



**DAIDO METAL CO., LTD.**

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● Universal Design Fonts are utilized to ensure good visibility and legibility

## Our Corporate Philosophy

### Our Duty

We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society.

### Our Resolve

We will create a vigorous and open-minded corporate culture through diligent self-discipline and ethical behavior.

### Our Foundation

We will learn from our markets, respond to our customers' requirements, and exceed our customers' expectations.

### Our Approach

We will devote ourselves to creation, innovation and the realization of dreams.

### Our Objective

We will strive to be the world leader in tribology through constant technical improvement, development, and innovation.

## Our Principles

We will always approach business from a global perspective.

We will always attend to the needs and desires of our customers.

We will continue to recognize the importance of the environment.

We will continue to value individuality and work to achieve synergy among people.

We will always remain open to new ideas and proposals.

We will always respond with speed and agility.

## Daido Spirit

**Ambitious**  
**Innovative**  
**Challenging**

### Policy

The "Integrated Report 2024" was created for the purpose of communicating to all stakeholders including shareholders and investors that our company is committed to long-term growth and the realization of a sustainable society. We will continue to increase opportunities for dialogue with stakeholders and information disclosure while also continuing to evolve this report as a communication tool that reflects their opinions and requests and contributes to dialogue with stakeholders.

### Scope of Reporting

This report covers the activities of DAIDO METAL CO.,LTD. and some of its affiliated companies

### Period of Reporting

FY2023 (April 2023 - March 2024)

Some information is updated to reflect the latest activities.

### Publication Date

October 2024

### Reference Guidelines

- International Integrated Reporting Council (IIRC) "The International Integrated Reporting Framework"
- Global Reporting Initiative (GRI) "Sustainability Reporting Standards"
- Ministry of the Environment's "Environmental Reporting Guidelines 2018"
- ISO26000 "Guidance on social responsibility"
- Final Report Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

### Notes for Forward-Looking Statements

This report contains forward-looking statements such as plans, strategies and forecasts based on currently available information, as well as historical and current facts about the DAIDO METAL GROUP. As such, these forward-looking statements involve risks, uncertainties and other factors, and actual results may differ from those expressed or implied in the forward-looking statements.

### Information Disclosure System

	Financial information	Non-financial information
Report	<ul style="list-style-type: none"> <li>• Annual Securities Report</li> <li>• Consolidated Financial Results</li> <li>• Notice of Convocation</li> <li>• Shareholder Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> </ul>
	<b>Integrated Report 2024</b>	
Web	Investors 	Sustainability 

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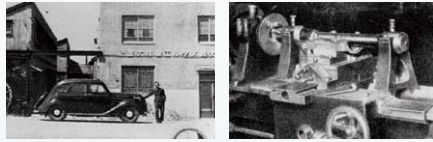
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# History of DAIDO METAL

Since its establishment in 1939, DAIDO METAL CO., LTD. has responded to the expectations of our customers and the needs of society as the world's only comprehensive manufacturer of plain bearings for every industrial field while supporting the rotations in a variety of sectors.

## 1939 Foundation

The company was founded in 1939 during the era in which the Japanese automotive industry started. In anticipation of the development of the Japanese automotive industry, the company's founder, Yoichi Kawagoe, decided to domestically produce automotive engine bearings, which can be described as the heart of an automotive engine. After painstaking effort, he developed a fine boring machine and reached a monthly production volume of 20,000 units.



Nakagawa Plant at the time of the company's founding  
Fine boring machine from the 1940s

## 1962 Start of automotive engine bearing production and the start of operation at the Inuyama Plant

When we searched for a site to construct a plant for full-scale mass production, we found the ideal location of roughly 165,000 m<sup>2</sup> in the Maehara district of Inuyama City as an enticement to set up a plant in Inuyama, Aichi Prefecture. The land acquisition was completed in October 1960, and the Inuyama Plant began operation in March 1962.



Inuyama Plant starts operation

## 1967 Initial expansion overseas

DAIDO METAL and Nippon Piston Ring each invested 25% with the local side contributing 50% to establish Taiho Industries Inc. in Taiwan at a capitalization of 16 million yuan. In September 1984, the bearing division was spun out to improve management efficiency with DAIDO METAL and the local side investing 50% each to establish China Daido Metal Industries Inc. at a capitalization of 30 million yuan.



Joint venture participation in Taiwan

## 1968 Started marine engine bearing business

Because the Japanese shipbuilding industry was flourishing at the time, the company decided to enter the marine engine bearing business. Compared to automotive engine bearings, marine engine bearings have a higher degree of processing and are produced as single products, so they require more sophisticated fabrication methods. However, our production technologies have expanded from the past to meet the needs of a wider range of customers.



Maehara Plant produces marine engine bearings

## 1979 Expansion into the U.S.A.

As exports to the U.S.A. increased, we established the U.S.A. office (currently Daido Metal U.S.A. Inc.) in the Chicago suburbs in August 1979 and started full-scale efforts in the American market. Later, we established a production site (Daido Metal Bellefontaine LLC) in 1997. The production site was closed in 2010, but we started Daido Metal Mexico S.A. de C.V. in 2012 aimed at the American market.



U.S.A. office in the Chicago suburbs

## 1998 Expansion into Europe

Federal Mogul Daido HWB Ltd. (current Daido Industrial Bearings Europe Limited) was established in Ilminster, U.K. for the purpose of applying the general industrial and marine engine bearing technologies of the Maehara Plant to develop the European market.



Federal Mogul Daido HWB Ltd. Plant

## 2002 Expansion into China

To respond to the Chinese market, which was becoming an enormous market for the automotive industry, we formed a joint venture in 2002 with China Daido Metal Industries Inc., and our Taiwanese partners to establish Daido Precision Metal (Suzhou, China) Co., Ltd., which began production in 2004.



Daido Precision Metal (Suzhou) Co., Ltd.

## 2005 Listed in 1st section of the Tokyo Stock Exchange

In October 1961, we listed on the second section of the Nagoya Stock Exchange and have continued to list there for 36 years. However, in September 1997, the company's shares were transferred to the first section of the Nagoya Stock Exchange. Subsequently, we listed on the second section of the Tokyo Stock Exchange in March 2004 and the first section in March 2005.



President Hanji rings the stock listing bell (at the time)

## 2016 Medium- to long-term diversification of 2017 products and businesses

To diversify our products and businesses and expand in a multifaceted way, we welcomed the Iino Manufacturing Group, which manufactures precision metal processing parts for automotive engines and transmissions, as a part of our Group in 2016 followed by the ATA Casting Technology Group, which manufactures aluminum die-cast products, in 2017.



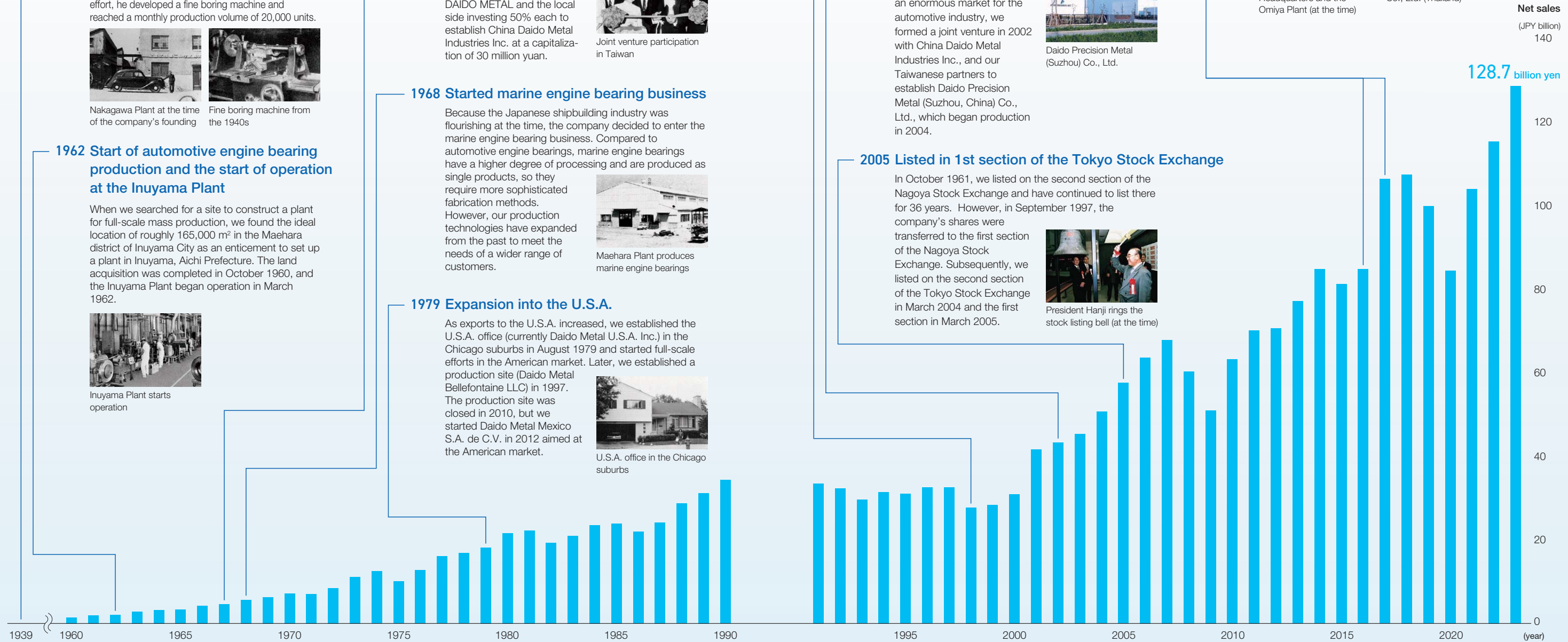
Iino Manufacturing Co., Ltd. Headquarters and the Omiya Plant (at the time)



ATA Casting Technology Co., Ltd. (Thailand)

Net sales  
(JPY billion)  
140

128.7 billion yen



World War II (1939-1945) | End of the war (1945) | High economic growth (1950s-1970s) | Oil crisis (1973) | Bursting of Japan's economic bubble (1990) | Lehman Shock (2008) | Carbon neutrality declaration by the Japanese government (2022) | CASE (2022) | Spread of COVID-19 (2020)

Founding and establishment of management foundations

Business growth and global expansion

Becoming a truly global company

Contributing to the realization of a sustainable society



**Seigo Hanji**  
Chairman and CEO

**We will continue to challenge the future with our “customer-first policy” and “technology-based company” and strive to enhance corporate value through the transformation of our business structure.**

strong sales of new models, strong North American demand for aluminum die-cast products for electric vehicles, as well as the impact of the yen depreciation on foreign exchange. In addition, operating profit also grew due to increased global sales of automotive engine bearings, increased sales from the development of non-automotive bearings (for large ships), and improvements in the selling price.

