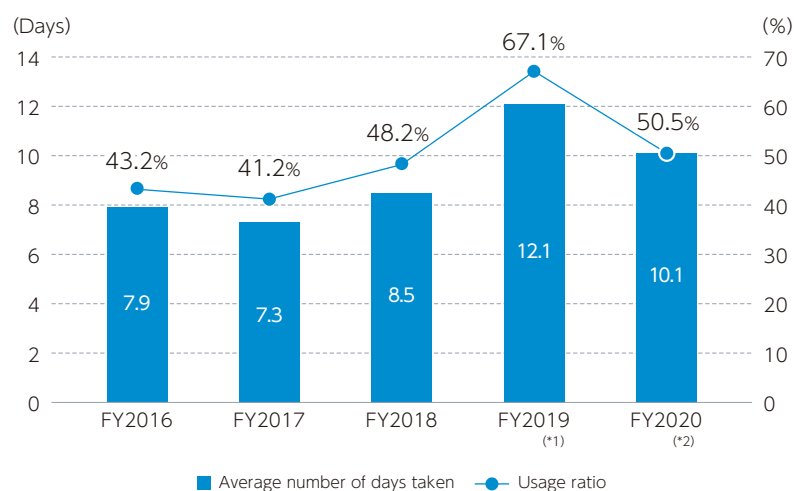
*Return-to-work ratio = the number of people who returned to work from childcare leave in the fiscal year under review ÷ the number of people who were scheduled to return to work from childcare leave in the fiscal year under review × 100

*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

■ Main features of the nursing care support system

System	ELECOM Group	Statutory
Caregiver leave system	Total of 93 days (calendar) 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

■ Annual paid leave: average number of days taken and usage ratio (ELECOM Group in Japan)



*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.

Job rotation surveys and in-house recruitment

The ELECOM Group regularly administers job rotation awareness 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 employee 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 also additionally established an in-house recruitment system for departments and operations which want to seek for staff. This has resulted in transfers to such departments of one successful applicant during the fiscal year ended March 31, 2020 and ten successful applicants during the fiscal year ended March 31, 2021.

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, 2021, two President's awards were granted for projects whose contribution was substantial, along with one operational improvement award, and six performance awards. Moreover, the nine series products received the Good Design Award and seven series products received the iF Design Award, culminating in awards for a total of 13 people who respectively contributed to product development.



Labor practices: Occupational health and safety

Having positioned the notion of ensuring safety and health of every employee involved in business activities as a top managerial priority, the ELECOM Group has established its "Occupational Health and Safety Policy" and disseminated to employees throughout the Group. In Japan, we implement various initiatives to prevent occupational accidents, underpinned by our aim of achieving zero occupational accidents.

Occupational Health and Safety Policy

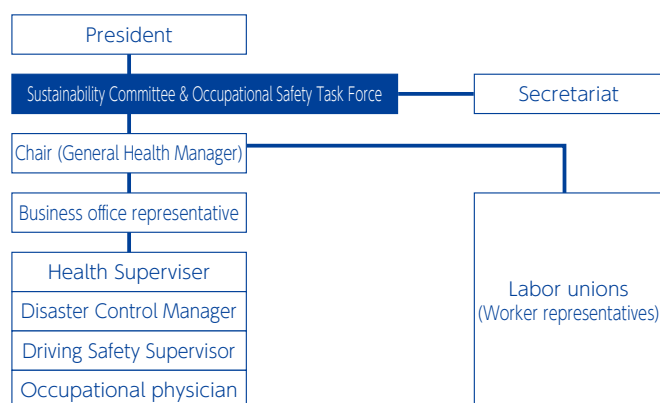
The ELECOM Group places top managerial priority on ensuring safety and health of every person involved in its business activities as it pursues business continuity and development, and accordingly implements the following initiatives.

- 1 The ELECOM Group strives to create safe and comfortable working environments while promoting physical and mental health.
- 2 The ELECOM Group complies with applicable occupational health and safety regulations along with such requirements of its communities, public authorities and its customers.
- 3 The ELECOM Group carries out training to raise safety awareness.
- 4 The ELECOM Group rigorously controls working hours and strives to eliminate extended working hours.
- 5 In the event of a major occupational accident, the ELECOM Group will share overall details and root causes of the incident within the Group, and will furthermore take action to prevent recurrence.

Sustainability Committee and Occupational Safety Task Force

Tasked with overseeing occupational health and safety initiatives of the ELECOM Group, the Sustainability Committee and Occupational Safety Task Force work to assess and improve circumstances involving health and safety at respective Group locations.

We have been rebuilding the framework for promoting occupational health and safety since the fiscal year ended March 31, 2021, and accordingly strive to take action that involves assessing progress made at respective Group locations, making improvements, and engaging in such initiatives on a Group-wide basis.



