

# Sustainability

## DAIDO METAL GROUP's Sustainability Strategy

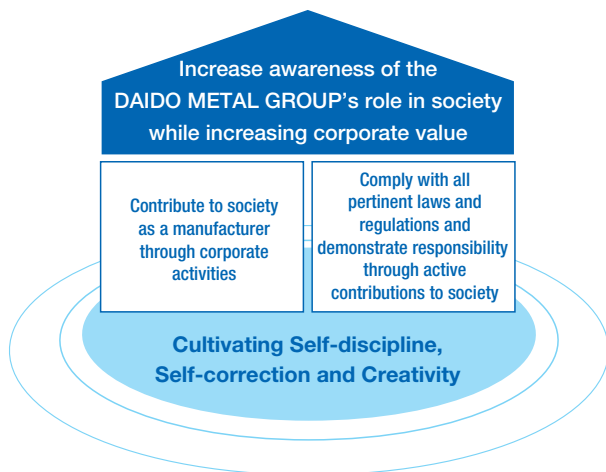
Through our business, we will solve social issues and become a sustainable company, contributing to the achievement of a sustainable society.

## DAIDO METAL GROUP's SDGs Policy

In order to fulfill our responsibility as a global enterprise, the DAIDO METAL GROUP will contribute to achieving the various targets set forth in the SDGs.

### The DAIDO METAL GROUP Concept of Sustainability

In order to continue growing on a sustained basis while serving as a corporate citizen required to act responsibly, our Group considers it crucial to be a trusted partner of customers, shareholders, employees, business associates and the communities in which we operate, fulfilling our role of contributing to society through our business operations, in addition to fulfilling our corporate social responsibilities, which include compliance with laws and regulations and contribution to the community.



To meet the above objectives, our Group has been undertaking initiatives relating to sustainability issues as we cultivate the qualities of self-discipline, self-correction and creativity in every officer and employee, under the slogan: "Self-discipline, Self-correction and Creativity."

### Sustainability System

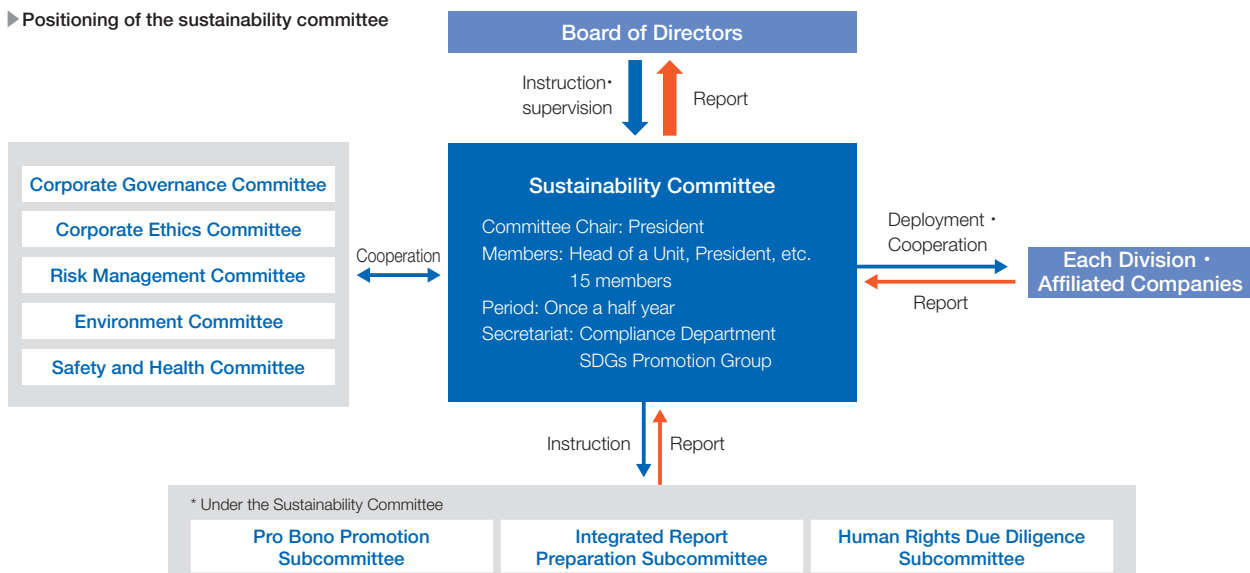
We have established a Sustainability Committee as one of our executive committees, which deliberates and discusses initiatives to resolve issues related to sustainability.

