

Traceability Survey of Materials Procured Overseas (FY2022)

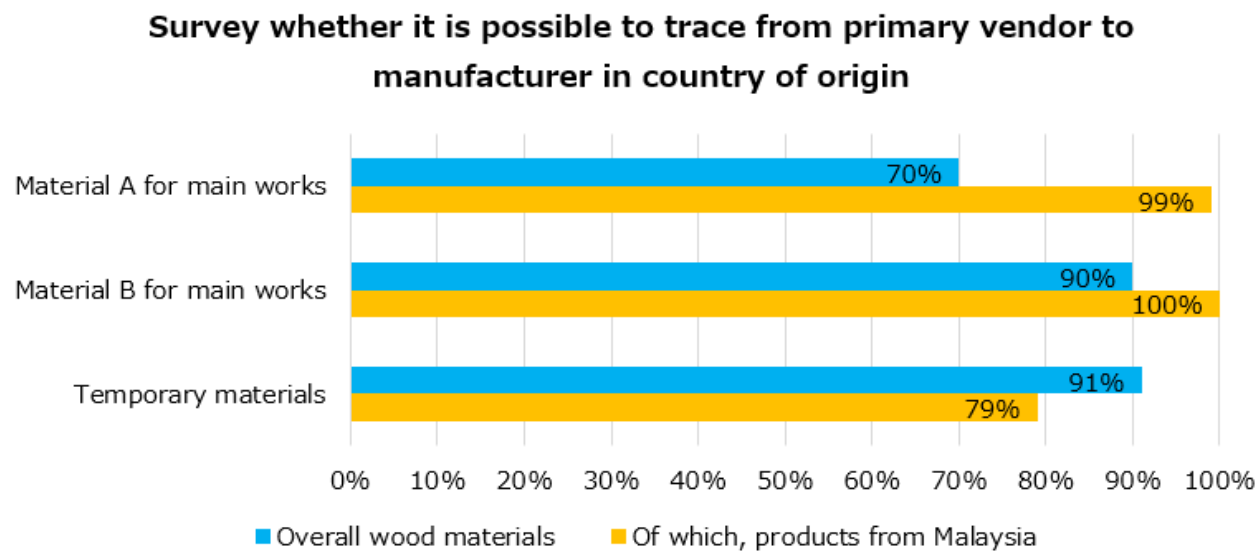
1. Survey Overview

(1) Survey Period	September 2022 – November 2022
(2) Materials subject to survey	Wood (materials for main works and temporary materials) and solar panel parts procured overseas
(3) Survey method	Questionnaire sent to woodworking companies, formwork companies, facilities companies, manufacturers, etc.
-Wood	Survey of distribution channels and use of certified forest timber
-Solar panel parts	Survey on the involvement of Xinjiang Uighur Autonomous Region at manufacturing bases and in the manufacturing processes
(4) Companies surveyed	Wood: 55 companies (41 companies in the previous fiscal year), solar panel parts: five companies (seven companies in previous year)

2. Survey Results

(1) Materials procured overseas

a. Traceability (survey whether it is possible to trace from primary vendor to manufacturer in country of origin.)



- **Material A for main works (wood):** logs, squared wood, plywood, scrap wood, etc.
- **Material B for main works (processed wood products):** wooden fittings, furniture, etc.
- **Temporary materials:** formwork materials

Ratio is calculated by "dividing the number of traceable distribution channels by the total number of distribution channels from the replies of surveyed companies."

b. Country of origin

Materials A for main works

Country of origin	Percentage
Indonesia	31
America	14
China	14
Malaysia	12
Canada	8
Other	21