Monitoring

The Sustainability Committee and Occupational Safety Task Force regularly collect 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 structure

The Sustainability Committee and Occupational Safety Task Force review reports on findings derived from monitoring with respect to management. Their comments regarding the review properly serve as feedback made to respective offices through office representatives and labor unions (worker representatives) from the Sustainability Committee and Occupational Safety Task Force.

Occurrences of occupational accidents

A record of occupational accidents experienced by the ELECOM Group is as follows.

With respect to occupational accidents, 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.

		Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Number of incidents	Japan	0	0	0	1	0
	Asia (ex. Japan)	0	0	0	0	0
Lost time injury frequency rate (LTIFR)*1		0.00	0.00	0.00	0.37	0.00
Occupational accident severity rate*2		0.00	0.00	0.00	0.01	0.00
No. of fatal accidents		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.

*2. The occupational accident severity rate expresses the severity of accidents in terms of total number of working hours lost per 1,000 total working hours.

*3. Total working hours are based on the number of Group employees (full-time employees) as of March 31, 2021, with the annual working hours per person calculated by multiplying the number of business days by eight hours.

Initiatives for health maintenance and improvement

Under its Credo, the ELECOM Group seeks growth of each and every one of its employees in hopes that they will maintain good health and work with vitality. To such ends, we consistently promote regular checkups, stress assessments, and measures to eliminate extended working hours. We also furnish support for in-house club-based activities that contribute to better health. This

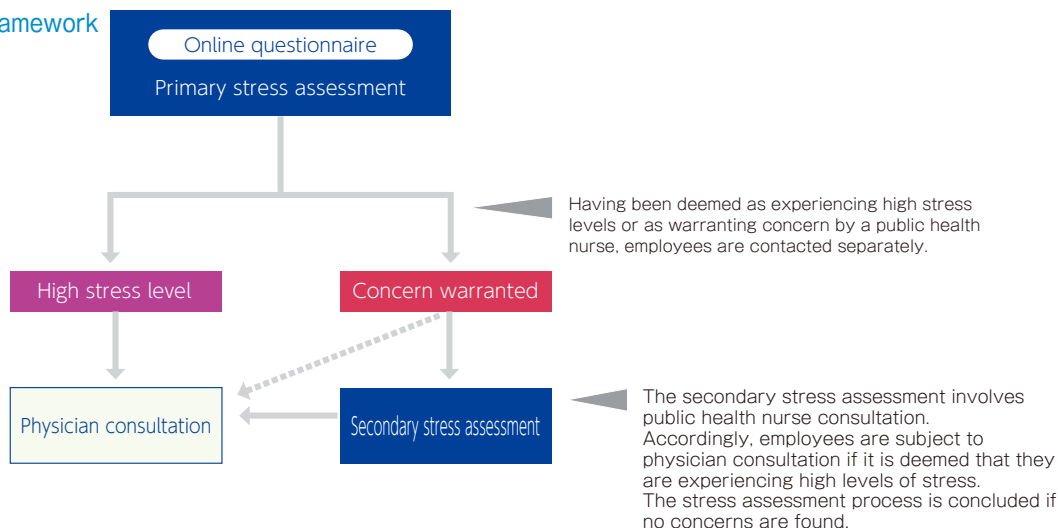
includes bowling leagues and bouldering clubs that entail moderate exercise, thereby enabling employees to improve their health and relieve stress, while also providing them with opportunities for interaction with people from other departments outside of work. (Photos below taken prior to the outbreak of the COVID-19 pandemic)



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. In addition, the Group has been promoting mental health support in conjunction with work style reform with the aim of achieving work-life balance while guarding against extended working hours.

■ Stress assessment framework



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.

■ Fair business practices: 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 guidelines on 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.

- 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 guidelines 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.

- 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.