The following are the Sustainability Committee's main tasks for discussion and deliberation.

- (1) Deciding on policies, targets, and activity plans related to sustainability
- (2) Promoting activities, monitoring progress, confirming results, and reviewing activities
- (3) Integrated Report planning

We have set up the Integrated Report Preparation Subcommittee, the Pro Bono Promotion Subcommittee, and the Human Rights Due Diligence Promotion Subcommittee as bodies subordinate to the Sustainability Committee.

### Positioning of the sustainability committee



\* Under the Sustainability Committee

### Relationship with Stakeholders

The business activities of the Group have grown thanks to the support of all our various stakeholders.

The Group considers dialogue with customers, shareholders, employees, business partners and local communities to be important.

Stakeholders	Policy and Attitude of the Group's Efforts	Examples of Dialogue and Communication Methods
	<ul style="list-style-type: none"> <li>We develop and provide socially useful and safe products, and gain satisfaction and trust.</li> </ul>	<ul style="list-style-type: none"> <li>Exhibiting at various exhibitions</li> <li>Exchange information through our point of contact in the sales department</li> <li>Point of contact for inquiries on our website</li> </ul>
	<ul style="list-style-type: none"> <li>We continue sustainable growth through increasing our corporate value.</li> <li>We will proactively and fairly disclose corporate information.</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of financial results and financial results briefing session</li> <li>Exhibiting at various IR events</li> <li>Shareholders' Meeting</li> </ul>
	<ul style="list-style-type: none"> <li>In addition to respecting diversity, we will ensure a safe and healthy work environment.</li> </ul>	<ul style="list-style-type: none"> <li>Labor union and management consultation</li> <li>Internal newsletters</li> <li>Internal portal site</li> <li>Various education and training</li> </ul>
	<ul style="list-style-type: none"> <li>We promote CSR activities and strive for sustainable growth throughout the whole supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Presentations for business partners</li> <li>Various surveys and questionnaires</li> </ul>
	<ul style="list-style-type: none"> <li>We are aware of our status as a member of the community and promote social contribution activities.</li> <li>We will contribute to the development of countries and regions by paying attention to compliance with local laws and respect for international norms, culture and customs.</li> </ul>	<ul style="list-style-type: none"> <li>Summer festival and factory tour</li> <li>Social contribution activities</li> </ul>

## Human Resources

### Basic Policy on Human Resources Strategy

While refining our existing businesses in our aspiration to be a true leader in tribology, our Group will also conceive of this transformative period in the automotive industry as a great opportunity to build new pillars of business by focusing effort on the creation and development of new business. The human resource strategy to achieve these goals is defined as follows: "We create workplace environments and provide training to enable employees to develop their own abilities and skills while engaging in free and vigorous discussions with members, to demonstrate creativity and to bring about innovation rooted in the Ambitious, Innovative, Challenging Daido Spirit." For our Company to grow sustainably and boost productivity, we must provide each and every employee with opportunities and an environment that heightens job satisfaction (pleasant and satisfying working conditions), and allows them to put their abilities to the greatest possible use. We believe that our pursuit of these goals will lead to the fulfillment of our corporate philosophy: "We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society."

### Employee Training Programs

In the midst of major changes in work styles and environments, such as decreasing workforce, changes in employees' sense of value to work, the spread of remote work, and the promotion of part-time and side jobs, we are working to develop employees who can act autonomously and independently while maintaining a high level of motivation by building diverse career paths. For this reason, we offer various stage-based and global training programs with the aim of developing roles and skills according to the stage. In addition, serving as the Company's in-house educational institution, DAIDO METAL COLLEGE is a special training facility which continuously provides training focused on passing on knowledge, technology and skills accumulated by the Company.

