

Corporate Governance

Corporate Governance Structure

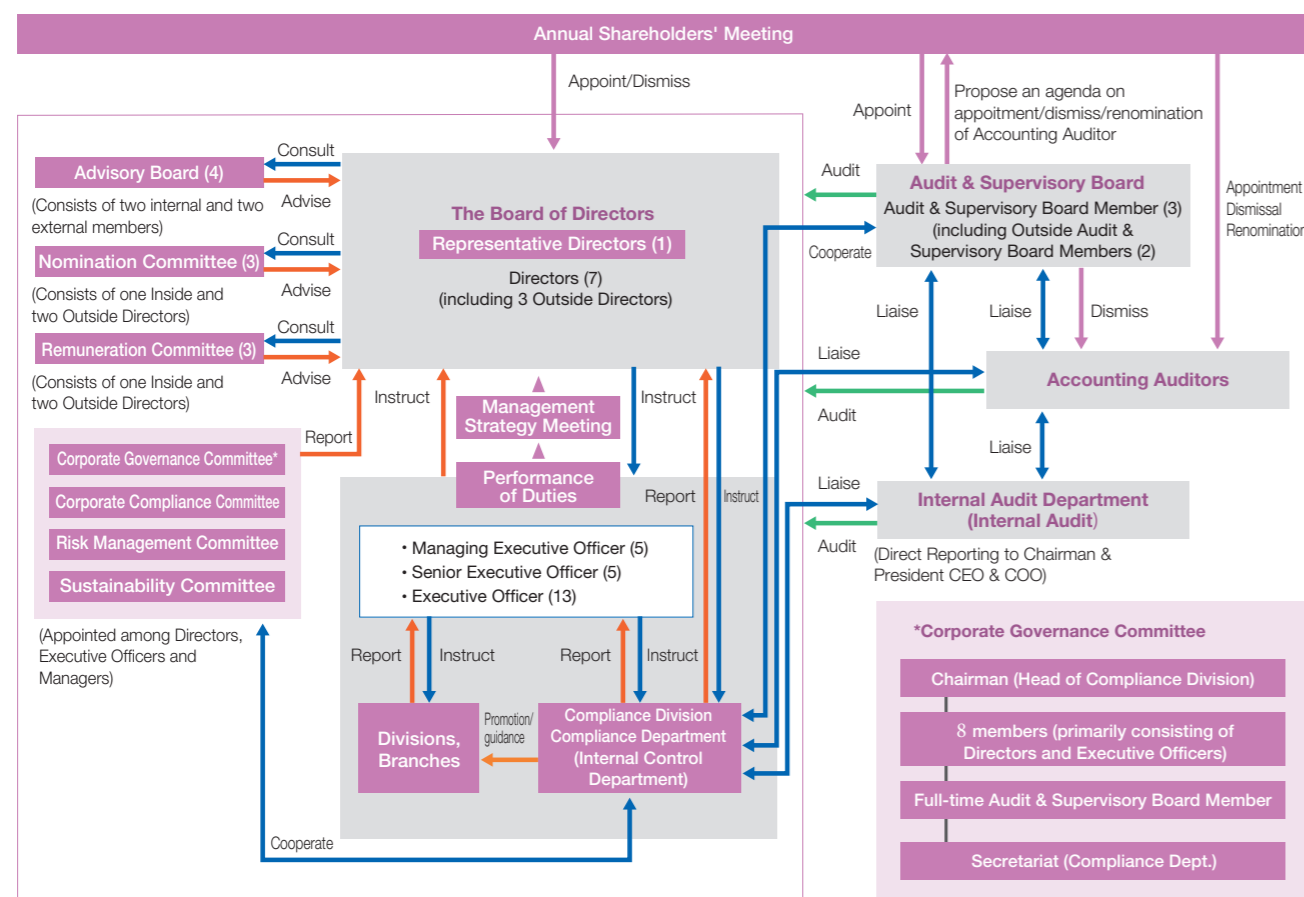
The Company has adopted a Board of Directors structure as part of the continuing effort to earn the trust of shareholders, customers, employees and other stakeholders, by pursuing a future of sustainable growth and endeavoring to increase corporate value over the medium and long term. In addition, an 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 2023.

Organizational structure for corporate governance (as of July 1, 2023)



Board of Directors

Board of Directors will decide on the execution of the Company's business operations, and oversee the performance of individual Directors. Actual execution of the business operations is delegated to Executive Officers or employees.