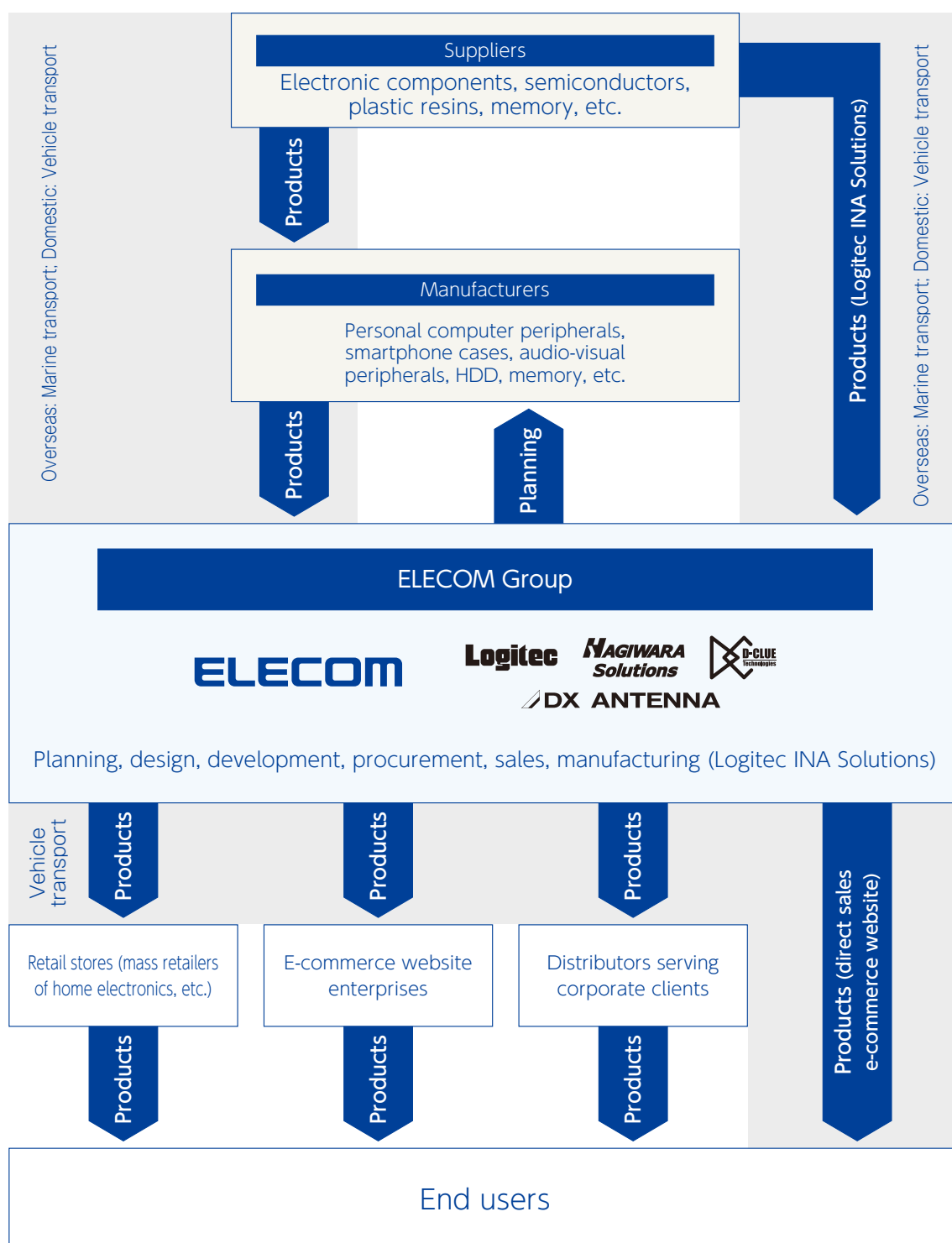
Fair business practices: Partnerships with suppliers

The ELECOM Group procures raw materials, parts, equipment and services necessary for production from suppliers across various regions. We promote CSR-oriented procurement based on our purchasing management regulations with the aim of sharing awareness of social responsibility with suppliers who make up our supply chains and achieving mutual gains in corporate value.

Supply chain expansion

The ELECOM Group seeks to expand its supply chains by working together with its various suppliers through its business activities.

Primary supply chains of the ELECOM Group



CSR Procurement Guidelines (items)

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) Considerations for working hours
- 4) Appropriate wages and allowances
- 5) Prohibition of inhumane treatment
- 6) Prohibition of discrimination
- 7) Freedom of association, collective bargaining rights

3. 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

4. Risk management

- 1) Risk management addressing changes in social conditions
- 2) Rigorous control regarding leakage of information

5. Compliance

- 1) Building a risk management framework for the entire Group including overseas operations, and raising awareness among all employees

6. Environment: Disposal and recycling

- 1) Zero emissions-based disposal

and recycling

7. 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

8. Information security

- 1) Protection against threats to computer network security
- 2) Preventing leakage of personal information
- 3) Preventing leakage of confidential information

Development of purchasing professionals

The ELECOM Group provides ongoing training for the development of purchasing professionals with the aim of promoting impartial and fair good-faith transactions with its suppliers in alignment with its basic guidelines on purchasing management.

This enables them to acquire knowledge through various forms of training encompassing trade practices, negotiations and logical thinking, in addition to training for new employees in the purchasing section focusing on knowledge necessary for engaging in purchasing, including compliance related to purchasing operations, and coordinating with the purchasing section and other divisions.