### DAIDO METAL training structure

	Position-specific Training	Global	DAIDO METAL COLLEGE Courses
Top Management	Executive Officer training		
Division Managers	Selective training	Management training prior to overseas secondment	
Departmental Managers	Departmental Manager training	Overseas risk management seminars	
Experienced Employees	Management program Self-improvement training	Overseas short-term study abroad system for language study	Global production training
General Employees	Training for third-year employees Training for second-year employees		International personnel development system
Newly Hired Employees	Follow-up training for newly hired employees Training for newly hired employees		Mid-level and entry-level courses for career track employees General skilled worker course Technical instruction Training for Supervisor candidates I Training for Supervisor candidates II

### Promoting Diversity

#### Initiatives Regarding Participation by Women

We formulated an action plan for FY2019 to FY2023 based on the Act on the Promotion of Women's Active Engagement in Professional Life and published it on our website. The ratio of female graduates hired for general positions has generally achieved the target and female skilled workers are also hired every year. In order to increase the number of female employees the Company assigned four new female graduates in sales positions for the first time in 2020, and two female graduates in 2022. In addition, the number of employees taking childcare leave stays at a high level, and the number of female and male employees taking childcare leave is increasing year by year.

#### Conducting Surveys on Employee Satisfaction (ES), and Working on Improvements Toward Stimulating Communication

In 2020 we conducted an Employee Satisfaction (ES) survey and we are implementing initiatives for mid- to long-term reforms based on the results. In 2021 we launched the Labor Management Personnel System Review Committee to review the evaluation system, which had received many calls for improvement. Last year, we created a booklet entitled "Introduction to Understanding the DAIDO METAL Evaluation System" to promote understanding of the evaluation system and promote communication between supervisors and subordinates, and distributed it to employees. In addition, we promote two-way communication between management and employees by displaying messages from top management and company results in easy-to-understand content on a monitor in the cafeteria.

### Recruitment of Foreign Employees

We continue to recruit foreign nationals and new graduates as future executive candidates, and we hired one in both 2021 to 2023. Currently they are engaged in a wide range of positions including R&D, production engineering, and sales.

On the other hand, the foreign technical intern trainees were unable to enter Japan due to the COVID-19 pandemic, but it has become possible to accept them again since 2022, and we are currently accepting about 40 foreign technical intern trainees. In recent years there have been an increasing number of cases in which those who have completed the technical internship (three years of internship) go on to undertake another technical internship resulting in a total of five years of study.

### Support to Achieve Balance

In order to support the balance between work and family, we have introduced various systems such as work-from-home scheme and measures to reduce working hours (shorter working hours).

In addition, in 2016 we introduced a job return scheme to re-employ those who left the Company for reasons such as accompanying spouses to relocate, nursing care, childbirth, and childcare and reinstated several employees.

We have prepared a handbook for childcare support (different editions for men and women) and a handbook for nursing care with the aim of disseminating childcare-related schemes, to support employees in balancing work and family.

In addition, since April 2023 we have been expanding the system of shorter working hours, which allows employees to reduce their scheduled working hours to the end of the 6th grade of elementary school, instead of the previous system of raising children until the end of the 3rd grade of elementary school.

### Employing Workers with Disabilities

The Company's ongoing recruitment efforts involve targeting special-needs schools in its recruitment drives and using AICHI Shogaisha Koyo Sogo Support Desk of Aichi Prefecture. After people with disabilities join the Company, we strive to develop a pleasant and satisfying workplace that involves seeking the advice of job coaches from vocational centers for people with disabilities and also seeking the advice of employment support professionals from employment and livelihood support centers for people with disabilities.

In addition to being active in offices and production, since June 2020 the Company has been leasing a communal farm and opened DAIDO METAL JOYFUL FARM to implement initiatives that entail directly hiring people with disabilities. Vegetables harvested on the farm are donated to nearby children's cafeterias, and the profits from selling vegetables within the Company are donated to areas hit by natural disasters, thus enhancing our social contribution activities.