Under these circumstances, net sales for the overall Group reached a record high of 128.738 billion yen, up 13.257 billion yen (+11.5%) from the previous year. Operating profit also increased to 6.084 billion yen (operating profit margin of 4.7%), up +115.4% from the previous year.

In addition, FY2023 was also the final year of our Midterm Business Plan “Raise Up Daido Spirit” - Ambitious, Innovative, Challenging” which we have been working on for six years since FY2018. Under the enormous impact of the COVID-19 pandemic, which took up half of that six-year period, we faced drastic changes in our business environment such as the rapid shift to EVs. However, we were ultimately able to close out the planning period with record high net sales. At the same time, it remains unclear whether the business recovery will continue and issues remain such as the fact that the operating profit margin is on the way to recovery compared to the pre-planning period, etc.

The following explains the current status of our initiatives and future direction, etc. regarding the two pillars which consist of our “existing businesses” and “new businesses” as stated in the Midterm Business Plan.

### Existing Business Initiative

The greatest change in the business environment in recent years has been the global shift to EVs. In the medium to long term, the demand for our main product of automotive engine bearings is expected to decrease, and pessimistic views about the future prospects of our business have grown stronger both inside and outside the company. If this situation continues, it could also affect employee morale. Meanwhile, I have been working to transform our business structure in the direction of expanding our business for bearings other than automotive engine bearings while continuing to

preach that “the shift to EVs will not eliminate our bearings work.”

One such example is engines for non-automotive applications. For example, marine engine bearings and bearings used in low-speed marine engines, such as container ships and other large vessels for which demand is growing, increased their global share by 22 percentage points during the previous Midterm Business Plan to reach 73% in both FY2022 and FY2023.

At the same time, we can expect future growth for bearings for medium- to high-speed engines used in small- and medium-sized ships and industrial generators, etc. Not only is the number of small- and medium-sized ships that use medium- to high-speed engines for thrust increasing but demand is growing within large ships as well for engines (auxiliary engines) to generate the electricity used on board. In addition, due to the rapid spread of AI, the number and scale of data centers is expanding globally, and data centers are increasingly preparing their own power generation facilities using medium- to high-speed engines to supply the large quantity of power consumed. Against this backdrop, major engine manufacturers around the world have started to increase their production of medium- to high-speed engines across the board, and we are currently working on a concrete capital investment plan in response to the intention of engine manufacturers to significantly increase production.

At the same time, the outlook for automotive engine bearings over the medium-term is by no means bleak. One reason is that some competitors have withdrawn from automotive engine bearings over the past few years in anticipation of a decrease in demand due to the shift to EVs. Therefore, we are receiving inquiries about projects that previously would have gone to our competitors in Europe and North America. It is expected that such “profit to the remaining players” will increase for the time being. Another reason for the positive outlook is the aftermarket demand. The bearings that are currently used in hundreds of millions of automobile engines operating around the world have different lifetimes depending on the usage environment, but at some point they will need to be replaced. Such an aftermarket is expected to increase rather than decrease in the future.

In this way, while the engine bearings in which our

### Introduction

Since the founding of DAIDO METAL GROUP in the Nagoya area in 1939, we have grown and developed into the world’s only comprehensive manufacturer of plain bearings for all fields of industry including the automotive sector, ships, construction machinery, and general industry, etc. We continue to offer high-quality, high value-added products by always listening to our customers based on our sense of mission as the world leader in tribology (friction, wear, and lubrication). At present, we have grown into a global company with

43 locations in 15 countries while also expanding new pillars of business beyond bearings, and we have earned a reputation as a trusted business partner among our business associates all over the world.

### Review of FY2023 and the Midterm Business Plan

In FY2023, we were able to increase sales due to a significant increase in orders with the resolution of the semiconductor shortage in the automotive industry and

company possesses technological strengths will be affected by the shift to EVs to some degree, we believe that they will continue to be our core business.

## Development of New Businesses

The first example which can be cited as a new business that aligns with the shift to EVs is our aluminum die-cast products business. We are producing motor covers, power control units, and other types of casings at our plant in Thailand. Last year, demand suddenly increased due to the shift to EVs, and our sales also expanded. However, production has regrettably been unable to keep up with the rapid increase in demand, and we are shipping products by air to the U.S.A. and other countries. We are also strengthening our support from Japan and working to stabilize production as quickly as possible.

At the same time, we are also advancing initiatives to open up possibilities in areas other than engines. For example, one possibility is in bearings for wind turbine generators, which are expected to grow in demand in the renewable energy field.

Currently, ball bearings are used in typical wind power generators to support the shaft that transmits the rotation of the blades, which are 200 meters in diameter, to the generator. Grease is often used for lubrication in ball bearings, but that grease dries up. If you see a row of wind turbine generator systems and the blades are stopped despite the presence of wind, it is because the grease has dried up and hardened. However, because ball bearings are structurally integrated, when they fail, the blade must be completely removed, lowered to the ground, and transported to the factory for repairs or replaced with a new blade. Each manufacturer spends tens of billions of yen annually on repair costs.

In contrast, the plain bearings that comprise our core technology use oil lubrication that is injected with a pump, so they can be used semi-permanently. Furthermore, even if the shaft burns out, the structure can be disassembled, which makes it easy to repair and



replace. This feature will be particularly advantageous in offshore wind power, which will increase going forward, and will help reduce maintenance costs and shorten repair times, etc.

We are currently investing 6 billion yen to build a new plant that will produce bearings for offshore wind turbine generators aimed at the European market. This marks the world's first use of plain bearings in wind turbine generators.

Another area with potential for applying bearings outside of engines lies in none other than the field of motors equipped in electric vehicles. Motor bearings also typically use ball bearings, but when the speed increases to 20,000 or 30,000 rotations per minute to increase the motor efficiency, ball bearings are unable to endure such conditions. Accordingly, we have started to develop bearings for motors using technologies such as magnetic bearings that support the shaft using magnetic force and air bearings that use compressed air. Since we already possess the fundamental technologies, we are working on the practical application of these bearings with the cooperation of motor and automobile manufacturers. We believe that these motor bearings will become a major market in the future.

## Long-term Vision and the Next Midterm Business Plan

As described above, during the previous Midterm Business Plan, we worked to transform the business structure to adapt to environmental changes such as the shift to EVs and achieved certain results. At the same time, we began formulating the long-term vision "Daido's Great Path to the Future" in FY2022 to indicate the journey that the Group must take leading up to 2050. While following this great path, we intend to continue to flexibly transform the Group in response to changing times and circumstances.

In that long-term vision, we anticipated the shift to EVs and estimated that the sales ratio in 2030 will be 70% for engine bearings, etc. and 30% for other products. However, as you know, the brakes have been applied somewhat to the global shift to EVs over the past year. There is an emerging sense that not all vehicles need to be EVs. In fact, there are some experts who are of the opinion that from a perspective of lifecycle assessment that includes not only when the vehicle is running but also from the production stage to the disposal stage, EVs are not necessarily the best choice in all cases. In addition, the development of engines that use hydrogen, ammonia, and other carbon neutral fuels instead of gasoline may also advance. When viewed in this way, we believe at the present time that future sales ratios may not change as much as expected in the long-term vision.

This means that automotive engine bearings may

continue to be our core going forward. However, needless to say, we cannot be complacent. The shift to EVs will occur in the long-term, and changes that we cannot predict at the present time surely await us. To flexibly respond to the uncertain times ahead, we must prepare by promoting research and development and capital investment while also deepening our investment in people. To ensure those resources, I aim to raise the operating profit margin to 10% by FY2026. While increasing the profitability of existing businesses through improved production efficiency and yields, we will work to raise the operating profit margin by utilizing AI to increase the productivity of the management departments and other white collar roles.

In light of these rapidly changing conditions, we decided to make FY2024 a year for carefully working on our plans for the future. We will pay close attention to the shift to EVs and the results of the American presidential election and formulate our next Midterm Business Plan. Setting "securing a path for current loss-making businesses," "restructuring the revenue base in our core business," and "establishing a business foundation for non-mobility fields" as our key points, we would like to set our goals for 2030, six years from now.

## Promoting Sustainability Management and Investing in Human Capital

Our Group is working to contribute to the realization of a sustainable society and increase corporate value through our business activities. As stated under "Our Duty" at the beginning of Our Corporate Philosophy, "We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society." Accordingly, since long before the SDGs were adopted in 2015, we have believed that, "A company should contribute to society, and the employees comprising the company contribute to society through the company." In order for us all to pull together in promoting the SDGs, we have incorporated the SDGs targets into the policy management of our departments and will continue to promote them.