The following forms of training were implemented during the fiscal years ended March 31, 2020 and March 31, 2021.

■ Description of training and number of participants

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Onboarding training	3	1
Negotiation techniques training	15	—
UPA training	—	3
Logical thinking training	—	3

■ Fair business practices: 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 in addition to legal compliance.

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.

We are also committed to ensuring a sound business environment and corporate activities which involves preventing occurrence of corruption by enhancing our internal structures equipped to appropriately address risk of corruption.

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

We accordingly instill such knowledge by providing education and training based on actual incidents through onboarding, management training and other rank-specific formats.

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 corporate slogan of "Lifestyle Innovation." As such, it premises on a basic policy that our products and services meet the quality that are 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.

Our specific policy in this regard is as described to the right.

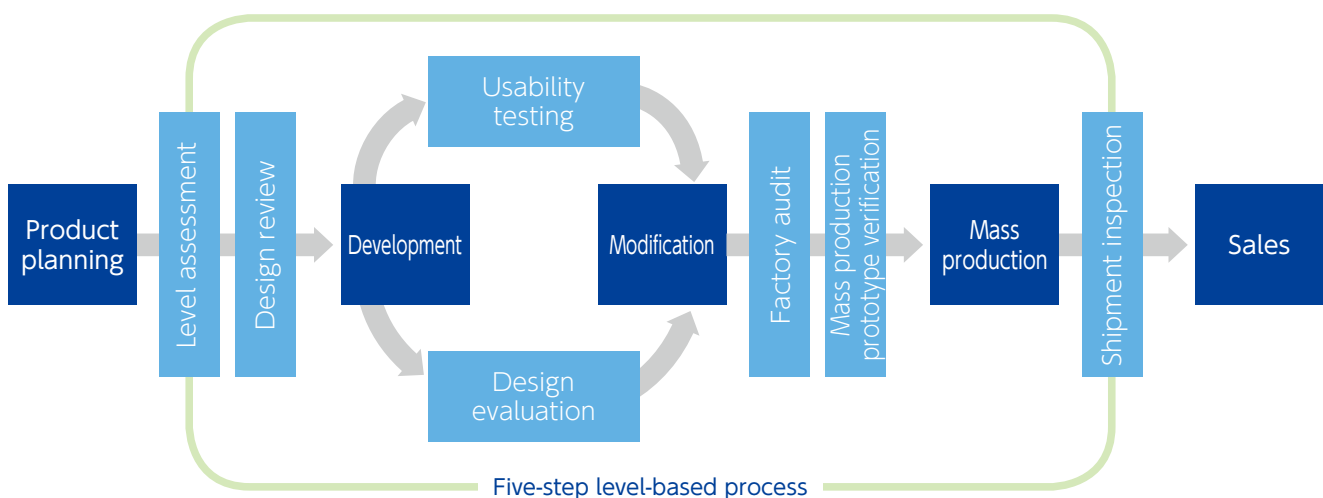
- 1 We will keep our customers' or society' s trust through serving as a company committed to maintaining a path of righteousness. We will furthermore take swift and sincere action in case unexpected circumstances arise.
- 2 We consistently meet expectations in terms of pursuing thoughtful products and 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.

Framework for design quality control

Varying quality standards and control methods apply to each of the products under ELECOM Group's wide range of product lines including both electric and non-electric equipment. In addition, we devise various means of maintaining our competitive edge while striking a balance between swift market entry and quality operating in an industry marked by short product lifecycles and extremely rapid obsolescence.

Usability testing is particularly important in the development process. 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 update product specifications and instruction manuals. Through employing level-based classification by product category and by degree of development complexity, our usability testing makes it possible for development to be conducted with appropriate processes and timelines, to prioritize speed for products whose quality risk is low, and incorporate numerous checks for high-risk products or new fields of participation.



Mass production quality control framework

ELECOM employs a fabless business approach rather than having its own factories. We manufacture many of our products in East Asian countries. Particularly in China and Taiwan where production ratios are high, we have established development and procurement offices, and employed local staff members to handle quality control, supervision and other such activities. We furthermore select our manufacturing partners on the basis of rigorous audits. Although we identify hundreds of companies every year as candidates to serve as such business partners, the number of entities with whom we actually initiate business is ultimately narrowed down to about one-fiftieth of the initial number of candidates, which includes companies that have undergone guidance on quality improvement.

We believe that our factory audits and quality guidance are working effectively from the perspective of there being an absence of quality issues even though suppliers autonomously manage mass production shipments on a daily basis. Nevertheless, going forward we intend to strengthen local office operations by assigning such offices specialists who handle design evaluation and quality guidance, with the aims of achieving shorter development timelines as well as finding and developing manufacturing

subcontractors.