FY2022 results: 15 meetings held

Audit & Supervisory Board

Audit & Supervisory Board (3 members) will audit the business execution of Directors. The Audit & Supervisory Board consists of three members, one full-time and two outside members to maintain management transparency.

FY2022 results: 15 meetings held

Management Strategy Meeting

Other than the Board of Directors meeting, a "Management Strategy Meeting" is held once or twice each month, where important management issues such as management policy and Mid-Term Business Plan are discussed with the presence of Inside Directors and the full-time auditor.

FY2022 results: 15 meetings held

In addition, the following system has been adopted in order to strengthen and speed up decision-making functions by establishing management meetings for different purposes.

Executive Committee List

Name	Purpose	Chairman	Period
The Board of Directors	The Board reports, deliberates, and makes decisions on important matters relating to overall management and business execution in accordance with the corporate laws and the rules of the Board of Directors.	Chairman	Once a month (twice in May, November, and February)
Management Strategy Meeting	① Deliberation and decision on proposals to be submitted for deliberation by the Board of Directors ② Decision on business execution authorized by the Board of Directors ③ Report opinions on matters consulted by the Chairman and President ④ Report on important matters such as various projects	Chairman	Once or twice a month
Departmental Heads Meeting	① Thoroughly disseminating management policies, management plans, and other matters ② Thoroughly disseminating temporary measures such as emergency profit measures ③ Decision on business execution authorized by the Board of Directors ④ Reporting opinions on matters consulted by the Chairman and President	President	Once a month (excluding April and October)
Extended Quality Control Committee	In order to ensure thorough implementation and deployment of quality-related company policies, the Committee shall report on quality results and audit results, and determine the direction of development of priority QC for the next fiscal year.	President	Once a year (November)
Profit Improvement Committee	Makes plans and reports results on earnings improvement, thoroughly implements the company policy, and promotes earnings improvement results.	President	Four times a year (May, early August, November, early February)
Company-wide Environmental Committee	Deliberates and decides on environmental policies and implementation plans. Reports on the implementation of each company and division and deliberates on it.	Head of Human Resources Planning Div. (Officer in charge of Environmental & Safety Management Dept.)	Twice a year (September, March)
Risk Management Committee	In order to appropriately manage various risks in the Group's business activities, the Committee supervises the initiatives of each risk management department and the risk management of the Group as a whole.	President	Twice a year (September, March)
Corporate Ethics Committee	In order to strengthen and improve the compliance system, the Committee shall deliberate on matters related to compliance as a whole.	Head of Compliance Division	Twice a year (September, March)
Corporate Governance Committee	Deliberates on various governance matters in the Company and advises the Board of Directors.	Head of Compliance Division	Twice a year (May, March) * As needed
Sustainability Committee	Deliberates and discusses initiatives to solve issues related to sustainability (CSR, ESG, SDGs) activities.	President	Twice a year (September, March) * A meeting is to be held as needed

"Nomination Committee" and "Remuneration Committee"

The Company receives comments from the optional Nomination Committee on the nomination of candidates for Director aimed at ensuring management objectivity and transparency, and the Board of Directors passes a resolution on nominations after explaining the reasons for them. In addition, with the same aim, the Board of Directors makes decisions on the remuneration etc., of Directors after

receiving comments from the optional Remuneration Committee.

The Nomination Committee and the Remuneration Committee are optional advisory committees whose main members are independent Outside Directors. The Head of Human Resources Planning Division is in charge of secretariat work.

The outlines of the Nomination Committee and the Remuneration Committee are as follows.

Nominating Committee	Remuneration Committee
Deliberates on the following matters and determines the content of reports to the Board of Directors.	
<p>[Authority and role]</p> <p>(1) Verification of the composition, operation and skills of the Board of Directors</p> <p>(2) Verification of the current standards for appointing Directors</p> <p>(3) Consideration and recommendation of candidates for Outside Director</p> <p>(4) Proposal of the appointment and dismissal of Directors etc., to be proposed at a General Meeting of Shareholders</p> <p>(5) Succession plan</p> <p>(6) Other matters concerning the nomination etc. of Directors etc., considered to by the Nomination Committee to be necessary</p>	<p>[Authority and role]</p> <p>(1) Policy for determination of the remuneration etc., of individual Directors</p> <p>(2) Procedures for determination of the remuneration etc., of Directors</p> <p>(3) Remuneration levels and the percentage composition of remuneration (fixed remuneration, performance-linked remuneration, non-monetary remuneration, etc.) in the "Standards for Directors' Remuneration, etc."</p> <p>(4) Verification and operation of the design and mechanism of performance-linked remuneration</p> <p>(5) Proposals on the total amount of Directors' bonuses to be submitted to a General Meeting of Shareholders</p> <p>(6) Proposals to the Board of Directors regarding the individual remuneration of Directors</p> <p>(7) Other matters concerning the remuneration etc. of Directors considered by the Remuneration Committee to be necessary</p>

