

# Corporate Governance

## Corporate Governance Structure

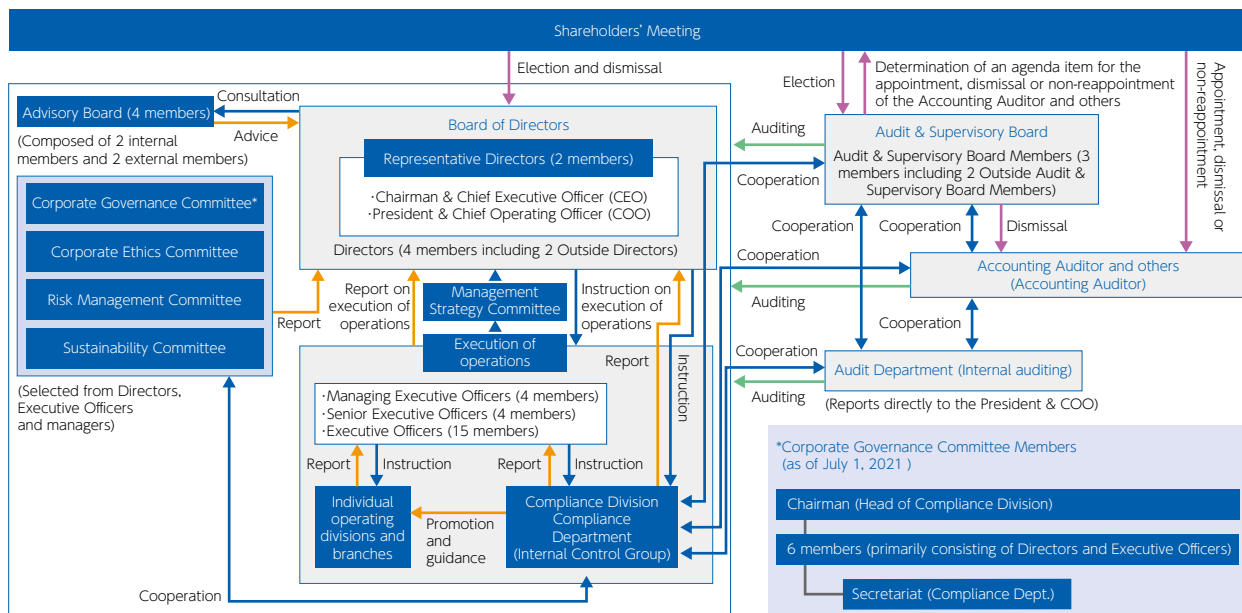
The Company has adopted a Board of Directors structure as part of the continuing effort to earn the trust of shareholders, customers, employees and other stakeholders, by pursuing a future of sustainable growth and endeavoring to increase corporate value over the medium and long term. In addition, an executive officer system has been introduced in order to further increase management efficiency, and the Company has appointed Outside Directors and Outside Audit & Supervisory Board Members to oversee and supervise the other Directors with the aim of enhancing transparency,

fairness and propriety.

The Company has established a Corporate Governance Committee, which will take responsibility for setting basic policies related to the governance of the Company. In addition, it has introduced an effectiveness evaluation system for the Board of Directors, and continues to improve its operation based on the results.

The Company's approaches to governance are described in detail in the Corporate Governance Report issued in July 2021.

### Corporate Governance Structure (as of July 1, 2021)



### Officer training

#### -Attending seminar on SDGs-

In December 2020 the Company held an external web-based seminar for Officers on the subject of the SDGs. This was attended not only by Directors, but also Executive Officers and the representatives of Group companies, and provided participants with an opportunity to familiarize themselves with the basic concept of the SDGs. Going forward the Group will continue to hold similar events at regular intervals, working together as one to promote SDGs initiatives.

### Implementing Board of Directors effectiveness evaluations

With the aim of both checking that the Board of Directors is being managed effectively and providing a foundation for improving the issues extracted, the Company operates a continuous program for the annual evaluation of the effectiveness of the Board of Directors. In FY2020, as well as making further improvements to prior explanations of the materials to be deliberated at meetings of the Board of Directors, the Company also enhanced the prior provision of information to Outside Directors and Outside Audit & Supervisory Board Members.

By continuing to promote improvements based on the effectiveness evaluation going forward, we will work to ensure still greater efficacy.

## Compliance

When approaching compliance, the Group insists that employees not only uphold all laws, regulations, and company internal rules, but also abide by the rules and standards of behavior of the communities in which they operate, and as members of the Group conduct themselves with proper social norms and common sense.