In addition, we will develop a new quality control framework that will make it possible for us to disperse operations to ASEAN member nations and other locations, particularly given that production of conductive products tends to concentrate in China. Going forward, we will furthermore develop products that are restricted to use of specific hazardous substances under the RoHS rules, and will conduct surveys regarding 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.

Continuous improvement

The ELECOM Group engages in continuous improvement on a daily basis centered on its customer support teams with the aim of achieving output in the form of customer satisfaction in terms of quality and usability. The customer support operations of the ELECOM Group are handled entirely in-house and a 24-7 customer follow-up framework has established, including e-mail support and artificial intelligence, in addition to telephone-based support that entails listening to customer feedback directly.

We aggregate and analyze such customer feedback as input, provide them to the Product Development Division and the Quality Control Division on a weekly basis to utilize for achieving product improvements and providing additional items for quality assessment.

We also create opportunities for the President and officers, and persons in charge of the Product Development Division and the

Quality Control Division to directly talk with all support center employees twice a year with the aim of listening to requests for on-site improvements and other customer feedback. By spending ample time engaging in such dialogue, we work to develop corporate approach of valuing our customers and employees who provide them with support, while also fostering awareness and motivation to achieve continuous improvement.



Customer Support Center
(ELECOM Support & Service Co., Ltd.)

Continuous improvement enlisting customer support

Management teams and senior executives



Product Development Division & Quality Control Division

Tax policy

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. Our specific policy in that regard is as follows.

- 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.

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 and acquiring intellectual property rights with respect to patents, utility models, design, and trademarks

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.

This will enable our customers and business partners to reduce intellectual property risk arising from use of ELECOM Group products.

● 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.

■ Number of design applications and number of rights acquired

Design rights	Japan		Excluding Japan	
	Filing	Registration	Filing	Registration
Fiscal year ended March 31, 2019	81	83	16	14
Fiscal year ended March 31, 2020	110	99	11	9
Fiscal year ended March 31, 2021	108	68	3	6

■ Number of trademark right applications and number of rights acquired

Trademark rights	Japan		Excluding Japan	
	Filing	Registration	Filing	Registration
Fiscal year ended March 31, 2019	48	30	23	17
Fiscal year ended March 31, 2020	31	39	5	6
Fiscal year ended March 31, 2021	39	17	11	4

■ 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 detection and response (EDR), endpoint security

Education on information security

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

We also alert our entire workforce upon notification that software used in-house has become subject to security vulnerabilities and upon notification of computer viruses that pose new threats to information security.

■ Working with local communities

Promoting communications with local communities

The ELECOM Group seeks to foster strong ties with its communities, and accordingly values its communications with residents serving as a locally-based business operator while respecting local cultures and histories in hopes of continually serving as a company that gains the trust of all community members. In Japan, our efforts include tree planting and conservation of the Senmida Rice Terraces in Mie Prefecture, and sponsoring an American football team in Kobe.

Contributing to society

The ELECOM Group contributes to society through efforts particularly in the areas of environmental conservation, promotion of sports, and humanitarian assistance.

We engage in initiatives that enable us to help society serving as local citizens by actively enlisting involvement of not only the entire organization but also each and every employee in their communities, and by making effective use of the business resources that we maintain for the purpose of fulfilling our responsibility of helping to create a sustainable society.

Environmental conservation initiatives

The ELECOM Group engages in tree-planting initiatives 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.



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

In Owase, Mie Prefecture, we have embarked on 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.”



Before tree planting



After tree planting

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

In Shima, Mie Prefecture, we are 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. This involves holding annual tree planting events attended by our new employees with the aim of restoring the site so that it serves as a forest that safeguards the surrounding area in terms of it taking on a disaster control function, and also so that it serves as a place for local residents to relax in terms of it taking on a health and leisure function.



Before tree planting



After tree planting

● Support for Maruyama Senmaida Rice Terraces conservation initiative (Kumano, Mie Prefecture)

With its 1,340 large and small rice fields extending over mountain slopes, the Maruyama Senmaida Rice Terraces of Kumano, Mie Prefecture has been selected as one of the 100 best rice terraces in Japan. We have been co-sponsoring conservation initiatives since 2015 enlisting an ownership scheme implemented by a society for the preservation of Maruyama Senmaida Rice Terraces. We have also contributed using a corporate version of Japan’s “furusato nozei” hometown tax donation program in seeking to facilitate Maruyama Senmaida restoration, maintenance and landscape maintenance, along with an opportunity for urban-rural exchange involving ELECOM employees and area residents.



Partnership agreement presented at signing ceremony (September 2020)
Junji Hada (lhs) and mayor of Kumano City, Kanji Kawakami (rhs)



Maruyama Senmaida Rice Terraces

Initiatives to facilitate promotion of 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 of players who are working adults.