We believe that sustainability management and our efforts toward the global environment in particular must be thoroughly implemented from the perspective that "the earth is the most important stakeholder." The French economist Jacques Attali, an intellectual giant in his field, advocated for a transition from an "economy of death" dependent on fossil fuels and chemical products to an "economy of life" centered around renewable energy, etc., and that is exactly what is now required of corporate management. The bearings etc. for offshore wind turbine generators discussed earlier can significantly contribute to the transition to an "economy of life," and engine bearings also still have a

lot of potential. In addition, we will continue to focus our efforts on carbon neutrality in our business activities through expanding the use of energy conservation and renewable energy etc.

Furthermore, we will promote investment in human capital for the "happiness of everyone in our organization" as stated under "Our Duty." Ever since I was appointed as President, I have been discussing the importance of "regarding people not as a cost but as an asset." To achieve sustainable corporate growth and increase productivity, it is essential that we provide opportunities and an environment in which each employee can fully demonstrate their capabilities. In addition to raising employee salaries, our goal is to realize a flat company structure that removes various barriers between departments, genders, and nationalities, etc.

Thinking about the happiness of our employees will also help us to be more kind to the earth. Keeping in mind that "the earth is the most important stakeholder," we believe that striving to manage the company not simply to make money but with a sense of ethics is the truest form of sustainability management.

## To All of Our Stakeholders

I have long promoted the catchphrase of "Dream, Hope, and Challenge." I would like our employees to hold these words in their hearts at all times, and as a company we must not forget the spirit of having dreams and hopes for the future and taking on challenges to achieve them. Therefore, each and every employee must live up to the principle of putting the customer first while also thoroughly implementing the concept of a "technology-based company" in every aspect of development, production, and manufacturing.

Going forward, we will increase corporate value by continuing to challenge the future in terms of both "customers" and "technology."

Finally, Tomomitsu Furukawa was appointed as President and Chief Operating Officer (COO) in June 2024. With a background in science and technology and a deep knowledge of manufacturing sites as well as extensive overseas experience launching sites in countries such as Montenegro and Mexico, Mr. Furukawa has an excellent global sensibility. I believe that he will be the ideal leader as our Group carries out various initiatives aimed at transforming our business structure.

In FY2024, we will continue to implement the policies aimed at the structural reform started during the previous fiscal year under that new system while also formulating the next Midterm Business Plan. We will make every effort to uphold our 2050 vision of "becoming the world's number one comprehensive plain bearing manufacturer," so we appreciate your continued support and encouragement.

# Value Creation Process

## Management Capital

▶P16-17

### Input

- Financial Capital
- Human Capital
- Manufacturing Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital

## Business Activities

### Activity

– Our Corporate Philosophy –  
 Our Duty Our Resolve Our Foundation  
 Our Approach Our Objective

▶P2

The philosophy that lies at the roots of our business activities



▶P18-19

## Businesses, Products

▶P26-27

### Output

- Automotive Engine Bearings
- Automotive Non-engine Bearings
- Non-automotive Bearings
- Other Automotive Parts
- Other Products

## Value Provided to Society

### Outcome

Economic Value (FY2023 results) ▶P58-59

Net sales	128.7 billion yen
Operating profit	6.0 billion yen
ROE	4.0%
Equity ratio	36.5%
Dividend per share	15 yen

## SUSTAINABLE DEVELOPMENT GOALS

### Social Value

Improving the Value to Stakeholders ▶P31

- Customers**
  - We develop and provide socially useful and safe products
- Shareholders**
  - Increasing corporate value
  - Disclose corporate information in a proactive and fair manner
- Employees**
  - Workplace environment that considers health and safety
  - Respect for diversity
- Business Partners**
  - Sustainable growth throughout the supply chain
- Local Communities**
  - Promotion of social contribution activities
  - Contribute to the development of each country and region

Environment surround our Group ▶P12-13

- Business Environment**
  - Acceleration of shift to EVs
  - Evolution toward a decarbonized and carbon-neutral society
- Corporate Management Environment**
  - Strengthen our support for sustainability
  - Moves to enhance corporate governance
- Work Style**
  - Diversification of work styles and values
  - Promoting employee health and safety

**Source of value creation**


Our Core Technologies | Quality | Global Network

**Materialities** ▶P14-15

**Midterm Business Plan** ▶P22-23

# Risks and Opportunities / Materialities

Amid the enormous changes taking place in the social environment encompassing our Group, we have identified key issues (materialities) that we need to address through efforts prioritized for each area of the ESGs, upon considering the risks and opportunities that impact our sustained growth. Where materialities are concerned, we will promote sustainability management in each ESG area through specifying KPIs by theme and working to make progress toward them, and through improving connectivity with management issues.

	Risks and opportunities involved in business activities	Key countermeasures
 <p><b>Business</b></p>	A decrease in automobiles equipped with internal combustion engines <span style="float: right;">Risk</span>	Optimize production to improve competitiveness and increase market share Development and sales expansion of EV and alternative fuel products
	Growth of EVs <span style="float: right;">Opportunities</span>	Expand sales of aluminum die-casting products for EVs and bearings for use in marine and industrial medium- to high-speed engines Enter the EV market by converting our core technologies such as tribology-based sliding* parts <small>* the action of moving something by slipping it</small>
	Increased demand for automobiles in emerging countries <span style="float: right;">Opportunities</span>	Strengthening existing businesses and expanding sales opportunities through increased demand
	Popularization of AI and IoT <span style="float: right;">Opportunities</span>	Progress in labor-saving equipment, production innovation and efficiency improvements through promotion of DX
	Responding to climate change <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Establish new businesses such as bearings for wind power generation, and step-by-step and concrete CO <sub>2</sub> reductions through energy-saving measures, the use of renewable energy, and the promotion of innovation with the aim of achieving carbon neutrality by 2050
	Tighter environmental regulations <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Develop new materials that do not contain environmentally hazardous substances, and conduct surveys on the inclusion of environmentally hazardous substances in purchased products Measures for PFAS
 <p><b>Company Management</b></p>	Strengthened ESG and SDGs <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Promote sustainability management with enhanced linkage with management issues by identifying materialities and setting KPIs
	Strengthened corporate governance <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Establish a risk management system in line with the actual business conditions of overseas affiliated companies and strengthen internal controls, and promotion of human rights due diligence
	Compliance practices <span style="float: right;">Risk</span>	Reorganize the compliance education system and enhance the whistleblowing and reporting consultation scheme, and thorough dissemination of information
	Responding to IT security <span style="float: right;">Risk</span>	Build a backup system and IT management system utilizing external data centers, and educate employees Establish in-house CSIRT*, and join the Japan Sea Cert Council <small>* CSIRT: Computer Security Incident Response Team</small>
	Risk from natural disasters <span style="float: right;">Risk</span>	Formulate BCP and implement disaster prevention drills, and purchasing fire, wind, flood, and earthquake insurance
 <p><b>Work Style</b></p>	Diversification of human resources <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Promotion of recruitment of women and foreign nationals, and Mid-career
	Diversification of work styles and values <span style="float: right;">Risk</span> <span style="float: right;">Opportunities</span>	Support remote work, conduct employee satisfaction surveys, support work-life balance, secondary employment system
	Improving the safety and health of employees <span style="float: right;">Risk</span>	Promote health management (raising health awareness, health challenges, smoking cessation measures, etc.), and health and safety activities

### Identification of Materialities (Important Issues)

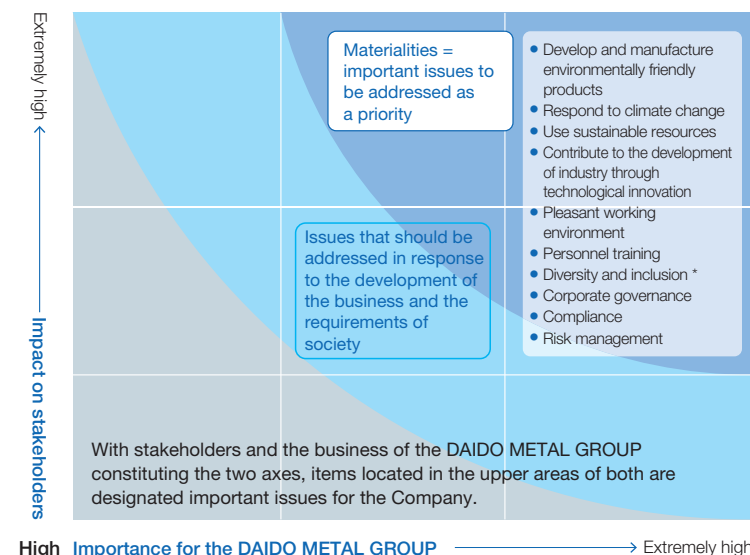
**STEP 1 Extraction of issues**  
 From DAIDO METAL GROUP policies and business plans, and matters relating to risks, SDGs, ISO 26000, GRI standards, ESG surveys and benchmarking against other companies, we have extracted 84 issues for the Group that have a significant impact on the economy, the environment, and society.

**STEP 2 Evaluation of issues (1)**  
 The order of priority for the Group of these extracted issues was assessed in the context of policies and business strategies such as the management philosophy and the Midterm Business Plan, and in conjunction with interviews with the heads of related departments and discussion by related subcommittees. 19 candidates for the important issues were extracted.

**STEP 3 Evaluation of issues (2)**  
 The order of priority for stakeholders of these extracted issues was assessed in the context of international norms, major sources of guidance, analysis of important issues at other companies and an understanding of requests from stakeholders, in conjunction with discussion by related subcommittees.