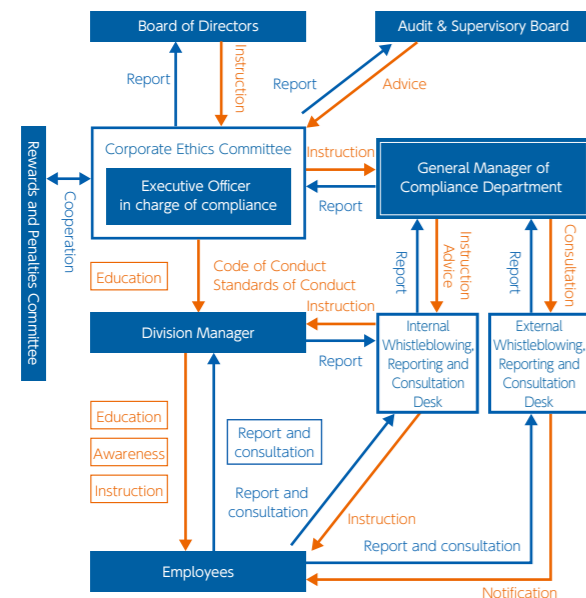
The Company has created the "DAIDO METAL GROUP Performance Standards" to ensure compliance is at the heart of the execution of all company business activities and strives to keep all employees informed, and the Company has established the "Corporate Ethics Committee", chaired by the Head of the Compliance Division, as a place to discuss various measures relating to compliance. The Company has also created a "Whistleblowing, Reporting and Consultation Scheme" as a system for discussing and reporting compliance-related matters, and is also putting in place mechanisms for the early identification of matters posing concern over infringement of compliance standards and for the protection of the person making the report.

The Corporate Ethics Committee provides the Board of Directors with regular reports on the status of compliance activities within the Group, with concerted efforts from the Group to achieve compliance management.

### ■ Corporate Ethics Committee Members (as of July 2021)



### System Diagram



## Compliance education

The Company conducted a check on the level of understanding of the Code of Conduct for 3,042 employees (including temporary staff employed by a staffing agency) of the Company and its affiliated companies in Japan in August 2020, and implemented a web-based compliance test for 266 managers and supervisors in December. Going forward, by instilling the DAIDO METAL GROUP's Code of Conduct into employees we will further raise their awareness of compliance and continue to work for the prevention of corporate misconduct.

## Publication of "Compliance Times"

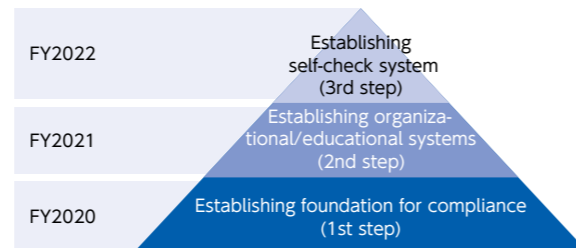
In FY2020 we used the opportunity provided by the establishment of the Compliance Department within the Company to begin monthly distribution of a "Compliance Times" publication with the aim of fostering awareness of compliance among employees.

This has established itself as a useful tool for communicating general information, covering not only the field of compliance, but also a wide range of other themes, including risk management, internal control, and the SDGs.

## Initiatives for establishing and strengthening a global compliance system

During the three-year Midterm Business Plan running from FY2020 to FY2022, the Company is establishing and strengthening initiatives for a global compliance system. In the first year, FY2020, a questionnaire survey was conducted to get a better understanding of the current status of overseas locations, and a policy on establishing and strengthening a system was drafted.

The Company also took steps to establish and strengthen the foundation for compliance, such as by clarifying those with responsibility for compliance, translating the Code of Conduct into the languages of the various countries and regions in which the Group operates and confirming measures for instilling the Code among employees, and thoroughly codifying the rules for the whistleblowing system.



### ■ No. of whistleblowing/reporting and consultation cases

FY2019	FY2020
2	5

\* Excludes health consultations with industrial physician.

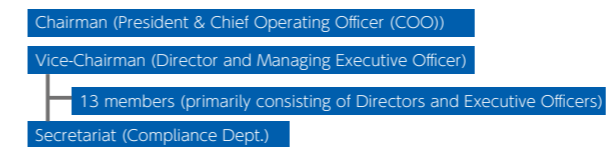
## Risk Management

The Risk Management Committee was established to manage the risks surrounding the Group, and an internal system for risk management was created, which cycles through "risk brainstorming", "risk evaluation", "risk mitigation planning", and "reporting results to the Risk Management Committee or the management meeting" in order to respond to the various risks in business activities.