## Health Management Initiatives

### Recognized as the 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

The Company has been recognized as one of the "2023 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Council). The "Health and Productivity Management Outstanding Organization" scheme honors corporations, such as large and small and medium-sized enterprises, that practice particularly excellent health and productivity management, based on initiatives that address regional health issues and health promotion initiatives promoted by the Nippon Kenko Kaigi, a committee consisting of labor and management that sets KPIs to strengthen health management activities.

The Group considers the physical and mental health of the employees to be an important management issue, and will further promote the creation of workplaces where diverse human resources can fully demonstrate their individuality and abilities, and the improvement of the environment.



### Work Style Reforms

In order to enrich the lives of employees, including their work, we have been promoting work style reforms in which employees and management work together under the name of "Work Style Reform" since November 2016.

As a specific activity, we set a company-wide target for annual paid leave every quarter, and issue yellow cards, orange cards, and red cards if the target is not met, and labor and management promote the systematic acquisition of paid leave. In addition, there is no overtime on a Wednesday and employee-management patrols are conducted to ensure thorough cooperation.

In addition, we are actively promoting QC circle activities in clerical departments, which used to be centered on manufacturing sites, not simply by reducing working hours, but also by reviewing and improving the efficiency of operations.

### Mental Health Initiatives

Line Care Training is held twice a year for all managers. The purpose of this training is to deepen the understanding of mental health, which is required of managers, and at the same time, to understand the factors causing stress for subordinates, and to be able to respond quickly as an organization.

In addition, we have established rules for improving workplaces using group analysis of stress checks, and for employees whose monthly overtime hours exceed a certain amount of time in a row, health checks become mandatory, and interviews with occupational doctors are required as necessary.

### Improving Employee Health

Since August 2019 we have thoroughly enforced non-smoking indoors to prevent passive smoking.

In addition, we held two events organized by our health insurance association using a walking app for the purpose of maintaining and improving health. Approximately 200 employees participated each time, aiming at an average 8,000 steps a day over a two-month period.

## Human Rights Initiatives

Our Group established the DAIDO METAL GROUP Human Rights Policy in April 2023 in order to promote efforts to respect human rights by demonstrating both internally and externally that it will continue to protect and improve the human rights of all stakeholders affected by its business activities. Going forward, we will develop and implement human rights due diligence mechanisms and procedures based on the United Nations Guiding Principles on Business and Human Rights.

### DAIDO METAL GROUP Human Rights Policy (Items Only)

1. Fundamental Way of Thinking
2. Applicable Range
3. Human Rights Due Diligence
4. Correction and Remedy
5. Training
6. Dialogue and Consultation
7. Information Disclosure

### Human Rights Policy (attachment) Human Rights Issues to be Addressed by the DAIDO METAL GROUP

- (1) Ban on Discrimination, Respect and Acceptance of Diversity
- (2) Ban on Child Labor
- (3) Ban on Forced Labor
- (4) Ban on Human Trafficking
- (5) Respect for Employee Rights
- (6) Appropriate Remuneration and Control of Working Hours
- (7) Ensuring a Safe and Comfortable Working Environment

### DAIDO METAL GROUP Human Rights Policy

[https://www.daidometal.com/sustainability/human\\_rights\\_policy/?ignore\\_ip=1](https://www.daidometal.com/sustainability/human_rights_policy/?ignore_ip=1)



## Health and Safety-related Activities

### Fundamental Policy on Health and Safety and ISO45001 Certification Status

#### Fundamental Policy on Health and Safety

Based on its people-oriented management philosophy the DAIDO METAL GROUP does its utmost to protect the health and safety of its valued employees. Maintaining high levels of employee safety is a top company priority, and the Company invests whatever management resources are required to maintain the highest possible levels of safety.

Having adopted a management philosophy that places great emphasis on people, the Company engages in occupational health and safety activities aimed at completely eliminating workplace accidents. With our focus on the Company's major production sites in Japan, we first gained Occupational Health and Safety Assessment Series (OHSAS) certification in 2003, and our occupational health and safety management systems were certified as compliant with the ISO 45001 international standard in September 2020.