Underpinned by a philosophy of promoting American football and contributing to the community, the team aims to interact with local residents and children in part by holding fan appreciation events and athletic competitions. Meanwhile, we have 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.



American football game featuring the Elecom Kobe Finies



* Aerial photo from Google Maps

Humanitarian assistance initiatives

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

We have been inviting children living in orphanages in Mie Prefecture to our recreation facility located in Shima, Mie Prefecture since 2019. This enables us to strengthen local communities and impart children with summertime memories.



Children spending time at the recreation facility (August 2019)

● Sponsoring a charity golf competition to support medical professionals

In June 2020, we co-sponsored and held a charity golf competition with the aim of lending support to medical professionals associated with the COVID-19 pandemic. The event also provided an opportunity for men's and women's professional golf tour organizations amid the ongoing cancellations and postponements of men's and women's professional golf tours in Japan.



Awards ceremony (June 2020)
From left to right, professional golfer Ayaka Furue, Junji Hada, professional golfer Jinichiro Kozuma



Governance

Since its founding, the ELECOM Group has been implementing strategies that precisely address changes in the business environment under the strong leadership of its management. We believe that enhancing our corporate governance will facilitate swift and decisive decision-making, while at the same time ensuring management transparency and fairness. As such, we are taking steps to maintain and improve our initiatives in this regard.

Basic views

The ELECOM Group builds and strengthens its highly effective governance framework with the aim of achieving continuous growth as advocated in its Credo. We have accordingly been working to enhance Group management with the aims of further increasing trust of our shareholders, customers and other stakeholders, fulfilling our social responsibilities as a corporation, and pursuing gains in corporate value. Through 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 improving our managerial transparency and impartiality.

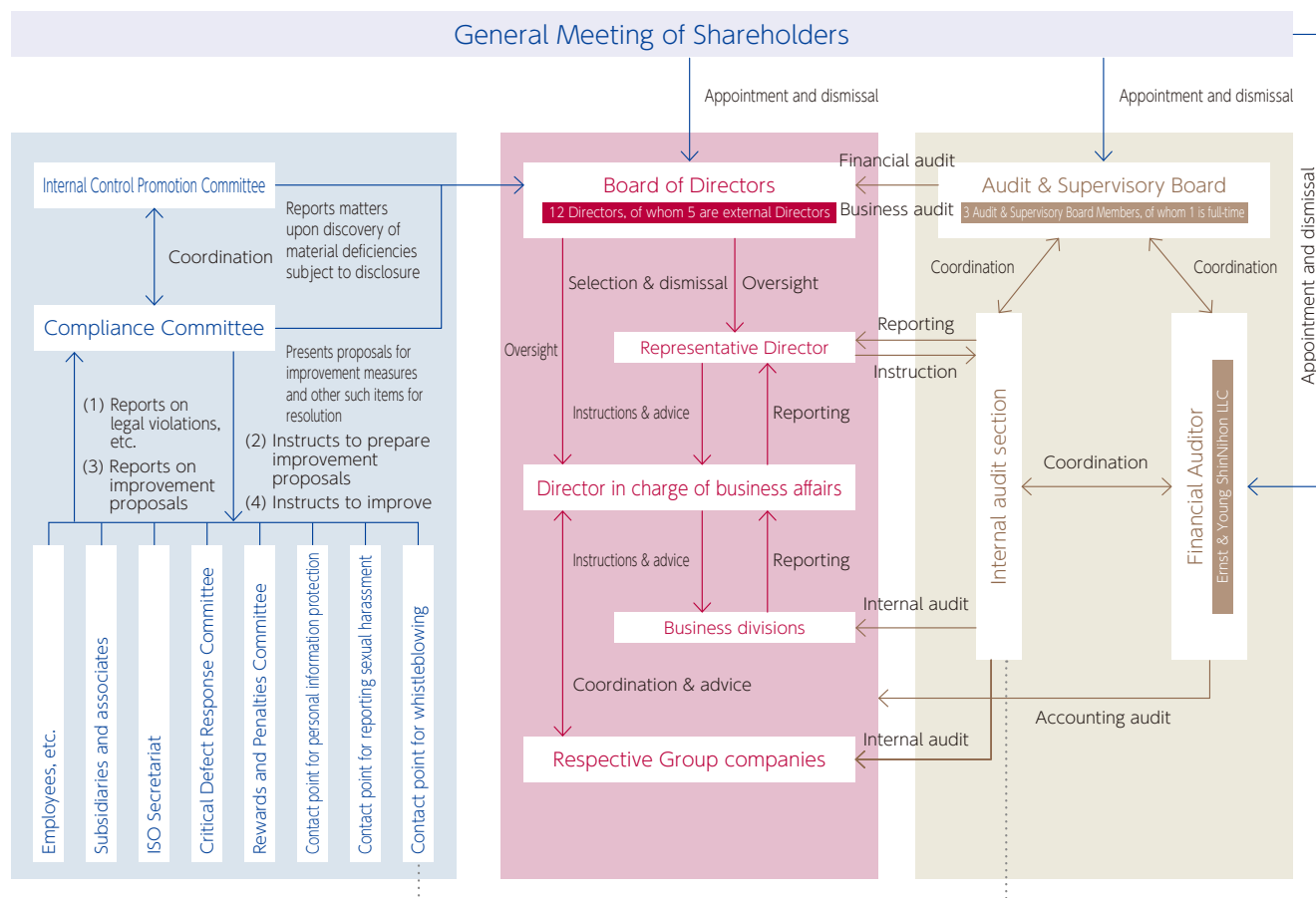
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Corporate Governance Report