► Member names and attendance in FY22

Position	Title		Nominating Committee	Remuneration Committee
Chair	Seigo Hanji	Chairman & President & CEO & COO	2/2 times	2/2 times
Committee member	Toshikazu Takei	Independent Outside Director	2/2 times	2/2 times
Committee member	Kiyotaka Hoshinaga	Independent Outside Director	2/2 times	2/2 times

► FY22 consultation status

Nominating Committee (Held twice)	<ul style="list-style-type: none"> About the Board Skill Matrix Officer Structure in FY2023 About Succession Plans
Remuneration Committee (Held twice)	<ul style="list-style-type: none"> Total amount of bonuses paid to directors Compensation by individual director Verification and operation of performance-linked compensation design and structure

► View on the Independence of the Committees' Composition

The Nomination Committee and the Remuneration Committee are composed of three or more Directors selected by resolution of the Board of Directors, and the majority of members are Outside Directors, thereby ensuring independence.

► Reasons for appointment as outside director

Title	Name	Reasons for appointment	Attendance at Board of Directors meetings in FY2022
Outside Director	Toshikazu Takei	Mr. Toshikazu Takei has long been engaged in business execution and served in managerial positions at the Bank of Japan. In addition, he is familiar with international businesses and has extensive experience and broad insight. The Company has appointed him as an Outside Director in the belief that he will continue to oversee and supervise the management of the Company based on such experience and insight.	15/15 times
	Kiyotaka Hoshinaga	After serving as a university professor, Mr. Kiyotaka Hoshinaga served as a hospital director and university president, and is currently chairman of a university's board of directors. He has extensive knowledge and experience gained through involvement in management of a hospital and a university. The Company has appointed him as an Outside Director in the belief that he will continue to oversee and supervise the management of the Company based on such knowledge and experience.	15/15 times
	Miyuri Shirai	Ms. Shirai has held various positions such as university professor and researcher, and is currently a university professor. She has been researching consumer behavior and marketing. The Company has appointed her as an Outside Director in the belief that she will oversee and supervise the management of the Company based on such knowledge and experience.	12/12 times
Outside Audit & Supervisory Board Member	Kazuo Matsuda	In addition to being well-versed in finance and international operations that he has cultivated over many years at a financial institution, he also makes use of his knowledge and experience as a director and executive officer of other operating companies. He has sufficient insight to govern the overall management of the Company. The Company has elected him as an outside Audit & Supervisory Board Member in order to continue to audit the Company's management based on his knowledge, experience, and insight.	Board of Directors 15/15 times Board of Corporate Auditors 15/15 times
	Etsuaki Yoshida (New Appointment)	Mr. Yoshida has acquired a thorough knowledge of finance and international affairs cultivated through his many years of service at public financial institutions, and his many years of research into international finance, economics and global management as a university professor. We have elected him as an Outside Audit & Supervisory Board Member to audit the company's management based on his knowledge, experience, and insight.	—

► Implementing Board of Directors Effectiveness Evaluations

The Company operates a continuous program for the annual evaluation of the effectiveness of the Board of Directors with the aim of both checking that the Board of Directors is being managed effectively and providing a foundation for improving the issues extracted.

In the survey conducted in FY2022, there was room for further improvement in executive training for the purpose of acquiring necessary knowledge and deliberations on diversity within the Company, and we will continue to review the results.

► Policy for Appointing Members of the Board of Directors

The election and nomination of candidates for Director, Auditor and Executive Officer are based on the election standards established in internal regulations, and take into consideration work experience, management sense, leadership, personality, ethics, health, etc., and candidates for Director are discussed and determined by the Board of Directors after receiving comments from the Nomination Committee. Candidates for Audit & Supervisory Board Members are nominated with the prior consent of the Audit & Supervisory Board.

