

Daido Kogyo Group Sustainability Management Action Guidelines

Chapter 1 Background of this Action Guidelines

Based on our founding spirit of ``Daido Chien," which is ``To unite for a great purpose and strive to realize lofty ideals," we have established a mission (i.e. our mission as a company), a vision (i.e. the future and society we want to realize), values (i.e. principles of behavior for workers), we will continue to provide joy, possibility, and the natural environment of the future to every corner of the earth. We will continue to take on the challenge of new technology and contribute to the development of society through the continuous growth of people and businesses.

The Daido Kogyo Group has defined the following four points as its basic sustainability policy.

- ① Contribute to a sustainable society development via technological innovation.
- ② Establish sustainable production systems.
- ③ Develop diverse human resources and improve satisfaction of engagement.
- ④ Establish a governance system for fair, sound, and transparent corporate operation.

To contribute to the realization of a sustainable society by promoting the corporate activities based on our mission, vision, values, and basic sustainability policy, we have established the following more specific action guidelines common to the group.

Chapter 2 General Matters

To ensure that efforts are strengthened in accordance with this action guidelines, we will do followings:

- ① Assign a director in charge of sustainability management.
- ② A Sustainability Committee will be formed to identify risks related to overall sustainability management activities, regularly evaluate performance, and

consider countermeasures for newly discovered issues.

- ③ Regularly publish the achievements of sustainability management activities.
- ④ Regularly conduct educational activities related to sustainability management for our employees, including executives.
- ⑤ Strive to disseminate sustainability activities to external stakeholders.
- ⑥ Establish a system that allows employees to voluntarily report or seek advice regarding situations that violate or have the potential to violate this action guidelines and take necessary corrective measures. This system shall not cause any disadvantage to whistleblowers or those seeking advice.

Chapter 3 Action Guidelines Related to Safety and Quality Issues

We stipulate followings as action guidelines related to safety and quality in sustainability management.

- ① To meet the needs of society and customers, we develop and provide products and services that environmentally friendly products and services that save energy, save resources, and protect the environment. We also strive to develop and provide products and services that can be used universally regardless of age, gender, disability, etc.
- ② We strive to provide appropriate information regarding products and services to all stakeholders in a timely and fair manner.
- ③ We produce and provide products and services that meet the safety laws and regulations set forth in each country and region, as well as the safety requirements of business partners.
- ④ To ensure the quality of products and services, we establish and operate a quality assurance system, grasp the situation in a timely and appropriate manner and take measures against quality issues, and regularly review the quality assurance system.

Chapter 4 Action Guidelines Related to Human Rights and Working Environment

From the standpoint of supporting the Universal Declaration of Human Rights, we stipulate followings as action guidelines regarding human rights and the working environment as part of sustainability management.

- ① We will not discriminate against people based on race, ethnicity, national origin, religion, or gender including specific minority groups in all employment situations, including application, hiring, promotion, wages, dismissal, retirement, work assignments, human resource development, punishment, etc.
- ② We will not tolerate any form of harassment in the workplace based on race, ethnicity, national origin, religion, gender, including specific minority groups, etc.
- ③ We do not permit the labor of children under the workable age according to the laws and regulations of each country and region.
- ④ We ensure that all labor shall be voluntary and that employees are free to leave their jobs with advanced notice, and we do not engage in forced labor.
- ⑤ We shall comply with the laws and regulations of each country and region regarding benefits, including minimum wages, overtime, wage deductions, etc.
- ⑥ We will comply with the laws and regulations of each country and region regarding the determination of employees' working hours, including overtime, and working conditions, including the provision of holidays and annual paid leave.
- ⑦ We recognize the right of employees to freely associate employee union in accordance with the laws and regulations of each country and region. And we engage in honest consultation and dialogue with employee representatives or employees.
- ⑧ We will prioritize ensuring the safety and health of employees on the job and strive to understand and respond appropriately to situations related to the prevention of industrial accidents and disasters.
- ⑨ We aim to avoid the use of raw materials that cause social problems such as human rights violations, including conflict minerals.

- ⑩ We will not make forced or high-pressure demands regarding existing rights and interests related to environmental assets, including land, forests, water resources, etc.

Chapter 5 Action Guidelines Related to Consideration for the Global Environment

We stipulate followings as action guidelines to contribute and to reducing the burden on the global environment as part of sustainability management.