■ Corporate governance

ELECOM CO., LTD. strives to ensure a sound and highly transparent governance framework. To such ends, it has its Board of Directors, whose membership includes multiple external Directors, work closely with its Audit & Supervisory Board, whose membership includes external Audit & Supervisory Board Members, while also maintaining audit functions and making final decisions on important matters.

■ Corporate governance framework (as of June 23, 2021)



In addition to its Board of Directors and Audit & Supervisory Board, ELECOM CO., LTD. has also established meeting forums to ensure appropriate and efficient execution of business as follows.

○ Executive Committee

The Executive Committee consists of internal Directors and deliberates on important managerial matters within the President's scope of authority.

○ Sustainability Committee

The Sustainability Committee establishes various task forces to promote initiatives that reduce risk with respect to society and the Company, and is responsible for progress management and periodic report.

○ 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 full-time Directors including the President, the Quarterly Business Meeting is held so that managers of the Sales Division can meet quarterly and share details on progress made toward achieving targets and corporate strategy.

○ Internal Audit Office

The purpose of the Internal Audit Office 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.

Roles of the Board of Directors

The Board of Directors consists of 12 Directors including five external Directors (as of June 23, 2021), and is chaired by the President. In principle, the Board of Directors meets once per month and extraordinarily as necessary. It makes decisions on matters stipulated by law and on important matters related to management, and supervises business execution.

In addition, important business transactions between ELECOM CO., LTD. and its 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 CO., LTD. and the 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 Directors

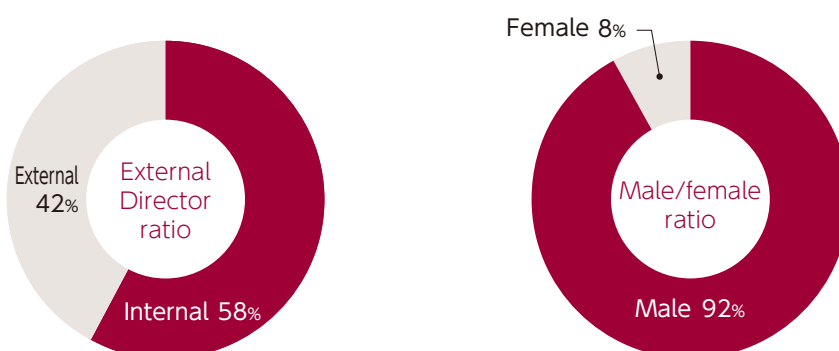
With respect to appointment and dismissal of Directors, the Company appoints Directors in a fair and appropriate manner, thereby selecting persons who possess outstanding character and insight, a high degree of expertise, and abundant experience, and who strive to achieve ideals of the Credo, while taking into account the need to balance diversity of knowledge and experience in the Board of Directors as a whole.

Diversity of Directors

As of June 23, 2021, ELECOM CO., LTD. has 12 Directors, of whom five 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 five 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 June 23, 2021). In principle, the Audit & Supervisory Board meets once per month and extraordinarily as necessary.

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 Directors and the internal control section, conducting investigations of important approval documents and financial statements, and auditing the adequacy and legality of 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.

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

In order that Director remuneration may function as one form of sound incentive for encouraging Directors to bring about sustainable growth over the medium to long term, Director remuneration consists of a combination of:

1. fixed remuneration aligned with position (basic remuneration);
2. variable remuneration that reflects performance based on consolidated operating profit (bonus); and
3. granting of share acquisition rights and share remuneration aligned with position with the aim of promoting management that places greater emphasis on shareholder value, and is to be set at levels appropriate to their roles and responsibilities. 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.

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.

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

ELECOM CO., LTD. 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.

