

Environment

Daido Metal Group Environmental Policy

Due to the necessity for the Group as a whole to tackle environmental conservation activities in order to help achieve a sustainable society, the Company formulated the "Daido Metal Group Environmental Policy" in April 2004.

By promoting business activities based on the concept of "finite resources and finite possibilities for cleansing", and that take the finite nature of the global environment into account to the maximum extent possible, the DAIDO METAL GROUP as a whole is working proactively towards the formation of a recycling-based society.

Fundamental philosophy

The DAIDO METAL GROUP views the global environment as a precious resource for all people to share, and considers protection of the environment to be one of the most important issues facing mankind. We will focus all efforts and technology on preserving the environment.

Fundamental policies

- The Group will comply with environmental laws and regulations and other requirements to which it has agreed.
- In order to promote environmental conservation, continuously improve activities for the maintenance of the environment and prevent pollution, the Company will set and regularly review environmental targets and goals.
- In all business activities, comprehensive efforts will be made to reduce energy consumption and use of materials, recycle materials, and reduce industrial waste to a minimum.
- Through the development of products and technologies, the Group will employ its overall technical abilities in an effort to preserve and clean up the environment.
- The Group will take active steps to inform customers, the local community and other related parties of its efforts to preserve the environment, and promote communication regarding the issue.
- Through environmental education and informative activities, the Group will seek to boost environmental awareness among all employees, and encourage them to take it upon themselves to participate in environment-related activities.
- In order to increase the effectiveness of this policy, the Company will strive to publicize it among employees and all those working for the Company.

Addressing Climate Change and Global Warming

FY2020 environmental activity target and result of activities

We believe that responding to climate change and global warming is a corporate obligation, and regard it as necessary for maintaining and increasing corporate value. As an organization that is expanding its business globally, the DAIDO METAL GROUP works to help resolve the problem of climate change through its business, and to mitigate the environmental impact of its business activities.

Category	Scope	Environmental target (for FY2020)	Primary activities (FY2020)	Result of activities (FY2020)	Reduction percentage
Global warming prevention and energy reduction	DAIDO METAL GROUP (in Japan)	Reduce CO ₂ emissions to below FY2019 levels by the end of FY2020. ●CO ₂ emissions: Less than 62,736t	●Tracking progress in achieving goals of medium- to long-term plans for energy conservation ●Considering options for adoption of energy-saving equipment ●Rolling out successful environmental improvements across the organization	●CO ₂ emissions (actual result) 54,893t	12.5%
	DAIDO METAL CO., LTD.	Reduce CO ₂ emissions to below FY2019 levels by the end of FY2020. ●CO ₂ emissions: Less than 32,847t		●CO ₂ emissions (actual result) 28,574t	13.0%
		●Target for energy/1000JPY of sales Reduce CO ₂ /1000JPY of sales by 7% when compared to FY2013 by the end of FY2020. -CO ₂ /1000JPY of sales: 589.01g Reduce energy/1000JPY of sales for each form of energy by 7% when compared to FY2013 by the end of FY2020. -Electricity/1000JPY of sales: 0.8358kWh -Fuel/1000JPY of sales: 157.64g		●Energy/1000JPY of sales -CO ₂ /1000JPY of sales: 576.65g -Electricity/1000JPY of sales: 0.9354kWh -Fuel/1000JPY of sales: 173.46g	2.1% (11.9%) (10.0%)

* DAIDO METAL GROUP in Japan: DAIDO METAL CO., LTD., Daido Plain Bearings Co., Ltd., Daido Industrial Bearings Japan Co., Ltd., DAIDO METAL SAGA CO., LTD., NDC Co., Ltd., and Iino Manufacturing Co., Ltd.

* Fuel mainly encompasses heavy fuel oil, kerosene, diesel fuel, LP gas, and natural gas.

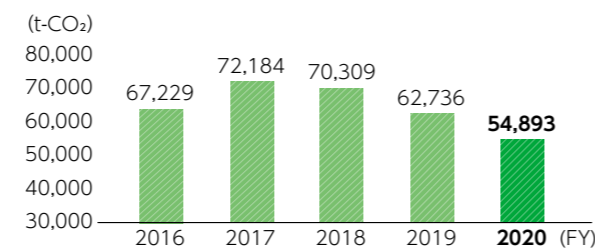
CO₂ emissions, electricity consumption, and fuel consumption are stated in terms of a production value equating to 1000JPY of sales.