**STEP 4 Identifying issues to be addressed as a priority**  
 As a result of this evaluation 10 important issues were identified. To assess their validity the issues were reviewed by Outside Directors and Outside Audit & Supervisory Board Members, and underwent deliberation by the Sustainability Committee and the Board of Directors before being identified as materialities.

### Identification of Materialities Through Evaluation of Issues



\* Respecting and recognizing people's individuality and making use of their good points, irrespective of external attributes such as sex, age, disability and nationality, or internal attributes such as lifestyle, career history, and values.

### Materialities and KPIs

	Materialities	FY2024 Goal (KPI)	FY2023 Results	Contributing SDGs
E Environment	Develop and manufacture environmentally friendly products	① Development of plain bearings for next-generation wind power generation: Conduct an experimental evaluation in a model scheduled for mass production	Conducted an evaluation of existing models on actual equipment to prepare for mass production	
		② Provision of bearings for internal combustion engines using fuel produced by carbon recycling and grasping the effects (eg. Hydrogen or biofuels, ammonia, etc.)	Confirmed the test results from an actual unit that uses hydrogen and ammonia fuels and conducted a test to confirm the impact of various fuels	
		③ Continued activities to receive orders for DF*-type engine bearings for marine * Dual-fuel engines: Engines capable of switching between liquid and gaseous fuels to reduce environmental impact	Increase in orders received: 138 units (FY2022 83 units)	
		④ Provision of products that contribute to the environment (PFOA* free): customer application completion * Perfluorooctanoic acid (a type of organofluorine compound)	Preparation to apply to switch to PFOA-free products (applying for approval from customers)	
S Society	Respond to climate change	① Reduce CO <sub>2</sub> emissions: implement a company-wide initiative to achieve CO <sub>2</sub> emission targets for FY2030	Introduction of renewable energy (solar power generation facilities installed in Mino, Gifu Prefecture)	
	Use sustainable resources	① Investigation of the inclusion of substances of concern in purchased products is conducted twice a year	Conducted twice a year	
		② Development and productization of BDI* Deionization Equipment: expand external deployment * BDI... Battery Deionization	Conducted demonstration experiments externally and at affiliated companies	
G Governance	Contribute to the development of industry through technological innovation	① Expand the application of "electrode sheets for next-generation storage batteries": continue to deliver prototypes	Prototype deliveries (5 completed)	
	Pleasant working environment	① Certified as a Health and Productivity Management Organization (White 500) (Non-consolidated)	Certified as Health and Productivity Management Organization	
		② Promotion of taking paid leave: Minimum annual acquisition 13 days or more (Non-consolidated)	Minimum annual acquisition 12 days or more (attainment ratio 99.6%)	
	Personnel training	① Enhancement of training for managers and supervisors: Implementation of training on Harassment Response for Supervisors to Strengthen Field Capabilities	Implementation of training on the theme of unconscious bias (attended by 180 people, attendance ratio of 82.6%)	
	Diversity and inclusion	① Female managers: 7% or more (Non-consolidated) ② Employment ratio for people with disabilities: 2.7% or more (Non-consolidated) (statutory ratio for 2024: 2.5%)	5.7% (FY2022: 5.7%) 2.7% (FY2022: 2.7%)	
Corporate governance	① Enhancement of functions by implementing Board of Directors effectiveness evaluations ② Execution of executive training: Implementation of new themes that help strengthen business management	Implementation of improvement measures based on the results of the evaluation of the effectiveness of the Board of Directors (deliberations on diversity, etc.) Attended a web course on sustainability management and human capital and strengthen the functioning of the Board of Directors with respect to sustainability issues		
Compliance	① Expansion of education and awareness of contracts and laws and regulations: Holding workshops on various laws and regulations	Held a course on various laws and regulations (Civil Law, Subcontracting Law, Antimonopoly Law, etc.)		
	② Implementation of Code of Conduct comprehension check: Expansion of the scope to the overseas Group companies	Implementation rate: 100% (Domestic Group companies)		
Risk management	① Reduction of deficiencies in internal control (J-SOX) and indicated items for improvement: Less than 10 cases remaining	Number of remaining 17 cases (FY2022: 14 cases) (Consolidated)		
	② Disseminate the CSR Procurement Guidelines to suppliers: Revision of the CSR Procurement Guidelines (Revision of the Code of Ethics and Values and the Code of Conduct are reflected)	Surveyed major suppliers based on the CSR Procurement Guidelines		

# Six Categories of Capital that Support Value Creation

In holding to our basic ethos of “Quality Is Life,” we have measured up to the trust our customers place in us as the world’s only comprehensive manufacturer of plain bearings for all fields of industry. Taking as our foundation the six kinds of capital that we have built up to now, we will continue to grow sustainably as we continue to provide business operations and products that contribute to society.

## Financial Capital Investing in the future while ensuring soundness



In FY2023, we added 3.8 billion yen to our invested capital, for a total of 121.1 billion yen. This can be broken down into 57.7 billion yen in total shareholder equity and 63.4 billion yen in interest-bearing debt. Of our total assets, 45.0% were fixed assets including intangible assets, up 5.5 billion yen from the previous year to reach 84.8 billion yen.

We are now executing a plan to invest 6.0 billion yen in the Czech wind turbine business as an active investment in new business. In optimizing our business portfolio, we will build a stable financial foundation.

<b>Total assets</b>	<b>Net assets</b>
<b>188.3 billion yen</b>	<b>78.7 billion yen</b>

## Manufacturing Capital High-quality products give rise to strong trust and unlimited potential



At our 25 manufacturing bases in Japan and overseas, our Group produces high-quality products with a production system that remains consistent from materials to processing.

“Quality Is Life”— this is the basic ethos that is consistent throughout all of our organizations and activities. We carry out our own production and quality assurance activities based on this philosophy, which includes designing and fabricating jigs, dies, and production equipment in-house, adopting the latest mechatronics, and thoroughly implementing “in-line assurance,” which places responsibility for quality assurance with all production staff. We also promote environmental management including energy conservation, recycling, and industrial waste reduction. We marshal the collective intelligence of all of our production processes in efforts to continually meet our customers’ needs through production technology innovation.

<b>Domestic production bases</b>	<b>Overseas production bases</b>	<b>Capital investment</b>
<b>9</b>	<b>16</b>	<b>7.7 billion yen</b>

## Intellectual Capital Refining technologies, creating new businesses and products




We are undertaking research and development of new technologies as we apply our cumulative knowledge, experience and information to an initiative based on the six technologies of precision processing, porous materials, electrode sheets, bimetals,\* surface treatments, and evaluation/prediction technology. While further refining our existing technologies and accelerating the development of new ones, this will enable us to contribute to such growth fields as the environment, renewable energy, hydrogen society, mobility, aerospace, food, agriculture, forestry, fisheries, and lifestyle.

\* Composite materials that consist of bearing layers with diverse properties bonded to a base of steel plate

<b>R&amp;D expenditures</b>	<b>R&amp;D sites</b>
<b>2.3 billion yen</b>	<b>6</b>


## Human Capital A diverse workforce that can innovate based on the Daido Spirit



Our Group’s development has its source in individuals who have diverse expertise, experience, values, and sensibilities. We hire and train employees who demonstrate creativity and bring about innovation rooted in the Ambitious, Innovative, Challenging Daido Spirit.

<b>Recruitment</b>	<b>Education and development</b>	<b>Career path</b>
We keep in mind the ratio of women when hiring new graduates, in conjunction with this, we also actively engage in mid-career recruitment in order to incorporate diverse values.	We maintain a range of educational programs, including education by rank adapted to the trainee’s anticipated role, as well as language learning support to help with globalization. We encourage employees to transform their consciousness and behavior in ways that enable them to practically apply in the workplace all that they learn in training as they autonomously increase the value of their work.	We have a system of consulting on one’s own career with senior coworkers, and have introduced it at on-site departments as well. We also encourage independent career formation by allowing side jobs through our permit system.
<b>Number of employees</b>		
	<b>7,055</b>	<b>1,377</b>
	(Consolidated)	(Non-consolidated)

## Social and Relationship Capital Engagement with diverse stakeholders



It is crucial that we build good relationships with customers, shareholders, suppliers, local communities, and all other stakeholders.

We will fulfill our social responsibilities so that we can respond to the varied requirements of society and the voices of all our customers. We are actively engaging in pro bono activities to support NPOs, community contribution activities such as food drives, and participating in reforestation projects and other biodiversity conservation activities.