Materials B for main works

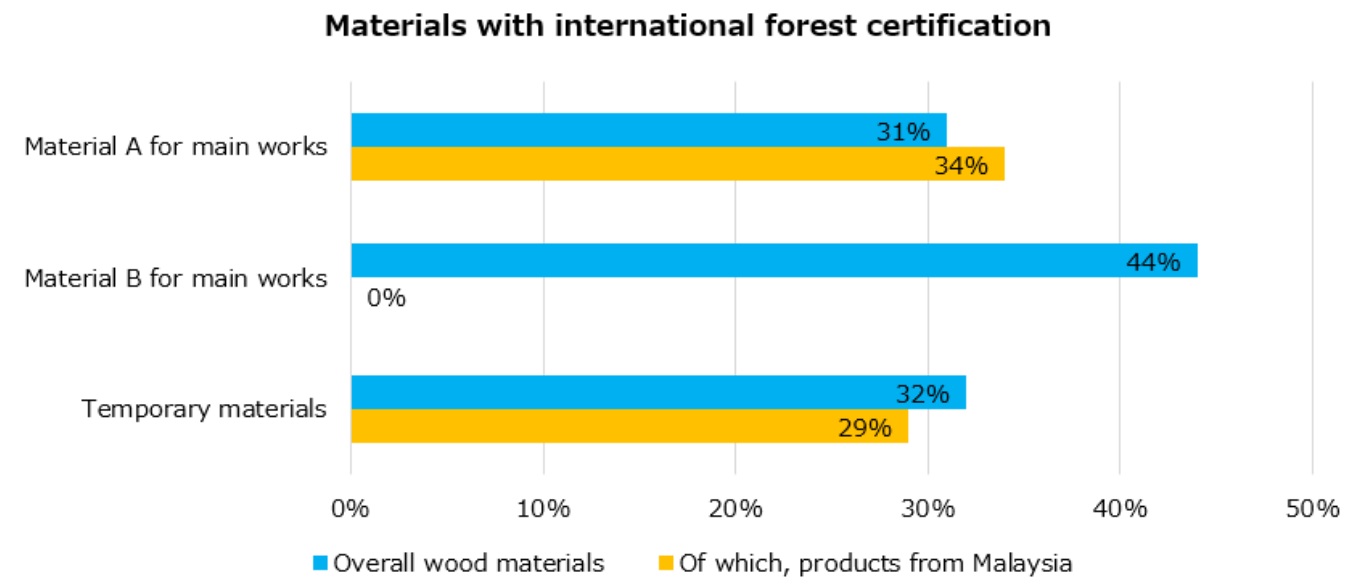
Country of origin	Percentage
China	22
Indonesia	15
Canada	13
New Zealand	13
America	11
Malaysia	4
Other	22

Temporary materials

Country of origin	Percentage
Malaysia	60
America	13
Indonesia	13
Canada	5
Other	9

Ratio is calculated by "dividing the number of distribution channels whose country of origin is the concerned country by the total number of distribution channels from the replies of surveyed companies."

c. Use of materials with international forest certification* (FSC and PEFC certifications)



Ratio is calculated by "dividing the number of distribution channels which use certified forest timber by the total number of distribution channels from the replies of surveyed companies."

d. Rating, issues

- Traceability in general was confirmed for both overall wood materials as well as materials produced in Malaysia, where human rights violation and environmental destruction risks have been pointed out.
- It was found that the ratio of certified forest timber is still low from the aspects of distributed volume and costs.

(2) Solar panel parts

- While there were various parts (glass, cells, power controllers, cables, connectors, and junction boxes) from China, non-involvement of Xinjiang Uighur Autonomous Region has been confirmed.
- Some companies have formulated Supplier Code of Conduct for managing suppliers, prohibiting child labor, involuntary labor, human trafficking, slavery, etc.

*A system that ensures sustainable use and conservation of forests by certifying wood produced from forests that have been appropriately managed from the aspects of environment, society, and economy. Certifications include FSC certification, managed by the Forest Stewardship Council (FSC), which was established primarily by the World Wide Fund for Nature (WWF), and PEFC certification, managed by the Programme for the Endorsement of Forest Certification (PEFC) launched by certifying organizations of 11 European countries.