- ① Build an environmental management system based on the laws and regulations of each country and region, and continuously operate and improve the system.
- ② We manage greenhouse gas emissions associated with our business activities and promote reduction activities. We also promote the effective use of energy in combination with the introduction of renewable energy.
- ③ We properly dispose waste in accordance the laws and regulations of each country and region. We also promote efforts to effectively utilize resources, including recycling, and reduce waste.
- ④ We shall comply with the laws and regulations of each country and region regarding the prevention of pollution of air, water, soil, etc., and will strive conduct continuous monitoring and reduction of pollutants to prevent environmental pollution.
- ⑤ We reduce emissions of hazardous substances based on the laws and regulations of each country and region. We also identify and safely manage substances that may have a serious impact on human health or the environment and shall not use prohibited substances on products or in manufacturing processes.
- ⑥ We strive to conduct business activities that are considerate not only of occupational safety but also of the local environment, including reducing noise and vibration etc.
- ⑦ We recognize the significance of maintaining biodiversity and animal welfare.

Chapter 6 Action Guidelines Related to Risk Management including Crisis Management

We stipulate followings as action guidelines for practicing risk management as part of sustainability management.

- ① In preparation for emergency situations, we develop basic policies and action plans for emergencies, and consider ways to respond to various anticipated emergencies.
- ② To smoothly respond to emergencies, a reporting flow should be established in the event of an emergency, a system should be established to ensure timely and appropriate information transmission, countermeasures should be promptly considered and decided upon, and instructions should be issued.
- ③ To improve crisis management, we evaluate and analyze the performance of activities after the emergency has subsided and strive to accumulate response knowledge.
- ④ We appropriately strengthen information security, including password management and media management, regarding the use of information systems associated with corporate activities.

Chapter 7 Action Guidelines Related to Compliance

We stipulate followings as action guidelines for thorough compliance in sustainability management.

- ① We develop and operate policies, systems, reporting systems, and awareness-raising systems to ensure thorough compliance.
- ② We comply with the competition laws of each country and region and avoid unfair trade methods such as private monopolies, cartels, bid rigging, abuse of a dominant position, and transactions that result in conflicts of interest.
- ③ To prevent corruption, we will strive to build transparent and fair relationships with political and administrative authorities regarding political

contributions and donations in accordance with the laws and regulations of each country and region. Furthermore, for the purpose of obtaining or maintaining unfair profits or preferential treatment, we will not provide or receive entertainment, gifts, or money that deviates from conventional social norms to business partners.

- ④ Personal information of customers, third parties, and our own employees, as well as confidential information of customers and third parties, shall be obtained through legitimate methods, strictly managed, and properly handled and use only within the appropriate scope and strive to prevent leaks.
- ⑤ We protect the intellectual property rights that we own or belong to our company, and strive to prevent the illegal acquisition, use, and infringement of third-party intellectual property.
- ⑥ We prohibit insider trading and strive to eradicate it.
- ⑦ We shall not engage in any acts that may be related to the interests of anti-social forces.
- ⑧ To ensure thorough security trade control, we implement appropriate procedures and controls regarding the import and export of technologies and goods regulated by the laws and regulations of each country and region.

Chapter 8 Action Guidelines Regarding Information Disclosure

We stipulate followings as action guidelines for appropriate information disclosure as part of sustainability management.

- ① To properly disclose information to all stakeholders, including customers, end users of the products and services we provide, suppliers, and shareholders, we will provide necessary information in a timely and appropriate manner in accordance with the laws and regulations of each country and region.
- ② When disclosing information through websites, social media, etc. on the Internet, we do so with the awareness that the content and impact may remain permanently, and we appropriately manage the content of disclosure.

Chapter 9 Deployment to Consolidated Subsidiaries and Suppliers

We stipulate followings as action guidelines to promote the spread of sustainability management activities globally, including our business partners.

- ① We disseminate the above-mentioned Sustainability Management Action Guidelines to domestic and overseas group companies and strive to educate employees, including executives, while at the same time investigating and understanding the actual situation at each group company and making improvements as necessary.
- ② We disseminate the procurement guidelines based on the above-mentioned Sustainability Management Action Guidelines to our major domestic and overseas suppliers, request their approval, and build a system to investigate and understand the actual situation at each supplier and request implementation of improvements as necessary.