The dismissal of Directors, Audit & Supervisory Board Members and Senior Management is also resolved at the Board of Directors, as prescribed in the Company's rules on dismissal, considering how much the behavior of the person in question damages the Company's credit and corporate value, or whether the person in question is still fit and proper vis-à-vis the Company's selection criteria.

► Executive Remuneration

The Company has established a policy for determining the details of remuneration, etc. for individual Directors (hereafter, the policy), and the method and outline of the policy are as follows.

[Method for determining the decision-making policy]

Pursuant to the standard for Directors' remuneration, the basic policy of Directors' remuneration and its level is to attract and retain personnel suitable for the role of a Director of the Group, to serve effectively as an incentive for increasing motivation to enhance business performance, corporate value as well as morale.

To help keep its business management transparent, the

Company has set up a Remuneration Committee composed of three or more Directors (the majority of whom must be Outside Directors) appointed by resolution of the Board of Directors. In light of comments from the Committee, the Board of Directors deliberates on and decides details of the decision-making policy.

[Outline of details of the decision-making policy]

Directors' remuneration consists of "monthly remuneration," "bonuses," and "stock-based remuneration." However, for an Outside Director, in order to ensure independence and neutrality, the "monthly remuneration" consists of only a "fixed component."

► Composition of executive compensation

Type of Reward	Monthly Remuneration		Bonuses	Stock Compensation
	Fixed remuneration	Consolidated performance-linked compensation		
Subject of compensation	Director	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)
Details of compensation	Standard Amount of Payment (Fixed Amount)	the base payment amount that will increase or decrease proportionally in line with the rank, consolidated net sales and net income ratio for the previous consolidated fiscal year;	Determined based on a table of payment standards that will increase or decrease proportionally in line with the rank, consolidated net sales and net income ratio for the previous consolidated fiscal year	Each director (Excludes outside directors.) based on the share delivery rules established by the Board of Directors in advance, points (one point equals one share of our company stock) to Points granted to each director consist of a "performance-linked portion" that is linked according to the position and the degree of achievement of the performance targets in the medium-term management plan, etc., and a "fixed portion" that is determined according to the position and not linked to the degree of achievement of the performance targets in the medium-term management plan, etc.

► Officer Training - Attending a Human Rights Seminar

As part of our officer training, we held a webinar for Outside Directors regarding human rights in December 2022. The webinar was attended not only by Directors, but also by Executive Officers and Group company representatives, providing an opportunity to learn about the basics of human rights and examples of human rights initiatives. Moving forward we will regularly make similar efforts as we promote human rights initiatives throughout our Group.

► Cross-Shareholdings

The Company, being an independent company, is not affiliated with any particular corporate group, and thus it is necessary to maintain long-lasting, good relationships with business partners to continue its business.

From this perspective, the Company believes that these holdings provide certain benefits to its business. Every year the Board of Directors will assess the situation of each cross-shareholding, evaluating the financial return during the previous year against our cost of capital, considering our business relationship or our contribution to local communities or to preservation of Japanese traditional culture. If it is recognized that there is no business relationship or a limited business relationship with the Company, the Company will consider reducing its shareholding by selling shares on the stock market, etc.

Messages from Outside Directors



My aim is to develop the company further by expressing opinions that I think are of benefit to our Company from the perspective of another industry.

Kiyotaka Hoshinaga
Outside Director

Founded in 1939, our Company continued its development, becoming the world's leading manufacturer of sliding bearings for automobiles and ships. In Japan, we have more than a dozen plants, business sites and consolidated subsidiaries, including not just our sites in Aichi and Gifu Prefectures, but also in Chiba, Saitama, and Saga Prefectures, and Tokyo. Globally, we are a major corporation with sales exceeding 100 billion yen and a workforce of 6,900 employees on a consolidated basis, with sales bases in 15 countries in North America, Asia, and Europe. However, as the major advanced nations shift course toward decarbonization, progress in the conversion to EVs has been rapid, and the future of demand for our mainstay plain bearing products in the automotive industry in Japan, a key domestic industry, has become uncertain. Various factors of a worsening business environment also exerted an exceedingly negative impact on our operations, including Russia's invasion of Ukraine, rising raw material and utility costs, and plant closures in various countries due to the COVID-19 pandemic.