We are also strengthening the risk management systems at Group companies and, led by risk control officers at each site, we are identifying risks, evaluating them and developing measures to reduce them as necessary. The Company's Risk Management Committee regularly checks the status of risk management.

We will continue to further strengthen the risk management systems of all Group companies.

### ■ Risk Management Committee Members (as of July 2021)

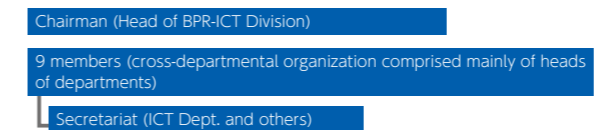


### ■ IT Management Subcommittee

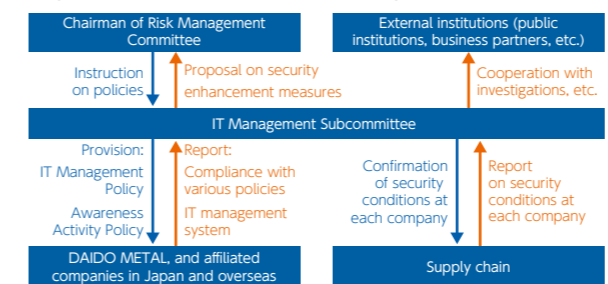
The IT Management Subcommittee has been established to promote cross-departmental measures for IT management as a subordinate organization of the Risk Management Committee. As well as determining policies for the entire Company and supervising measures to prevent information leaks and unauthorized incursions, in FY2020 the Subcommittee implemented an investigation into the current status of IT management systems at overseas locations of the Group, enabling an understanding not only in technical aspects but also in a wide range of other topics, such as the setting up of administrative rules and training for system users.

In response to the global rise in cyber attacks, beginning in FY2021 the Subcommittee is focusing in particular on strengthening cyber security.

### ■ IT Management Subcommittee Members (as of July 2021)



### Organizational Position of the IT Management Subcommittee



## Initiatives to strengthen IT risk management -Educating employees about cyber attacks-

As part of its IT management educational activities, the Subcommittee draws attention to cyber attacks by distributing the "IT Management Subcommittee News", which contains easily understood explanations of methods used, and points to note, to employees of the Group.

It has raised a variety of topics, including phishing emails and impersonation emails, to help instill a wider understanding of the correct way, as a member of the Group, to deal with such attacks.

## BCP activities Responding to COVID-19

Based on its past experience of dealing with infectious diseases, such as SARS and MERS, the Company responded by putting in place a system that included raising the awareness of those going on business trips overseas and exchanging information with overseas locations. Similarly, in the case of COVID-19 the Company launched initiatives for related internal departments in January 2020 and handled the situation by publicizing information internally and implementing other measures in anticipation of the spread of infection.

In April 2020 the Company established a COVID-19 Task Force. As well as implementing measures to prevent the spread of infection within the Company, among employees and their families, customers and business partners, the Task Force led responses at a global level, such as exchanging information and adjusting production plans with overseas affiliated companies.

With the threat of COVID-19 continuing, we will encourage the adoption of new lifestyles and continue to promote measures aimed at preventing the spread of COVID-19.

## Provision of CSR Procurement Guidelines and deployment of CSR Self-Check Sheet

In order to expand its CSR initiatives to the whole of the supply chain in cooperation with its business partners, the Company is rolling out "CSR Procurement Guidelines".

In addition to requesting that its business partners actively promote activities that conform to the Guidelines, the Company also asks that they perform periodic inspections of their own organizations using the "CSR Self-Check Sheet". These guidelines are made available on the website of the Company so that all our stakeholders can view the content and related activities. Through such initiatives, not only do we seek to instill thorough compliance with respect for human rights, prevention of child labor and other issues, but we also aim to increase the corporate value of both the Company and our business partners.