<b>Domestic sales locations</b>	<b>13</b>	<b>Overseas sales locations</b>	<b>23</b>
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## Natural Capital Working to reduce environmental impact



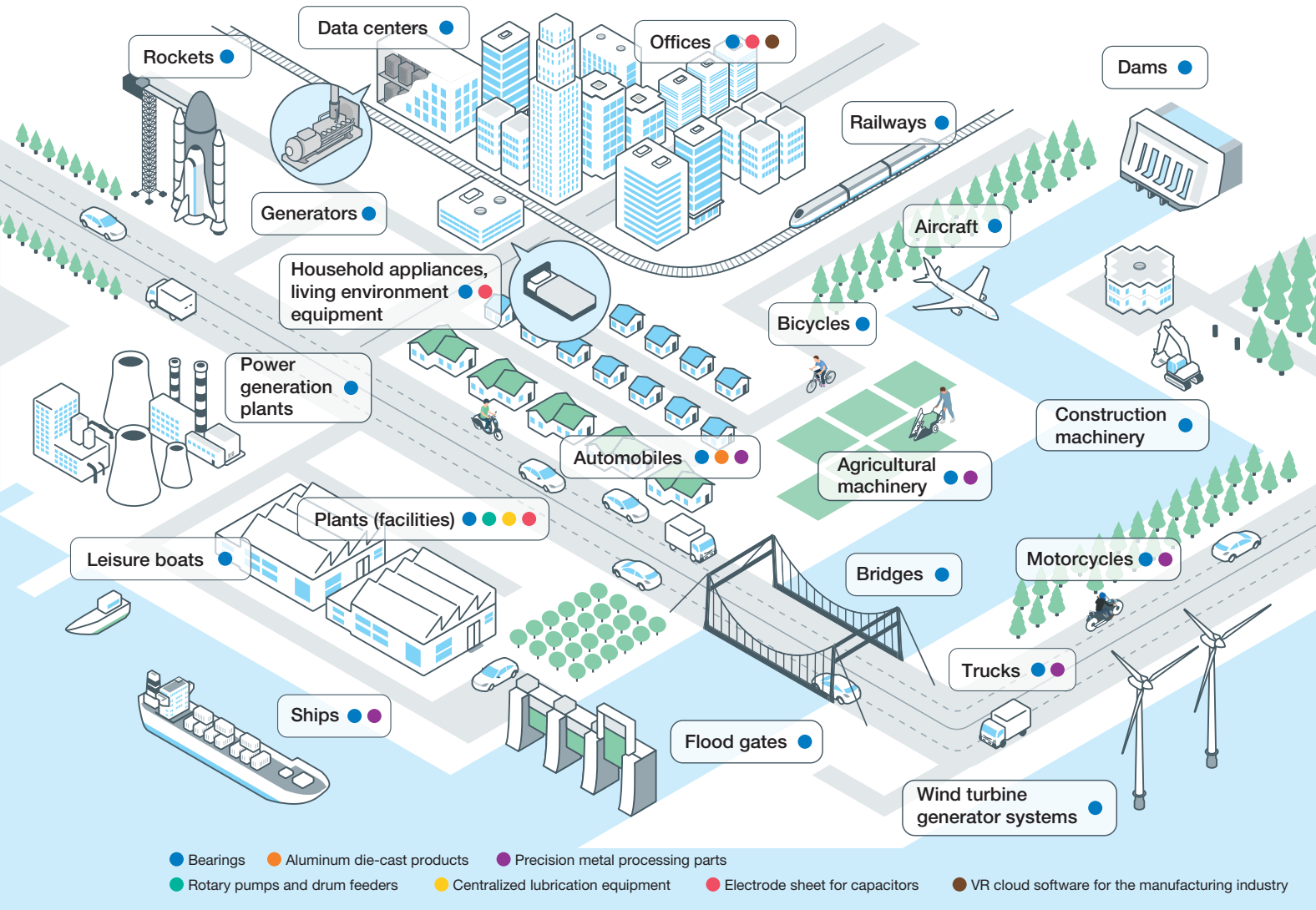
As our Group business activities use industrial water and large quantities of mineral resources as raw materials for our products in the processes of plating and processing, we are actively engaged in reducing our environmental impact. Our efforts to reduce waste include the implementation of meticulous efforts to reduce plating waste liquids, and to reuse lubricants and solvents.

Our whole Group is working in stages to reduce CO<sub>2</sub> emissions in order to achieve carbon neutrality by 2050.

<b>Energy consumption</b>	<b>Water consumption</b>
<b>1,768,198 GJ</b>	<b>922,000 m<sup>3</sup></b>
(Consolidated)	(Domestic locations)

# Value Generated in Society

Today, the products of the DAIDO METAL GROUP continue to contribute to society and people's affluent lives in various locations around the world.



## Automotive Engine Bearings ●

Bearings for automobiles (passenger cars, trucks, racing cars) engines, bearings for two-wheeled engines, bearings for engine accessories (turbocharger and balancer mechanisms), etc.



Half-shell metal



Thrust washers



Turbocharger bearings

## Automotive Non-engine Bearings ●

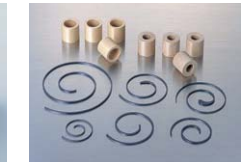
Bearings for automotive parts (transmissions, shock absorbers, air conditioning compressors, steering), etc.



Shock absorber bushings



Starter bushings



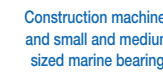
Injection molded bearings

## Non-automotive Bearings ●

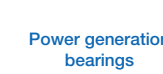
Bearings for marine low-speed engines, bearings for marine/industrial medium and high-speed engines, power generation equipment (water mills / thermal power / turbines), industrial equipment (compressors / acceleration / reductions gears) etc.



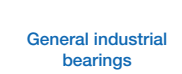
Large-sized marine bearings  
Low-speed engine bearings



Construction machinery and small and medium-sized marine bearings  
Medium- to high-speed engine bearings



Power generation bearings  
Special bearings (for turbines, etc.)



General industrial bearings  
Dry bearings

## Other Automotive Parts ●●

Aluminum die casting parts for automobiles (incl. electric vehicles), automobiles and motorcycles for bent pipe products, machined products and knock pins, etc.



PCU case



Machined products

## Other Products ●●●●

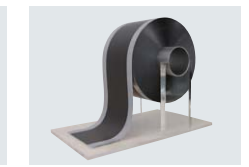
Metal-based unlubricated bearings business, pump-related products business, centralized lubricating equipment, and the electrode sheet business for electric double layer capacitors, etc.



Rotary pumps



Centralized lubrication systems (MR, LUB)



Electrode sheet for electric double layer capacitors

## Value chain

Since the founding of our company in 1939, we have contributed to society as the world's only "comprehensive plain bearing manufacturer" that supports motions such as rotation, sliding, and oscillation in equipment of all fields of industry, including automobiles, ships, construction machinery and general industry. By understanding global trends as well as customer and social needs, we have focused our efforts on pursuing higher quality and increasing the added value of our products. Going forward, we will continue to offer consistently top-level, attractive products as the global tribology leader.

### Development and Design

Working on the basis of our proprietary technologies, we pursue activities that lead to further development of existing technologies, as well as new future products, technologies, and businesses. We also stay informed of global technology trends and needs.

#### Specific initiatives

- Use collection tools to make research and development activities more efficient
- Carry out activities ahead of customer needs according to the development roadmap

### Procurement

We procure raw materials and parts, as well as production equipment and subsidiary materials, on the basis of development and design specifications. In partnership with our suppliers, we realize high-level QCD and stable procurement.

#### Specific initiatives

- Strengthen our partnerships with suppliers through the activities of organizations made up of major business partners

### Production and Manufacturing

We exercise strict management over manufacturing, quality, cost, and delivery. At our major plants in Japan and overseas, we promote uniform management of production status and scheduling.

#### Specific initiatives

- Build systems that enable us to globally understand facility information
- Visualization of the plant production status

### Sales

Our sales and engineering departments work as a unit to get a handle on the needs of customers and society, then to make technical proposals leading to orders. We join forces with the relevant offices worldwide for work on global projects.

### Use and Reuse

To use limited resources effectively, we promote the cyclical use of metals and other resources used in the production of products.

#### Specific initiatives

- Reuse of some raw materials
- Reduce packaging materials

## Message from the COO



To move to a new stage while remaining persistently focused on bearings, we will transform our organizational structure into one that can flexibly adapt to the changing times.

### Tomomitsu Furukawa

President and COO

#### Learning the “origins of manufacturing” through overseas experience

My name is Tomomitsu Furukawa, and I was recently appointed as President and Chief Operating Officer (COO).

I am often introduced as having a background in manufacturing with extensive global experience. However, for the first ten or so years after joining the company, I gained experience in departments such as Quality Assurance, Product Development, and Product Design. This work involved understanding what the customers wanted to say and realizing the required specifications. Later, our company made its first full-scale expansion into Europe, and we were required at that time to apply local German standards by a partner. As a result, I was chosen to lead that effort as someone who was well-versed in quality assurance and subsequently became involved in our overseas business. Before long, I began traveling all over the world to the U.S., Thailand, Europe, and China as the company started manufacturing close to customer production sites as part of “local procurement efforts.” Little by little, I learned about manufacturing and plant management as I got the plant production of a company we had acquired

in Montenegro up and running and built a plant in China and launched the production line.

When I first went to Montenegro, it was at a time when there were still many bullet holes in the walls of Belgrade Airport. In order to work with the local people at such locations, it was necessary to understand first and foremost how they work. Do you eat fish with chopsticks or a knife and a fork? To cut down a tree, do you pull or push the saw? Because their language and culture differ from ours, we absolutely cannot communicate with them unless we simplify our organization and way of working. Setting up the same facility does not necessarily mean that they will produce the same products as Japan. I was reminded once again that we have no choice but to carefully teach others while respecting their ways of thinking and doing things. For me, that was an experience that made me think about the “origins of manufacturing” so to speak. By nature, I have always tended to question assumptions that were taken for granted, but my habit of always thinking about things from different angles was further refined by my long experience overseas.

Later, I served for several years as the head of our local subsidiaries in Montenegro and Mexico and also gained a variety of experiences as the head of the Group company that is our domestic manufacturing base. I am very grateful for the opportunities to tackle

the challenge of uncharted territories on several occasions when our Group has undertaken new endeavors, and I feel that these were valuable experiences.

#### Desire to “remain focused on bearings”

My favorite expression is, “If you can dream it, you can do it.” I have advanced through my career thus far while remembering these words whenever I run into a wall. I still have many dreams, and one is to “remain focused on bearings.”

Currently, the shift to EVs is a problem that our Group cannot avoid. Over the past few years, many have said that there is no future in automobile engines and the future outlook for our Group is bleak. I have even been told that the “demand for automotive engine bearings will disappear by 2030.” My dream is to remain persistently focused on bearings and prove those opinions wrong. To put it in extreme terms, we are prepared to “make the last automotive engine bearing.” To convey how committed we are to bearings, I have made such a declaration to our customers as well.