I have served as an Outside Director since 2017, and was originally the director of a private-sector educational corporation which operates the hospital with the largest number of acute care beds in Japan as well as a medical university, so I pursue resolute risk management and

reliable profitability as the most important goals in my work. I think that what manufacturing has in common with hospital and school management is that in the former we produce precise, durable, high-quality products so that customers can feel satisfied, and in the latter, we are sincere with patients and students, providing loving care and education so that they can feel a high degree of satisfaction when they leave the hospital or graduate.

In our Mid-Term Business Plan, we put forward four pillars as key items to be implemented on the way to increasing our corporate value through ESG management, and I think that the second of these pillars, creating and fostering new businesses, is the most important. In particular, I believe that we will determine the value of our Company's existence in the future by expanding our product offerings for EVs, establishing our business for wind power generation bearings, and developing a range of products in new fields.

As an Outside Director, I intend to express opinions at the Board of Directors by which our Company can benefit from the perspective of a different industry. In my statements, I will pay attention to the approach we take to compliance as one of Japan's leading companies. I also look forward with anticipation to seeing all of our employees show the "Raise Up 'Daido Spirit,'" making continued progress in developing the company further under the "All Daido" spirit.

Deepening discussions on strengthening growth strategy and the appropriateness of business strategy by making the most of outside perspectives

Toshikazu Takei
Outside Director

We are the top manufacturer of plain bearings, and in particular, we enjoy the world's largest share of the market for half bearings used in automotive engines.* However, a company cannot grow simply by continuing its existing businesses. It is from this perspective that we are now supplying bearings for wind power generation, and pursuing other plans such as entering the aluminum die-casting business for EVs. As an Outside Director, I would like to take our discussions deeper than before, applying my outside perspective to the strengthening of our growth strategies through these new business efforts, and to the appropriateness of our business strategies, including those of our existing businesses. It goes without saying that the most important factor in a company's growth is securing and developing what we call "human resources." The Nomination Committee and the Remuneration Committee will be responsible for keeping an eye on the construction and development of this kind of human resources portfolio. Moreover, I intend to take a long-term perspective from the standpoint of sustainability management to check on whether the direction that management takes amid our changing social environment leads to contributions to society.

I think that if a company is to grow sustainably, it must lead the way in working to solve social issues. Our Company is among those that make proactive efforts in each of these areas, such as climate change and the carbon neutrality it entails, diversity initiatives, and legal

compliance. Of these areas, diversity is one in which I believe the depth and breadth of a company's ability to hold onto highly skilled people of varied nationalities and backgrounds without regard to gender is the key to its ability to achieve sustained growth globally.

Regarding my impression of the Company, I would say it has an open workplace atmosphere, with many people who are serious about what they do. The technical staff in particular gave me the impression of taking pride in their company's technology. The distinctive characteristics of these Executives and workers are among the company's major strengths. I hope that you will redouble the constructive spirit with which you take on challenges, and rebound against the pressure that the rising energy and raw material costs are putting on profits in the wake of the COVID-19 pandemic. In doing so, on-site workplace capabilities are going to be crucial. This is because discovering new customers and persisting in cost reduction practices emerge at the front lines, on the ground in our plants and sales offices. Starting from a single company in the Central Japan region, we quickly spread business sites around the world, achieving rapid global expansion. Because of this, we have come to feel a major impact from global political and economic developments. Inflation, high interest rates, and increasing geopolitical risks are intensifying the severity of our global environment. I want to overcome these challenges by addressing them flexibly and appropriately to bring about our next stage of growth.

I will support the practice of sound management by offering opinions with objectivity and specialized expertise, and by engaging fully in our deliberations.

Miyuri Shirai
Outside Director

In July 2022 I was appointed to my second year as outside director of our Company. I believe that my role is to do my part, however minor, to support the practice of sound administration by keeping a close eye on management from an outside perspective, offering my opinions on our management policies and strategies with objectivity and specialized expertise, and by engaging fully in our deliberations. I intend to do my utmost for the sake of our sustained growth and development.

The strength of our Company lies in the fact that we have built up a solid foundation with our core plain bearing business. Based on our basic philosophy that "Quality is Life," we have leveraged sophisticated technology to provide products of superb quality, thereby successfully expanding our market share in various areas, gaining major shares of both domestic and international markets. I also think that our Corporate Philosophy, which expresses the Company's mission, heart, origins, purpose and aspirations, has a positive impact on our employees' motivation and behavior, as it represents sincere, future-oriented thinking with an emphasis on our relationship to our stakeholders and on our development as a Company. I feel that our new business initiatives are due in large part to the dissemination of this Corporate Philosophy, including the manufacture and sale of aluminum die-cast products in response to the shift toward EVs, and our business of developing technologies for environmentally friendly wind power generation. I genuinely sense that our Company is serious about

putting these philosophical principles into practice, and I value this as another of our strengths.