Reducing energy consumption

The Group promotes activities to reduce energy consumption with the aims of addressing global warming and making the most efficient use of natural resources.

The Company aimed to "emit less CO₂ than in FY2019" in FY2020 and due to energy saving measures and a reduction in production values, it was able to limit emissions to 54,893 tons, which was down 12.5% from FY2019.

Trends in CO₂ emissions (DAIDO METAL GROUP in Japan)



* CO₂ conversion coefficients are calculated using conversion coefficients pursuant to the Energy Saving Act.

Environmental accounting

In environmental accounting the costs and benefits of environmental conservation activities are reflected clearly in environmental management and this information is published, so we have been working to understand environmental costs and benefits since FY2001.

We refer to Ministry of the Environment guidelines when aggregating and categorizing the figures, but we have limited our approach to items identifiable as 100% environmental costs.

Scope of data

DAIDO METAL CO., LTD., Daido Plain Bearings Co., Ltd., Daido Industrial Bearings Japan Co., Ltd., DAIDO METAL SAGA CO., LTD., NDC Co., Ltd., and Iino Manufacturing Co., Ltd.

Period under review FY2020 (April 1, 2020 - March 31, 2021)

Environmental conservation costs

(Unit: million yen)			
Category	Details	Investment expense	
Area-specific costs	Cost of preventing pollution	Measures to address air/water quality, noise	268.6
	Global environmental conservation costs	Global warming prevention, energy savings, etc.	30.5
	Resource recycling costs	Waste reduction/disposal/recycling, etc.	170.6
Management activity costs	Environmental education, acquisition/maintenance of EMS certification, personnel costs associated with environmental conservation activities, etc.	18.9	
Research activity costs	R&D costs for mitigating environmental impacts	53.7	
Social activity costs	Greening, landscaping, awareness activities, etc.	7.3	
Environmental damage costs	Restoration costs for soil contamination, etc.	11.1	
Total		560.7	

Note: Figures are calculated using the amounts invested in FY2020.

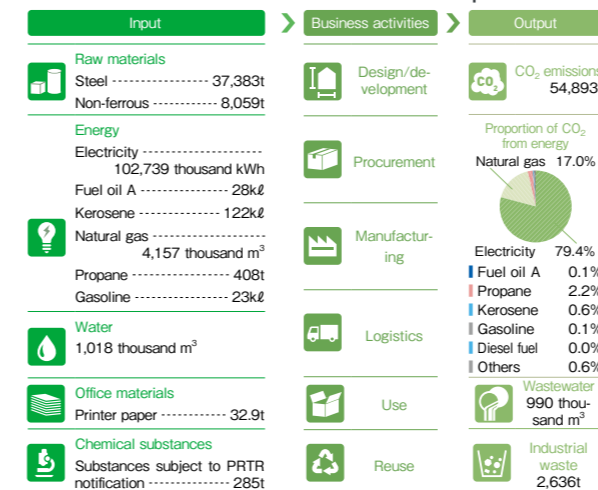
We have not aggregated compound costs which combine costs with an environmental purpose and those whose purpose is unrelated. Personnel costs are allocated in proportion to the time spent on such duties. * As all figures are rounded to the nearest whole number, the sum of individual items may not exactly equal the total.

Overall picture of business activities and environmental impacts

The amounts of materials, energy and water resources used by the DAIDO METAL GROUP in Japan in FY2020, and the waste generated, are as follows.

Note: Energy usage is presented in accordance with the Energy Saving Act.