■ Results for the fiscal year ended March 31, 2021

Category	Total remuneration (¥ million)	Total remuneration by type (¥ million)			Number of eligible officers (Persons)
		Basic remuneration	Stock options	Restricted share remuneration	
Directors (excluding external Directors)	223	194	10	19	6
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board Members)	—	—	—	—	—
External Officers	39	39	—	—	6

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.

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 BCP Task Force, which is one of the subcommittees comprising the Sustainability Committee, spearheads efforts to promote 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 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.

COVID-19 countermeasures

The ELECOM Group established the COVID-19 Pandemic Prevention Task Force Secretariat following its outbreak, and has been implementing various measures with the aims of ensuring health of Group employees and their family members and continuing to provide products to our customers. For further details, please refer to page 23.

Initiatives of the internal audit

The internal audit section of ELECOM CO., LTD. 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 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 CO., LTD. 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.

■ Corporate ethics and compliance

Initiatives involving corporate ethics and compliance guidelines

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.

We furthermore provide training for the purpose of raising awareness of compliance as appropriate, particularly when employees join the Company and gain promotion, and are working to consistently implement compliance initiatives underpinned by the management and supervision of the Compliance Committee.

Consultation hotlines

Having established consultation hotlines, the ELECOM Group welcomes inquiries and opinions from employees regarding matters of corporate ethics overall including those involving human rights, sexual harassment, and power harassment. We strive to ensure a sense of security with respect to whistleblowing, and have accordingly enlisted an outside third-party to serve as the point of contact.

Operating the whistleblowing system has involved establishing regulations on whistleblower protection to ensure that whistleblowers are not subject to disadvantageous treatment, and strictly enforcing prohibitions against retaliation.

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102-3	Location of headquarters	3
102-4	Location of operations	
102-5	Ownership and legal form	
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102-7	Scale of the organization	10
102-8	Information on employees and other workers	3, 10
102-9	Supply chain	28
102-10	Significant changes to the organization and its supply chain	
102-11	Precautionary Principle or approach	5 to 8, 13 to 17, 19, 26 to 33, 37 to 40
102-12	External initiatives	
102-13	Membership of associations	
2: Strategy		
102-14	Statement from senior decision-maker	4
102-15	Key impacts, risks, and opportunities	4 to 8, 10 to 31, 37 to 40
3: Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	5
102-17	Mechanisms for advice and concerns about ethics	37, 39, 40
4: Governance		
102-18	Governance structure	6, 13, 36, 37
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102-27	Collective knowledge of highest governance body	
102-28	Evaluating the highest governance body's performance	
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102-30	Effectiveness of risk management processes	39, 40
102-31	Review of economic, environmental, and social topics	37 to 40
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102-33	Communicating critical concerns	6
102-34	Nature and total number of critical concerns	
102-35	Remuneration policies	39
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102-37	Stakeholders' involvement in remuneration	39
102-38	Annual total compensation ratio	39
102-39	Percentage increase in annual total compensation ratio	
5: Stakeholder engagement		
102-40	List of stakeholder groups	9
102-41	Collective bargaining agreements	19
102-42	Identifying and selecting stakeholders	9
102-43	Approach to stakeholder engagement	10, 11

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102-44	Key topics and concerns raised	
6: Reporting practice		
102-45	Entities included in the consolidated financial statements	Back cover
102-46	Defining report content and topic Boundaries	Back cover
102-47	List of material topics	
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	Back cover
102-51	Date of most recent report	
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	Back cover
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	41, 42
102-56	External assurance	
103 Management Approach		
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103-2	The management approach and its components	11
103-3	Evaluation of the management approach	

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201 Economic Performance		
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201-2	Financial implications and other risks and opportunities due to climate change	15
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201-4	Financial assistance received from government	
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302-2	Energy consumption outside of the organization	

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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.

This report focuses on initiatives and achievements of the ELECOM Group for the fiscal year ended March 31, 2021 (April 2020 to March 2021).

Related information is also available via the ELECOM website.

<https://www.elecom.co.jp/>



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. The main companies of the ELECOM Group are as follows.

Name	Description of primary business
ELECOM CO., LTD.	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Logitech Corp.	Development, manufacture and sales of peripherals and accessories for personal computers and digital equipment
Logitech INA Solutions Co., Ltd.	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.	Manufacture and sales of storage for industrial equipment, and manufacture and sales of flash memory products for consumers
DX Antenna Co., Ltd.	Manufacture and sales of broadcasting and communications-related equipment, and telecommunications work
D-CLUE Technologies Co., Ltd.	Development and provision of sensor network systems for industry
ELECOM Support & Service Co., Ltd.	Customer support services for the ELECOM Group overall
ELECOM Health Care Co., Ltd.	Planning, development and sales of products related to healthcare

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