Personally, I do not believe that all automobiles will become EVs in the near future. After all, I have worked in countries with unreliable electrical conditions where the power would shut off multiple times a day and cause machinery to malfunction. I think that it will be challenging to rapidly develop the infrastructure to support EVs in such countries. If we look at recent trends, the tendency to praise EVs seen a short while ago has changed, so we are determined to carry out this commitment with the spirit that we will be the ones to make “the last bearing.”

However, it is a fact that the demand for automotive engine bearings will decline going forward over the long term. “Remaining focused on bearings” does not mean to idly watch that situation but to take the best possible action according to the situation. As one example, the Global Management for Production Machinery Division was newly established in FY2023, I was appointed as the head of the Division, and we reorganized our domestic and overseas production systems. For example, if the bearing trade declines in a certain region of Europe, then we make drastic decisions such as taking the production facilities located there and moving the line to a region where demand is truly growing. In addition, remaining focused on bearings means that our Group can grab the market share of companies that withdraw from the bearings market.

In this way, we will continue to quietly pursue automotive engine bearings as a major pillar of our Group’s business while reviewing our production system. However, we will narrow down our investments in that field including human capital. Instead, we will accelerate our investments in bearings for medium- to high-speed engines which are in high demand in ships,

large trucks, and data centers etc. This is how I think about “remaining focused on bearings.”

#### Transforming into a “fast-changing company”

A major strength of our company as a “comprehensive manufacturer of plain bearings” lies in the fact that we are expanding our business in all directions. We are blessed with great customers, and as an independent company, information also comes in from all directions. In order for our Group to grow further going forward by applying that strength, we require the flexibility to respond to unpredictable changes in these times, or in other words the “ability to change quickly.” Our goal in the next Midterm Business Plan, which we are formulating for the following fiscal year, is to create such a flexible organizational structure.

Management plans typically require continuity. However, when a massive change in the situation occurs, it is meaningless to continue investing just to draw a graph that shows how far results have fallen. Instead of doing that, I would prefer to quickly change and go somewhere else. In order to prepare for this, we are organizing our existing bearings business etc. and have already started to shore up and invest in areas that we will focus on going forward. At the starting point of the next Midterm Business Plan, we should be prepared to both firmly maintain and expand those areas of focus in the future. While paying close attention to our long-term vision for 2050, we will transform into a “fast-changing company.”

When I was busy launching sites in locations around the world, my boss at the time often told me, “a well digger must keep digging wells.” After digging one well, he had me immediately go dig the next one. Ever since then, I have been prepared to continue digging wells. Thus far, I have used billions of yen to build many large vessels (wells), and I believe that the job entrusted to me is to steadily produce those results (water). The stakeholders expect me to “use my experience in world-class manufacturing to lead the company to a new stage.” Going forward, I will continue to take on challenges keeping the phrase “if you can dream it, you can do it” in my heart, so I wish to humbly request your continued support and encouragement of our Group.

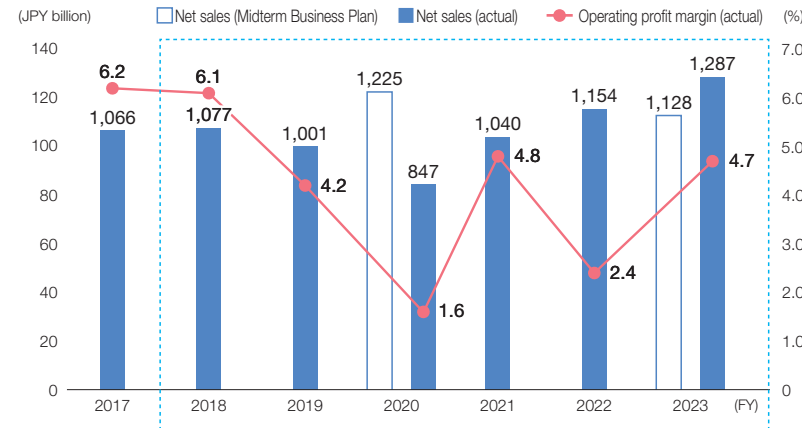


# Midterm Business Plan (2018~2023)

Our Group has formulated the Midterm Business Plan “Raise Up ‘Daido Spirit’ -Ambitious, Innovative, Challenging-” to achieve sustainable growth over the medium- to long-term with the goal of increasing corporate value.

## 1. Trends in Net Sales and Operating Profit

In addition to the impact of the spread of COVID-19, the rise in raw material and resource prices due to the prolonging of the situation in Ukraine, the geopolitical risks in countries and regions where our Group is expanding its business, and exchange ratio fluctuations have had a complex and significant impact on the Group’s net sales and profits.



## 2. Global Market Share



### 1 Share of automotive engine half bearings

Our market share grew steadily to reach 36.7% in 2021 and 2022. However, due to sluggish sales of internal combustion engines in China, etc., market share decreased in 2023 despite maintaining the top share position.



### 2 Low-speed and medium- to high-speed marine engines share

Our market share grew steadily in the low-speed segment to reach 73% in 2022 and remained at the same level in 2023 while the medium- to high-speed segment increased by 10 points in the latter three years compared to the first three years due to strengthening the development of the Chinese market, etc.

#### Global market share of plain bearings

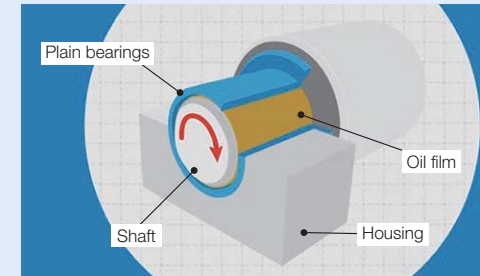
	2017	Results for the first three years			Results for the latter three years			Compared to 2017 (%)
		2018	2019	2020	2021	2022	2023	
(Calendar year basis/values estimated by DAIDO)	①						②	②-①
Automotive engine half bearings	32.5	33.1	33.0	33.5	36.7	36.7	33.3	+0.8pt
Turbochargers (Small turbo)	28.0	24.0	20.5	19.6	18.4	17.9	15.4	△12.6pt
Low speed marine diesel engine	51.0	54.0	55.0	58.0	66.0	73.0	73.0	+22.0pt
Medium to high-speed marine and industrial diesel engine	15.0	15.0	15.0	15.0	23.0	24.0	25.0	+10.0pt
Polymer bearing	12.8	12.9	12.8	12.9	13.0	13.0	13.1	+0.3pt
Industrial High-speed rotating machinery	3.7	3.7	4.6	4.9	5.6	6.3	7.4	+3.7pt

## 3. Creating/fostering new business lines

In addition to expanding sales of components for electric vehicles, we are continuing to actively develop the market for bearings for wind power generation as a contribution to green energy.

**We are strengthening our efforts in bearings for wind power generation which are expected to grow in demand going forward**

### Structure of the main bearing for an offshore wind turbine generator



#### Fluid lubrication bearing

Designed to support the load through an oil film formed between the shaft and the plain bearing

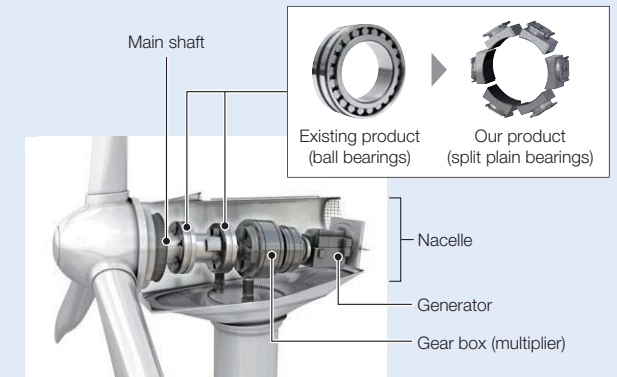
Used in hydroelectric power generation for 25 years and in steam and gas turbines for more than 10 years

#### Product feature 1 Improve the lifetime of wind turbine generators

The use of standard technology for dynamic load machinery significantly improves noise and vibration and increases shock absorption → Improves the lifetime of wind turbine generators

#### Product feature 2 Maintenance time and cost are reduced

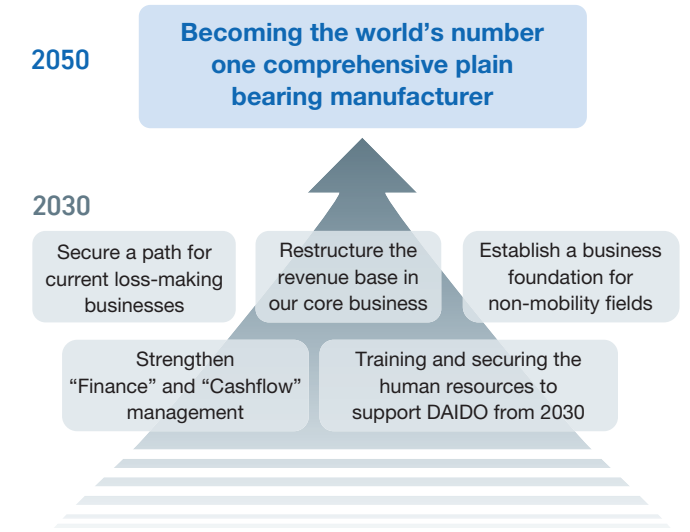
As each part can be disassembled, the bearings can be replaced within the wind turbine nacelle without removing the blade → Eliminates the need for large ships and cranes, which helps reduce the replacement time, generation down time, and replacement cost



## 4. Formulating the Next Midterm Business Plan

As the business environment is expected to undergo more drastic changes than ever before, in order to remain a company that continues to achieve sustainable growth and contribute to society, we recognize that we must formulate the next Midterm Business Plan after considering and examining “the ideal form of the Group in 2030,” “the mid-term roadmap for improving the issues facing the Group,” and “the establishment of systems to flexibly deal with changes in the business environment.” Therefore, the current fiscal year (FY2024) is positioned as a period to prepare for the formulation of the next Midterm Business Plan, and we plan to formulate and announce the next Midterm Business Plan around May 2025.