### Scope of Certification: Operations Certified under ISO 45001

- DAIDO METAL CO., LTD.
  - Headquarters
  - Inuyama Site Office
  - Gifu Plant
- DAIDO METAL SALES CO., LTD.
- DAIDO LOGITECH CO., LTD.
- Daido Plain Bearings Co., Ltd.
- Daido Industrial Bearings Japan Co., Ltd.



Certificate number: JQA-OH0045

### Confirmation of Workplace Conditions by Employees and Top Management

In conjunction with National Occupational Safety Week (July), National Occupational Health Week (October) and the New Year's Disaster Prevention Program (January), the company carries out on-site assessments that involve cooperation between top management and the workforce. Measures against COVID-19 infection were also implemented with full consideration given to infection control measures.

In terms of safety, the Company checks the status of countermeasures and of activities to mitigate risks, such as the handling of heavy objects, in workplaces where accidents have occurred. In terms of health, the Company strives to maintain good workplace environments, checking on conditions related to heat stroke, the status of chemical substance control and other matters. In terms of education, the top management and the workforce hold meetings regarding the details of on-site managers' efforts and provide advice to promote increased safety awareness.

### Global Safety Activities

As part of our safety activities for our domestic and overseas affiliated companies, we conduct self-inspections regarding safety twice a year. The results of self-inspections are reflected in safety activities for the next fiscal year, thereby improving safety activities.

## Quality/Procurement

### Quality

#### Quality Control (QC) Policy for FY2022

Our basic concept is “Quality is Life,” and we establish a QC policy every year for the purpose of thoroughly disseminating this concept throughout the Company.

In FY2022 we have been working on quality improvement activities under the slogan “Learn from the past and move on to the future; improve customer satisfaction by preventing recurrence.”

#### DQC\* Circle Convention to Promote QC Circle Activities

The 37th DQC Circle Convention was held on 12 December 2022, and excellent improvement examples selected from domestic production bases were presented. In addition, as the impact of COVID-19 has reduced we invited Dyna Metal CO., LTD. (Thailand) to come to Japan and present their improvement case. Furthermore, as a mutual exchange, the first and second place circles were invited to Dyna Metal Co. Ltd (Thailand) and Dong Sung Metal Co., Ltd. (Korea) to present to them their improvement activities.

\* DQC stands for DAIDO METAL Quality Control.



Award ceremony at the DQC Circle competition

#### 5S Champion Activities

At our production sites in Japan, we selected a 5S champion to promote 5S activities and to continuously improve our own workplaces. In addition, 5S champions meetings are held on a regular basis at the host plant to confirm the contents of improvement cases, exchange opinions, and promote the application of the improvements to individual workplaces.



At the 5S Champions Meeting

#### Supplier Awards for Excellence

In FY2022 we received awards in six locations from 17 companies in Japan, China, Thailand, India, Montenegro, and Mexico. Moving forward, we will continue to carry out activities by which we earn the trust of our customers.



#### Quality Control Training for Selected Employees

The quality control training for selected employees, which began in October 2018, has been held 7 times and attended by 34 employees up to FY2022. In this training program, we have established an “open course” in which participants give lectures in-house, and we have created an opportunity for the participants to become an instructor of in-house courses based on what they have learned in external courses. This is an educational opportunity within the Company and is also useful for reviewing themselves.



Group discussion

#### Revitalization of QC Circle Activities

The Turbo Circle at the Inuyama Plant received two prestigious honors: the Hajime Ishikawa Award from the Union of Japanese Scientists and Engineers (JUZE) in May, and the Nishibori Award from the Central Japan Quality Control Association in June. We plan to continue invigorating our group's QC circle activities.



### Procurement

#### Provision of CSR Procurement Guidelines and Green Procurement Guidelines

We have formulated “CSR Procurement Guidelines” and “Green Procurement Guidelines” in order to expand CSR and green procurement initiatives throughout the supply chain in cooperation with our suppliers, and posted them on our website so that our stakeholders can see the contents and activities of these guidelines.