We have now entered the final year of our Mid-Term Business Plan, and are seeing drastic changes in business conditions resulting from various developments that we could not have foreseen when the Plan was formulated, resulting in a downturn in profits in some of our business operations. Moving forward, I think we are going to be pressed to come up with flexible organizational capabilities that enable us to discern key management issues, efficiently carry out the process of determining and implementing appropriate solutions, and respond quickly to changes in our environment. I also think that in these times of drastic change, it is going to become all the more necessary for us to enhance our applied capabilities, such as by adopting new and different approaches, while we discover new businesses in which we can leverage the core technologies of our main business.

Our top management takes a positive attitude toward change, viewing it as a source of opportunity, and I believe this bold and enterprising attitude will boost the morale of the whole company as a driving force behind the advancement of our business. Another advantage of ours lies in the technological, R&D, quality, and human resources capabilities that we have cultivated, as well as the global network we have built. I look forward to seeing us make ever-greater strides forward as we leverage these strengths to keep overcoming various difficulties and taking on challenges.

List of Officers (as of 1 July 2023)



Seigo Hanji
Chairman & Chief Executive Officer (CEO)

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)
 April 2023 Representative Director, Chairman, President, CEO and COO (current)



Yoshiaki Sato
Director and Managing Executive Officer
Head of Compliance Division, Head of EV Shift & Carbon Neutral Response Division

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
 July 2021 Head of Technology Division and General Manager of Inuyama Site
 April 2022 Head of Compliance Division, Head of EV Shift & Carbon Neutral Response Division and General Manager of Inuyama Site
 April 2023 Head of Compliance Division, Head of New Business Promotion Division, and General Manager of Inuyama Site (current)



Koji Takaki
Full-time Audit & Supervisory Board Member

October 2005 Joined the Company
 April 2013 Chief, Business Management Center, Corporate/Financial Planning Division
 April 2023 Audit & Supervisory Board Secretariat
 June 2023 Full-time Audit & Supervisory Board Member (current)



Kazuo Matsuda
Outside Audit & Supervisory Board Member

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.



Shigemasa Hakakoshi
Director and Managing Executive Officer
Head of Human Resources Planning Division

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)



Arihiro Yoshida
Director and Managing Executive Officer
Head of Technology Division

April 1986 Joined the Company
 January 2006 General Manager of the European Headquarters, Corporate Planning Division (UK)
 July 2016 General Manager of Design Department
 April 2017 Head of Technology Division and General Manager of Design Department
 April 2019 Head of Technology Division
 April 2021 Deputy Head of Technology Division
 April 2022 Head of Technology Division (current)
 June 2022 Director (current)



Etsuaki Yoshida
Outside Audit & Supervisory Board Member
[Independent Director]

April 1995 Joined Bank of Japan
 April 2007 Joined Japan Bank for International Cooperation
 October 2015 Specially Appointed Associate Professor, Graduate School of Asian and African Area Studies, Kyoto University
 December 2019 Seconded to the Deputy Minister of the Ministry of Information and Communication of the Republic of Uzbekistan
 April 2022 Professor, Doshisha Business School, Doshisha University (current)
 June 2023 Outside Audit & Supervisory Board Member of the Company (current)



Tomomitsu Furukawa
Director and Managing Executive Officer
Head of Global Management for Production Machinery Division

April 1984 Joined the Company
 April 2009 President, DAIDO METAL Kotor AD. (Montenegro)
 January 2013 President, Daido Metal Mexico S.A. DE C.V. (Mexico)
 April 2017 President, NDC Co., Ltd.
 April 2019 President, Daido Plain Bearings Co., Ltd.
 April 2023 Head of Global Management for Production Machinery Division (current)
 June 2023 Director (current)



Toshikazu Takei
Outside Director
[Independent Director]

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)



Kiyotaka Hoshinaga
Outside Director
[Independent Director]

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)



Miyuri Shirai
Outside Director
[Independent Director]