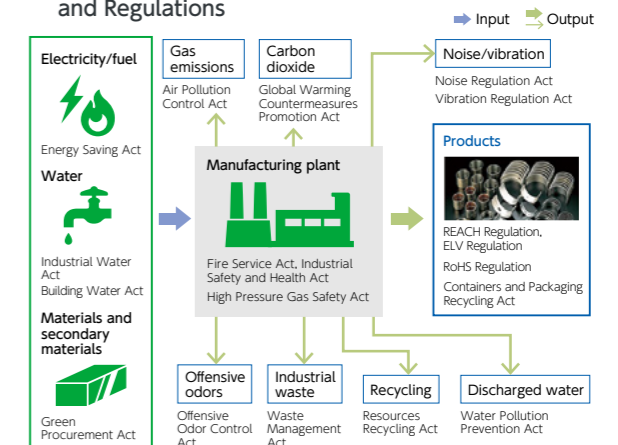
Business activities and environmental impacts



Implementing Environmental Education for General Employees

The Company implements environmental education with the aim of raising the environmental awareness of employees. We work to deepen their basic understanding in relation to environmental problems and the position of the Company, and encourage improvements in day-to-day environmental activities. For employees working at manufacturing sites we explain the relationship between our production activities and the main laws and regulations, and work to ensure compliance with them.

Manufacturing Processes and Main Related Laws and Regulations



Efforts to Reduce Industrial Waste

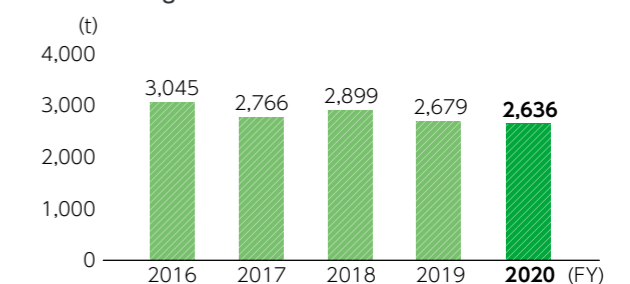
The industrial waste generated by the plating and machining plants accounts for a large proportion of the Group's total waste. Since FY2016 the Group has been able to reduce the volume of plating wastewater generated and has also been reusing lubricants and solvents to cut down on the amount of waste generated. We will continue seeking opportunities to reduce waste and emissions at "Environment Meetings" and implement plans that can make even minor reductions to the amount of waste generated.

Scope of data

DAIDO METAL CO., LTD., Daido Plain Bearings Co., Ltd., Daido Industrial Bearings Japan Co., Ltd., DAIDO METAL SAGA CO., LTD., NDC Co., Ltd., and Iino Manufacturing Co., Ltd.

Period under review FY2020 (April 1, 2020 - March 31, 2021)

Trends in generation of industrial waste



Conformity with Environmental Standards (ISO 14001)

All production sites within Japan have acquired certification for ISO 14001, an international standard for environmental management systems. These locations also work to conserve the natural environment by reducing CO₂ emissions and cutting the amount of waste generated, amongst other initiatives.

We do not limit our efforts to comply with laws and regulations, but also set our own standards, seeking to mitigate and improve risks related to the entire environment in which the DAIDO METAL GROUP operates, including that of employees and customers.



Certificate number: JQA-EM1402

Management System for Chemicals Contained in Products

With progress being made in the creation of frameworks for controlling the use of chemical substances at an international level, such as REACH regulations, it is important that management of chemical substances contained in products is implemented appropriately at each stage of procurement, manufacturing, and shipping.

DAIDO METAL's management of this issue is based on JIS Z 7201 (Management of chemicals in products - Principles and guidelines), and this information is published internally as well as being used to respond promptly to client requests.

Other Environmental Activities (Green Wall Panels)

As part of its annual greening campaign the Company's Inuyama Site Office has been setting up green wall panels. Given that this greening campaign doubles as environmental education, we have new employees take part by sowing seeds for saplings. The resulting saplings are distributed to employees in order to widen the circle of greening activities.



Saplings being prepared for distribution among employees

Environmental Risk Management (Environmental Emergency Training)

In terms of measures to prevent damage to the local environment, the Company considers a variety of risks, and implements annual emergency response training that assumes that an accident could happen at any time of the day or night.

During night-time exercises the safety of workers is of course ensured, and the training is repeated until participants are able to implement the appropriate measures. After training is complete, those involved exchange opinions, and the experience is used to make further improvements.



Training being conducted at night

Provision of Green Procurement Guidelines

The Company is rolling out and actively promoting its "Green Procurement Guidelines", and it has also made the Guidelines available on its website so that all our stakeholders can view the content and related activities.

WEB

Green Procurement Guidelines

<https://www.daidometal.com/jp/wp-content/uploads/sites/4/2021/04/green-procurement-guidelines-sign.pdf>
(available only in Japanese)

