



**Hideo Yoshida**  
Managing Executive Officer,  
Head of Compliance Unit  
(CSR Committee Chairman) (left)

**Seigo Hanji**  
Chairman & Chief Executive Officer (CEO)  
(center)

**Toshikazu Ichihashi**  
General Affairs Dept.,  
General Affairs Group Manager  
(CSR Secretariat) (back right)

**Yoshitaka Hosokawa**  
Environmental &  
Safety Management Dept.  
(CSR Secretariat) (front right)

For the interview with management in this CSR Report, today we would like to speak with the Chairman and CEO of Daido Metal about the company's business strategies and the status of its CSR initiatives. Thank you for taking the time to speak with us today.

## Q1

**Tell us about your status of achieving the goals indicated in your current midterm business plan.**

FY2017 is the final year of our Midterm Business Plan entitled "Together To The Top." As the title suggests we have proceeded towards our goal of achieving the top market share in all industrial fields for plain bearings. Although we have secured the top global shares for our automotive bearings, small turbo bearings, and large marine bearings (low speed diesel engines), in other fields we are still the second in the world or have further to go before reaching the top position. So we cannot claim to have fully achieved our target. It goes without saying that once the current Midterm Business Plan ends, we will proceed with the next Midterm Business Plan based on the foundations built so far, by further strengthening our sales and profits. As the current Midterm Plan has not ended yet, I would like to continue to come closer to our targets. As Ryoma Sakamoto is said to put it, "Even if I am to die in a muddy river, I want to fall forward to reach even just a



little further ahead." This is the stance I would like to take for the remaining several months of the plan period.

## Q2

**Tell us about Daido's CSR philosophy. CSR has conventionally been considered to refer to the idea that "In addition to their main business activities, companies should promote business activities with an awareness of their own social responsibilities." How is CSR positioned in Daido Metal?**

Of course, as an Executive of this company I place a large emphasis on CSR. I would like to pursue the three main pillars of our social responsibilities which are the environmental, social and governance.

## Q3

**Out of those three pillars, namely "environmental, social, and governance", we would first like to ask you about the environment. How are the environmental issues incorporated to your business strategies?**

I believe there are four points to mention to answer that question.

The first is "producing products which do not contain anything harmful to the environment, and which are environment-friendly." In terms of bearings, one example is "lead-free". The second "adopting production methods that do not pollute the environment or emit harmful substances" such as the production methods that do not contaminate the soil. The third point is "adopting production methods that will not cause any harm to workers (people) performing their work in the production line." The last point is "developing products that would actually be beneficial to the environment if they are used."

It is commonly believed that any type of environment-friendly measures are just the large costs. In reality, as shown by the example of electric vehicles, environmental issues present significant business opportunities. Our company is working on eco-business areas for some time now with products that contribute to the environment including lead-free products and water-lubricated bearings. I believe that "environment" will become one of the major keywords for our next Midterm Business Plan.



## Q4

**The second theme, "social" issue is one that covers an extremely wide range of topics. Among others, please tell us now about diversity and work-life balance.**

We tend to focus on promotion of women's participation and advancement in workplace.

Diversity means a range of different things, so it is necessary for us to address it with a wider perspective, without limiting the scope to gender and race. Other familiar aspects of diversity include titles used to address superior/subordinate within companies. For example, using a simple "-san" instead of a specific and formal title when addressing people can facilitate and energize communication.

I also believe that we should focus on recruitment when we implement various initiatives around diversity. Although there are issues such as the composition of the Board, advancement of women, or nationality, there are no reasons to specify or limit the employment of people from any country in any capacity. It is more advanced outside Japan, with a local British woman having the position of Managing Director of one of our affiliated companies in the United Kingdom. We must increase such appointments further.

Talking about the recruitment in Japan, to train and develop people we recruit is important, but I believe that we should consider spreading the geographical areas in which we recruit from in the first place.

We should extend our recruiting activities overseas. In so doing, globalization and diversity will be advanced in their true forms, and I believe the varied ideas resulting from them will become a source of our competitive edge.

It is likely that the Japanese way of thinking itself needs to change, although it may actually differ from one age group to another. Some people believe in the value of the past that the hard working itself is a virtue. I myself actually may have had these kinds of thoughts in my 20s to 40s.

When I would take an occasional weekday off to get my hair cut, I often felt guilty for being out of the office in the middle of the day and crept around trying to keep a low profile. Now, however, I am against such type of thinking and I am convinced that we all must recognise the importance of true work-life balance. It is, however, no easy matter to actually change our way of thinking and our attitude.

In newspapers and in other media, I recently come across more and more mention of remote work or side jobs. I also learn about people who think of ideas for new businesses at home in the evening, inspired by SNS or the Internet. Talking about AI or IoT, it is important to think about how to use them in addition to understanding their technological impact.

We may also be able to investigate the way to use them in business activities outside of the company.



To put it simply, working hours or the physical presence in workplace is not important.

Regarding AI and the IoT, people should do the things that only humans can do, which is to think. Robots can be used to do the things which is not necessarily be done by people. In production management, for example, certain tasks can be streamlined just by installing display screens in one room. Screens will show the situation of work sites at various locations, making it unnecessary to visit those sites physically. If we do not think about improving efficiency through measures like this, we will fall behind our competitors. This is why I believe in initiatives for work-life balance as a foundation to come up with various new ideas, which in turn enhance our competitiveness.

This year, we have set up a Business Process Re-engineering Department, with one of its objectives being the identification of tasks which can be performed only by human. In my thinking, there are three categories of tasks. First, there is a task that is being done but is actually not necessary. This should be discontinued regardless of the application of AI or the IoT. Next,

tasks which can only be done by humans will be identified, and the remaining tasks can then be left to computers.

## Q5

Next, please tell us about your third topic, governance.

Governance is a matter which must be addressed by any corporations. Moreover, I believe that we must place it at the core of our management when we do our business. Two years ago in 2015, the Tokyo Stock Exchange adopted a Corporate Governance Code, and we have taken steps to comply with it from the beginning. However, I have a feeling that some areas might have been dealt with in a superficial manner. Same is true with diversity and ROE.

Recently, some believe that ROA is a more important indicator than ROE. Our company still has a weak profitability, and I believe that in the future we will need to place high importance on ROA together with our turnover ratio.

## Q6

Finally, please tell us about the concepts of your next Midterm Business Plan.

Our new Midterm Business Plan, which starts in 2018, is currently being formulated through discussions among our project teams, each company division and our affiliated companies across the world. One key aspect at this planning stage is that it requires participation of all members of the Group.

The plan is produced involving everyone, and it gives a feeling of ownership. It is something made by “us”, rather than something decided on by top management or prepared by someone in Corporate Planning Division. This will bring about significant difference in the way it is perceived at its execution stage.

Since the next Midterm Plan will be something created by members, and not the one imposed on them, I hope it will create an atmosphere in which all employees feel a strong desire to execute it and achieve its goals themselves.

Although I am not able to give any specific details yet, we intend to keep some of our current targets set out in the “Together To The Top” plan, such as gaining No.1 market share in all industrial fields for plain bearings.

Thank you very much for today’s interview.