April 1998 Assistant professor, Faculty of Business Administration, Yokohama National University
 April 1999 Associate professor, Faculty of Business Administration, Yokohama National University
 August 1999 Visiting scholar, The Fuqua School of Business, Duke University
 May 2003 Visiting scholar, Keio Business School
 June 2005 Outside Director, Nichirei Corporation
 April 2009 Professor, Faculty of Business Administration, Yokohama National University
 April 2011 Professor, International Graduate School of Social Sciences, Yokohama National University
 April 2015 Professor, Faculty of Business and Commerce, Keio University (current)
 June 2022 Director of the Company (current)

► Skill matrix

Attribute	Name	Main areas of specialist experience / areas where contributions are expected in particular								
		General management	Technological development	Manufacturing (Production)	Sales, procurement	Personnel, general affairs	Finance	Legal affairs, compliance	Global experience	
Director	Inside	Seigo Hanji	○			○	○		○	○
		Yoshiaki Sato	○	○	○				○	○
		Shigemasa Hakakoshi	○	○	○		○			○
		Arihiro Yoshida	○	○	○	○				○
		Tomomitsu Furukawa	○	○	○		○			○
Director	Outside	Toshikazu Takei	●					●		●
		Kiyotaka Hoshinaga	●				●			●
		Miyuri Shirai	●							●
Auditor	Full-time	Koji Takaki							●	
		Kazuo Matsuda	●						●	●
		Etsuaki Yoshida							●	●

* The main areas of specialist experience of Inside Directors are indicated by ○, and areas where contributions are expected in particular from Outside Directors, Full-time Auditors and Outside Auditors are indicated by ●.
 * The expertise and experience described above do not represent the full knowledge of each individual.

Compliance

Basic Concept

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.

Compliance Training

The Company conducted a check on the level of understanding of the Code of Conduct for 3,026 employees (including temporary staff employed by a staffing agency) of the Company and its affiliated companies in Japan in November 2022, and implemented a web-based compliance test for 209 managers and supervisors in December.

In addition, in response to the revision of the Whistleblower Protection Act in June 2022, a study session on the whistleblower/report consultation system was held for 209 supervisors from June to July. We will continue to work to further improve compliance awareness and prevent corporate scandals by instilling our Group’s standards of conduct.

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 Mid-Term 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. In FY2021 we conducted interviews with overseas locations to ascertain the status of management systems at affiliated companies, formulated improvement policies, and promoted the development of organizational and educational systems.

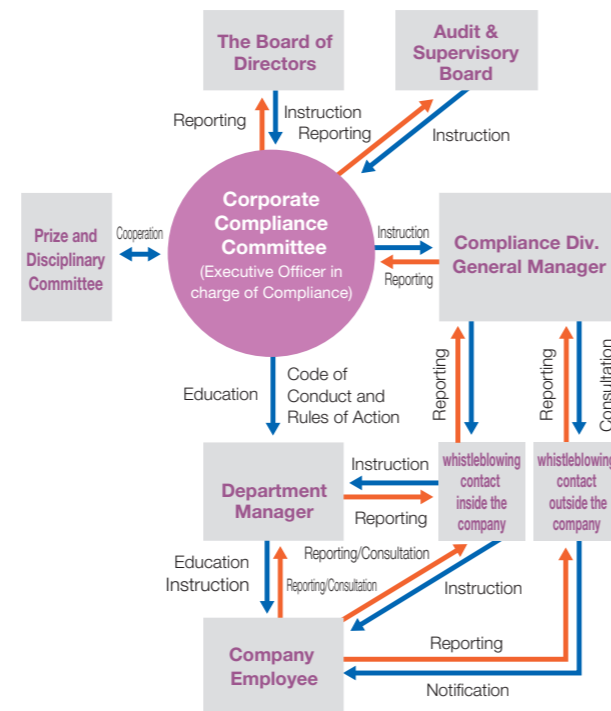
With regard to the compliance system, we encouraged each company to establish an autonomous system so that they can conduct regular self-checks, and with regard to the risk management system, we confirmed and improved the operational status of the organizational system and the system based on the results of our understanding of the current situation.

Whistleblowing/Reporting and Consultation System

Based on the DAIDO METAL GROUP Performance Standards and the Whistleblower Protection Law, we have established a Whistleblowing/Reporting and Consultation System together with our domestic affiliated companies for early detection and correction of any violation of laws, Articles of Incorporation, internal regulations, corporate ethics, and social norms. The system is made available to company employees, officers, and retirees, and both internal and an external points of contact have been set up.