#### Direction to be pursued



# Financial Strategies

The DAIDO METAL GROUP will implement appropriate and agile financial strategies while staying up to date with changes in the business environment.

**Hiroki Ito**  
Head of the Finance Planning Division



## Review of the Midterm Business Plan and Future Outlook

### 1. Ensuring financial health and actively investing in growth areas

Compared to the fiscal year ending 31 March 2021 interest-bearing debt increased by 4.9 billion yen, but net interest-bearing debt decreased to 4.0 billion yen due to increased deposits.

To prepare for the possibility that the market may further contract, we have been cautious about capital investment regarding automotive engine bearing related investment during the latter half of the planning period. Capital investment continued to decline from the fiscal year ending 31 March 2021 until 31 March 2023, but is starting to increase in the fiscal year ending 31 March 2024 due to significant investment in wind turbines. In addition, we managed our funds with the goal of reaching a capital adequacy ratio of 35% and slightly exceeded our target with a ratio of 36.5%.

### 2. Healthy capital investment

We launched a primary capital investment review board to reform our capital investment and started investment operations with the following objectives.

#### Trends in net sales and operating profit (FY2018 to FY2023)

Consolidated basis (fiscal year)	2018	2019	2020	2021	2022	2023
Net sales (JPY billion)	107.7	100.1	84.7	104.0	115.4	128.7
Operating profit (JPY billion)	7.2	4.1	1.3	5.0	2.8	6.0
Operating profit margin (%)	6.7	4.2	1.6	4.8	2.4	4.7
ROE (%)	7.9	4.9	0.2	3.3	△3.6	4.0

- (1) Set an upper limit on investment for the proper management of depreciation
- (2) Set threshold standards and clarify the significance and purpose of individual projects
- (3) Curb unprofitable investments through a strict review of economic potential

We are beginning to see results such as the optimization of investment timing, drafting of medium- to long-term renewal plans, and investment reviews for greater investment efficiency.

### 3. Dividend policy and increasing corporate value

With the goal of maintaining stable dividends, we paid dividends even when operating in the red. We have implemented measures to achieve our ROE target but have not yet done so.

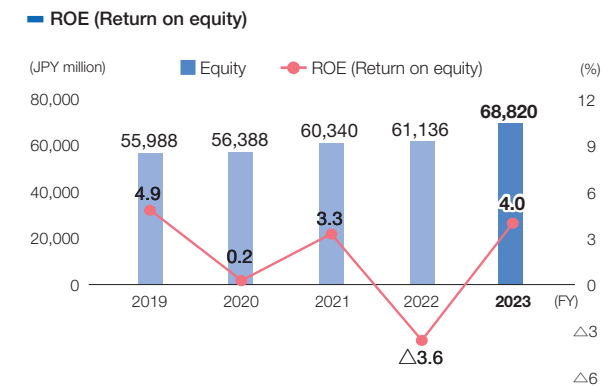
## Financial Strategy That Considers Capital Costs

Our Group set target values for the operating profit margin and ROE in the previous Midterm Business Plan. We recognize that increasing ROE in particular is the top management priority, and we are enacting measures to achieve that target.

We believe that increasing net income is essential to increase ROE. Therefore, we will set a target for improving the operating profit margin, promote a company-wide plan to pass on rising labor costs and the impact of inflation, promote the elimination of unprofitable products, strengthen the management of low-profit companies, and reduce costs (bimetal cost, curb capital investment, and expensive management and effective use), etc.

In addition, our Group recognizes the importance of “realizing management that considers capital costs and the share price” for sustainable growth over the medium to long term. Based on that recognition, we will

incorporate growth strategies and future policies, such as targeting an ROE that exceeds the cost of shareholders' equity, in the next Midterm Business Plan, which will start in April 2025, to continue making improvements over the medium to long term.

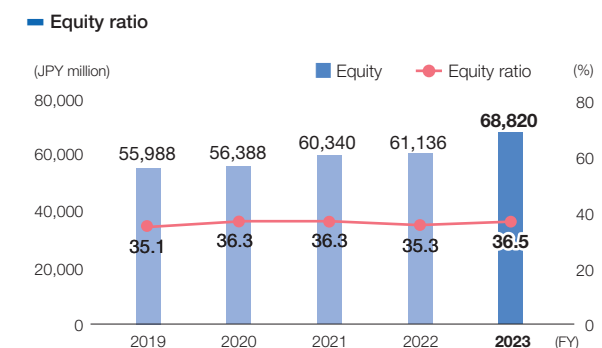


## Investment Strategy and Financial Strategy

The Group considers resolving issues associated with environmental changes caused by working towards a sustainable society to be a business opportunity. It is therefore pivoting away from the previous business model, which was based on the internal combustion engine and fossil fuels, and making investments towards carbon neutral business (as epitomized by electric vehicles) and renewable energy such as wind and hydroelectric power.

Within this context, as it seeks to maintain its competitive advantage against global competition the DAIDO METAL GROUP will continuously implement capital investment, and will provide the necessary financing while ensuring financial soundness with an equity ratio of around 35%. The DAIDO METAL GROUP uses the consolidated capital to asset ratio as an indicator of financial structure, and aims for at least 35%. The Group has implemented continuous programs of capital investment and M&A in order to optimize its business portfolio in response to changes in society.

By considering a variety of funding sources, we will build a stable financial structure that targets a capital to asset ratio of at least 35%, even in cases where we implement significant M&A or other investments as part of modifications to the business portfolio.



## To All Shareholders and Investors

It is the Company's policy to pay appropriate dividends to our shareholders, based on the results of operation and payout ratio, and to maintain a stable and sustainable level of dividend in overall consideration of the internal reserve for future business development, expansion of research and development, strengthening of business foundations and changes to the business environment.

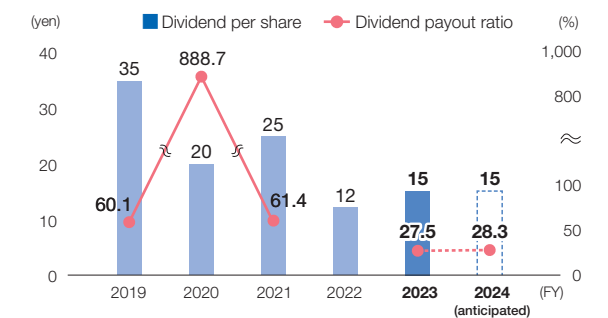
The Company has a fundamental policy of making a dividend of surplus twice a year, i.e. an interim dividend and a year-end dividend. The decision-making bodies for these dividends of surplus are the Shareholders' Meeting for the Year-end dividend, and the Board of Directors for the interim dividend in accordance with the provisions of the Company's Articles of Incorporation.

To achieve sustainable growth through corporate management from a medium- to long-term perspective, we must develop a production, sales, and technology base system that responds to future market trends and changes, increase the productivity of domestic and overseas subsidiaries to the company's level, and maintain world-class product, design, manufacturing, production, and development technologies.

In addition, while considering the balance between the distribution of profit to shareholders, we intend to invest our assets in an effective and efficient manner including the creation of new businesses, training initiatives and a strengthening of the management foundation, active research and development of new products and production technologies, etc., increased manufacturing capabilities, utilization and introduction of advanced technologies through industry-government-university partnerships, and corporate defense through intellectual property rights, etc.

To meet the expectations of our shareholders and investors going forward, we will continue to establish business strategies for sales, production, technology, and new businesses from a medium- to long-term perspective with the goal of stable development and growth.

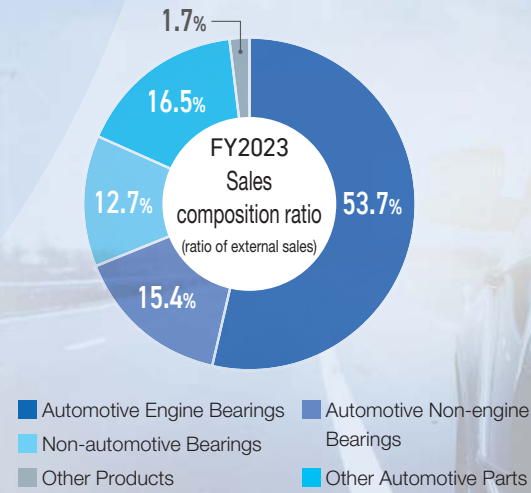
### Dividend per share/dividend payout ratio



\* The FY2019 dividend includes the commemorative dividend (5 yen) to mark the 80th anniversary.