## List of Officers (as of July 1, 2021)

Chairman & Chief Executive Officer (CEO)

**Seigo Hanji**



April 1965 Joined the Company  
 April 1993 Deputy General Manager of Business Division 3  
 June 1993 Director  
 June 1995 President  
 June 2007 Chairman (current)  
 June 2010 Outside Director of Nichirei Co., Ltd.  
 May 2018 Executive of Japan Auto Parts Industries Association (current)

President & Chief Operating Officer (COO)

**Motoyuki Miyo**



March 2007 Associate Director-General of International Coordination Division, Mizuho Corporate Bank, Ltd.  
 September 2008 Joined the Company  
 October 2008 Executive Vice President of Daido Metal Russia LLC  
 April 2019 Head of Corporate/Financial Planning Division  
 June 2019 Director  
 April 2021 Head of Corporate Planning Division  
 June 2021 President (current)

Director and Managing Executive Officer  
 Head of Technology Division

**Yoshiaki Sato**



April 1979 Joined the Company  
 April 2010 President of Daido Metal Czech s.r.o.  
 April 2012 Head of Technology Division  
 April 2017 Head of Thinwall Bearings & Turbocharger Bearings Division  
 June 2019 Director (current)  
 April 2021 Head of Technology Division (current)

Director and Managing Executive Officer  
 Head of Human Resources Planning Division

**Shigemasa Hakakoshi**



April 1986 Joined the Company  
 April 2015 Head of Polymer Bearings Division  
 April 2017 President of DAIDO METAL SAGA CO., LTD.  
 April 2019 President of Dyna Metal Co., Ltd. (Thailand)  
 June 2021 Director (current)  
 July 2021 Head of Human Resources Planning Division (current)

Outside Director

**Toshikazu Takei**



July 2005 General Manager of Nagoya Branch of the Bank of Japan  
 July 2006 Chief Representative in Europe of the Bank of Japan  
 July 2008 Senior Executive Advisor of Accenture Japan Ltd.  
 October 2012 Managing Director of Japan Center for International Finance  
 June 2015 Director of the Company (current)  
 April 2019 Chairman of The Central Council for Financial Services Information (current)

Outside Director

**Kiyotaka Hoshinaga**



February 2006 Deputy Director, Fujita Health University Hospital  
 February 2009 Director, Fujita Health University Hospital  
 April 2013 Managing Director, Fujita Academy Incorporated Educational Institution  
 April 2014 President, Fujita Health University  
 June 2016 Director of the Company (current)  
 October 2018 Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution (current)

Full-time Audit & Supervisory Board Member

**Masaaki Tamaya**



April 1965 Joined the Company  
 April 1999 Vice-Head of Thinwall Bearings & Turbocharger Bearings Division  
 April 2002 General Manager of General Affairs Department  
 July 2008 Senior Executive Officer and General Manager of General Affairs Department  
 June 2011 Full-time Audit & Supervisory Board Member (current)

Outside Audit & Supervisory Board Member


**Kuniko Tanabe**



April 1973 Registered as a lawyer  
 February 1982 Partner of Tanabe & Partners (current)  
 June 2003 Audit & Supervisory Board Member of the Company (current)  
 June 2011 Outside Auditor of Disco Corporation  
 June 2015 Outside Director of KDDI CORPORATION

Outside Audit & Supervisory Board Member

**Kazuo Matsuda**



June 1996 Senior Managing Director of Fuji Securities Co., Ltd.  
 May 1997 General Manager of Kabutocho Branch of The Fuji Bank, Limited  
 June 2004 Managing Director of NSK-Warner K.K.  
 June 2009 Representative Executive Officer and Executive Vice President of NSK Ltd.  
 June 2011 Audit & Supervisory Board Member of the Company (current), Special Advisor of NSK Ltd., and Corporate Auditor of NSK-Warner K.K.  
 June 2016 Outside Director of Sumitomo Bakelite Company Limited (current) and Administration Officer of NSK Ltd.

### Skills matrix

Attribute	Name	Principal areas of specialized experience/ Areas in which contributions are particularly expected							
		Corporate management	Technology development	Manufacturing (Industrial production)	Sales and Procurement	Human resources and Administration	Finance	Legal affairs and Compliance	Global experience
Director	Internal	Seigo Hanji	○			○	○	○	○
		Motoyuki Miyo	○			○		○	○
		Yoshiaki Sato	○	○	○	○			○
		Shigemasa Hakakoshi	○	○	○		○		○
	Outside	Toshikazu Takei	●					●	●
Kiyotaka Hoshinaga		●				●		●	
Full-time Audit & Supervisory Board Member	Outside	Masaaki Tamaya				●	●	●	
		Kuniko Tanabe					●	●	
		Kazuo Matsuda	●					●	●

\* For Internal Directors, ○ indicates a principal area of specialized experience, and for Outside Directors, a Full-time Audit & Supervisory Board Member and Outside Audit & Supervisory Board Members, ● indicates an area in which contributions are particularly expected.

\* The expertise and experience in the above table do not represent all of the knowledge possessed by each person.