Anonymous reports and consultations are accepted, and the annual numbers of whistleblowing/reporting consultations are reported by the Corporate Ethics Committee.

Operation system diagram



No. of whistleblowing/reporting and consultation cases

FY2020	FY2021	FY2022
4	6	9

Risk Management

Risk Management System

We have organized a Risk Management Committee in order to manage the risks that affect our Group, and in order to address the various risks attendant upon our business activities, we have formed an internal system for risk management through which we run a cycle of risk assessment, risk reduction measure implementation, and reporting to the Risk Management Committee and executive committees.

We are working to reinforce the risk management systems of our Group companies, and risk mitigation measures are undertaken at each site as needed. The Risk Management Committee also regularly monitors the management status of these efforts.

Risk management committee (members) As of July 2023



Risks in business operations, etc.

Top priority risks	Priority risks
(1) Risks related to an unstable raw material supply/demand environment (2) Risk of cyber attack, IT network and system failure	(1) Risk of natural disaster and accident (2) Risk of product failure (3) Risk of exchange rate fluctuation (4) Risks related to global business deployment (5) Risks related to dependence on specific fields or industries (6) Risks related to price competition (7) Risk of unsuccessful new product development (8) Risks related to environmental regulations (9) Risks related to intellectual property rights (10) Risks related to capital investment, joint ventures, partnerships and acquisitions (11) Risks related to climate change (12) Risks related to securing human resources

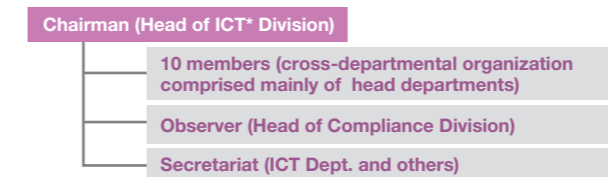
* Refer to the 115th Annual Securities Report for details on business and other risks.
https://ssl4.eir-parts.net/doc/7245/yuho_pdf/S100R3AW/00.pdf



IT Management Subcommittee

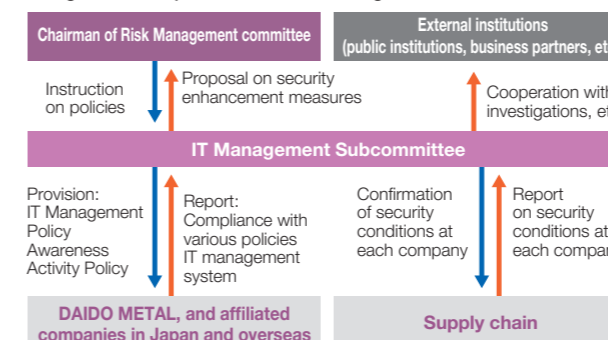
Under the Risk Management Committee, we have established the IT Management Subcommittee to promote cross-divisional information management measures. In addition to formulating Company-wide policies and supervising efforts to prevent information leaks and inbound threats, we conduct surveys on the current status of IT management systems at overseas sites, and we seek to improve the security level of the entire Group by understanding not only the technical aspects but also the actual situation in a wide range of areas, including the development of management rules and education for system users, and providing appropriate advice.

Information management subcommittee (Organizing members) as of July 2023



*Information and Communication Technology

Organizational position of the IT management subcommittee



Employee Training on Cyberattacks

In FY2022 the Information Management Subcommittee undertook efforts in the four areas of awareness-raising activities, monitoring, maintenance of regulations, and information gathering.

We have joined in the activities of the Nippon CSIRT Association, which we joined in April 2022, and have also conducted employee education using the “Cyber Security Kawaraban” system, targeted e-mail training, and inspections for radio wave information leakage. We have also specified how to respond when incidents occur, and have clarified our response system.

BCP Initiatives

Raise Awareness of BCP through Initial Action Drills

We have created a Business Continuity Plan (BCP) in the event of a disaster such as a large-scale earthquake and in addition to disaster prevention drills and BCP drills for each business site, we are conducting BCP initial response drills that simulate various disasters in each factory. These activities begin with procedures for confirming the safety of employees in the event of an earthquake, followed by decisions on prioritization and methods of recovery work in the event that the plant is damaged, and securing the necessary personnel.

By reviewing the problem areas we discover through this training, we will continue to upgrade our preparedness in order to respond appropriately if an emergency occurs.