Through this initiative, we aim to enhance the corporate value of both the Company and its business partners, while ensuring thorough compliance with policies including human rights and child labor laws, and in consideration with the environment.

#### Formulation of the Declaration on Building Partnership

We have formulated a Declaration on Building Partnership, posted it at a dedicated portal site, and distributed it internally in our efforts to increase added value throughout the supply chain while ensuring fair and appropriate business relationships.

## Promoting Social Contribution

### Initiatives to Help Solve Local Community Issues



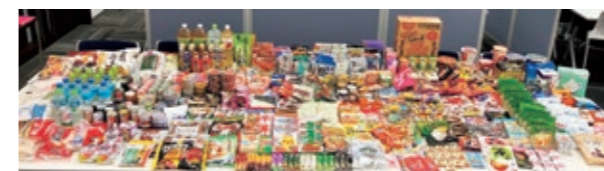
Since FY2019 the Company has been operating the “DAIDO METAL Pro Bono\* Program”, which creates opportunities for employees to become aware of societal issues and to leverage the experience they have accumulated in the Company for the good of local communities. By supporting the creation of the basic structures necessary for NPOs through our provision of subsidies to local NPOs and the involvement of employees in volunteer activities, we are contributing to the resolution of societal issues.

\* “Pro bono” refers to volunteer activities that utilize experience and skills cultivated during work for social or public purposes, or to persons carrying out such activities.

#### Food Drive Held

In December 2022 we organized a food drive\* titled “Think SDGs! DAIDO METAL Food Drive Action| as our commitment for SDGs. Food donated from employees was delivered to people and facilities in need of food support through Second Harvest Nagoya, a certified NPO.

It was also the first time that our domestic affiliate NDC had carried out this program, and we will be expanding our circle of support in the future.



Food donations collected from employees



Donation to Second Harvest Nagoya

\* A food drive is an activity where households bring unconsumed food that they cannot use and donate them to those who need them through food banks and other means.

#### Holding a Used Book Charity Fundraiser

In May 2022 we solicited donations of used items including books and CDs for the Think SDGs! DAIDO METAL Used Book Charity Fundraiser, one of our initiatives for the SDGs. The donated items collected from employees were appraised through Charibon, run by VALUE BOOKS, and the appraised amount was donated to the Ashinaga Foundation, a private NPO that provides children with scholarships and support, as well as emotional care.



Collected donations

### China | Student Support

#### Daido Precision Metal (Suzhou) Co., Ltd.

Daido Precision Metals (Suzhou) Co., Ltd. received an award through the Volunteer Association of the Suzhou Industrial Park Charity Foundation for assisting six children who are disadvantaged in attending school because of conditions faced by their families.



Support was provided for children who have difficulty traveling to and from school.

### Mexico | Sponsorship by

#### Daido Metal Mexico S.A. de C.V. of an Extracurricular Japanese Language School

Daido Metal Mexico S.A. DE C.V. sponsored operations and donated to Colegio Japonés de Guadalajara, an extracurricular Japanese-language school. Colegio Japonés de Guadalajara is a supplementary school that provides Japanese children living in the local area with semi-full-day classes in Japanese language, with instruction performed in Japanese, in compliance with the Japanese educational curriculum. We support operation of the school to enable Japanese nationals working in the area to do so with peace of mind, for themselves and their families.



### Thailand | Participation in Mangrove Planting Activity Dyna Metal Co., Ltd.

A total of 50 Dyna Metal Co., Ltd. members participated in mangrove planting activities. In Japan, afforestation is an activity associated with mountain areas, but in Thailand, it is done in tidal flats at the mouths of rivers. Many activities are under way to bring back the former mangrove forests as a way to reduce greenhouse gases while preventing flood damage. The location is a mangrove afforestation park facility situated about an hour by car from Bangkok. Each person planted six mangroves making a total of 300.



In tidal flats, 300 mangroves were planted.