# Business Summary (Summary by Segment)

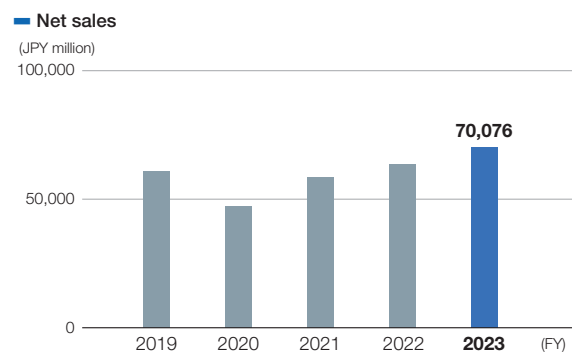
Our Group has set “becoming the world’s number one comprehensive plain bearing manufacturer” in 2050 as the direction to aim for in terms of our long-term vision, and our goal is to capture the top share of the global market in all areas of plain bearings. These include die-cast aluminum products for electric automobiles such as EVs, PHVs, and HVs. We also intend to make progress in expanding our business by boosting the ratio of sales other than for automotive engine bearings. Our plans call for expanding market share by maintaining and reinforcing our worldwide sales system to respond to growing demand for specialized bearings used in wind power generation and other types of renewable energy in general industry, an existing business area where growth is anticipated.



Unit: JPY million (before the elimination of transactions between segments)  
 (● Revenue increase/profit increase factors ▲ Revenue decrease/profit decrease factors)

### Automotive Engine Bearings

**Business description** Bearings for automobiles (passenger cars, trucks, racing cars) engines, bearings for two-wheeled engines, bearings for engine accessories (turbocharger and balancer mechanisms), etc.

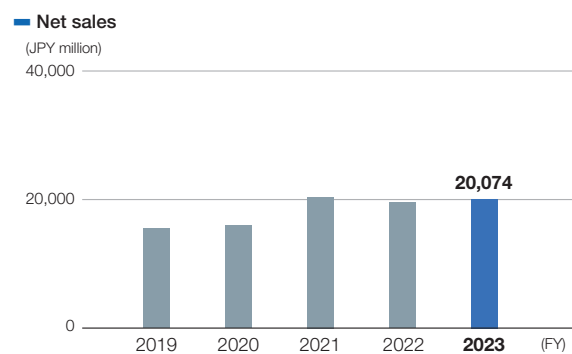


**Net sales** Year-on-year change **+6,606 (+10.4%)**

- **Japan:** Orders significantly increased due to the resolution of the semiconductor supply shortage in passenger vehicles and strong sales of new vehicles
- ▲ **Japan:** Orders decreased due to a decline in the demand for trucks in Southeast Asia (Indonesia, Thailand, etc.) and for use in industrial machinery in China
- **Europe and the US:** Orders increased due to the resolution of the semiconductor supply shortage
- **South Korea:** Orders increased due to strong sales of SUVs in North America
- ▲ **China:** An increase in demand was seen among Japanese manufacturers in the second half, but orders for the full year decreased slightly

### Automotive Non-engine Bearings

**Business description** Bearings for automotive parts (transmissions, shock absorbers, air conditioning compressors, steering), etc.

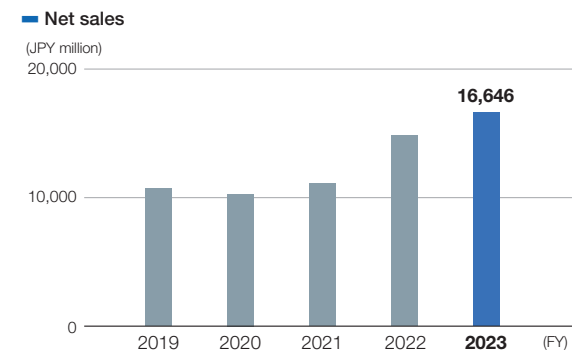


**Net sales** Year-on-year change **+584 (+3.0%)**

- **Japan:** Orders increased due to the resolution of the semiconductor supply shortage
- **Europe:** Orders increased due to a rebound in demand

### Non-automotive Bearings

**Business description** Bearings for marine low-speed engines, bearings for marine/industrial medium and high-speed engines, power generation equipment (water mills / thermal power / turbines), industrial equipment (compressors / acceleration / reductions gears) etc.

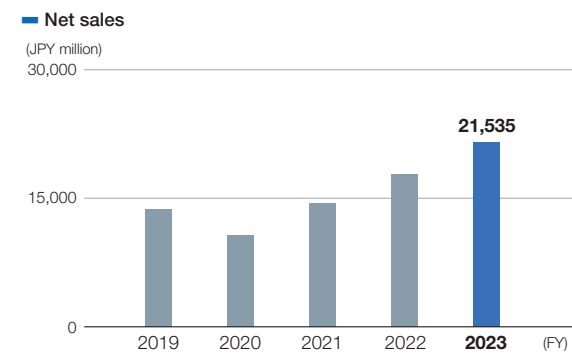


**Net sales** Year-on-year change **+1,838 (+12.4%)**

- **Large ships:** Rising demand for container and other large ships, continuing development in China, and increased orders for service parts due to the recovery from COVID-19
- **Construction machinery/small and medium-sized ships/industrial generators, etc.:** Orders for construction machinery service parts decreased due to inventory adjustments, but the demand for assembly is robust. Orders increased for bearings for medium- to high-speed engines used in auxiliary ship engines and generators, etc.
- **Electrical power energy/industrial compressors, etc.:** Orders increased due to strong demand for bearings used in high-efficiency generator gas turbines that use natural gas and other fuels

### Other Automotive Parts

**Business description** Aluminum die casting parts for automobiles (incl. electric vehicles), automobiles and motorcycles for bent pipe products, machined products and knock pins, etc.

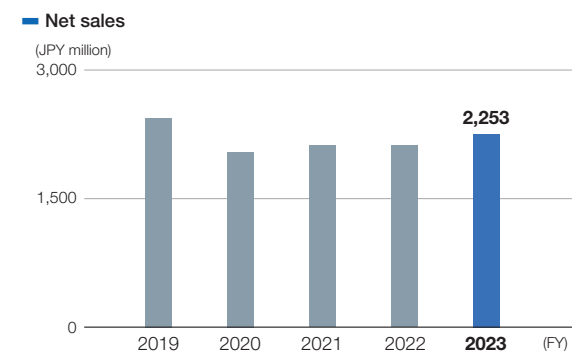


**Net sales** Year-on-year change **+3,784 (+21.3%)**

- **Aluminum die-cast products:** Orders increased due to strong demand for components for electric vehicles in North America
- **Precision metal processing parts:** Orders increased due to an increase in demand with the resolution of the semiconductor supply shortage in Japan and the US and new components for electric vehicles in North America

### Other Products

**Business description** Metal-based unlubricated bearings business, pump-related products business, centralized lubricating equipment, and the electrode sheet business for electric double layer capacitors, etc.



**Net sales** Year-on-year change **+128 (+6.0%)**

- Orders for metal-based unlubricated bearings increased due to the market recovery and development activities as well as the resumption of capital investment in the pump-related products business

# Technology Development Strategy

Amid the global movement towards a carbon-neutral, sustainable society, social requirements and customer needs are diversifying. Our Group is promoting global cooperation in four regions of the world to accelerate technology development, actively propose new products, and tackle the challenge of creating new businesses.

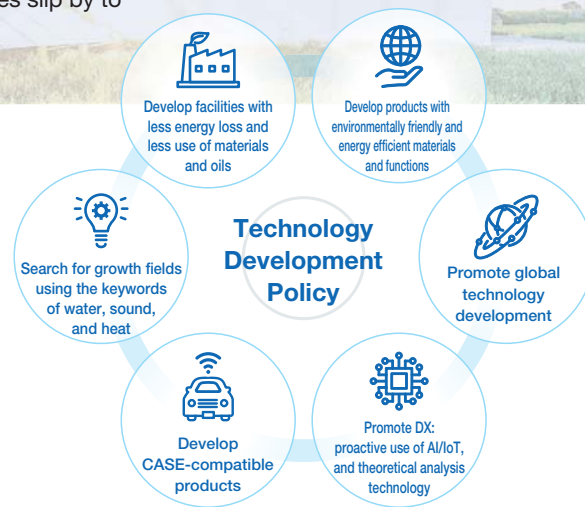
The mobility field is facing a once-in-a-century cataclysmic transition. In addition to increasing the efficiency of various internal combustion engines and supporting hydrogen, ammonia, and other alternative fuels, we are developing EV-compatible parts.

In the non-mobility field, we aim to create new markets by taking advantage of opportunities to reduce environmentally hazardous substances and the shift to sustainable materials in addition to expanding the deepened scope of application of plain bearings, to contribute to SDGs and other global society, environmental, and energy fields. In addition, we are actively promoting the creation of new businesses that utilize our core technologies under the keywords of water, sound, and heat.

Our Group's technical centers in various locations around the world share technical information and the results of joint research with research institutions, etc. Going forward, we will continue to be sensitive to change through these cooperative activities and tackle the challenge of developing new products and technologies that we can propose to customers without letting any opportunities slip by to contribute to global society.



**Arihiro Yoshida**  
Head of the Technology Division



## Technology Development Policy

Through our business, we aim to solve social issues faced by the industrial world, such as climate change, mobility change, and energy shift. We are actively promoting the development of products that create new value by reducing frictional resistance and energy loss in response to 'movement' in a wide range of fields around the world.

## Make the Most of Six Technologies to Create New Businesses

Based on the six technologies, i.e. precision processing technology, porous material, electrode sheet, bimetal, surface treatment, evaluation/prediction technology, we are engaged in research and development of new technologies by making full use of our knowledge, experience, and information. We will make a contribution

to growing fields, e.g. environment, renewable energy, hydrogen energy-based society, mobility, aviation, space, food, agriculture, forestry and fisheries, and lifestyle, by brushing up on the existing technologies and accelerating new technology development.

Social issues	Technologies	Fields of contribution
Climate change	Precision processing technology (accuracy, ecological performance)	Environment
Mobility change	Electrode sheet (activated carbon sheet-forming technology)	Renewable energy
Energy shift	Surface treatment (plating, coating, PVD*)	Hydrogen society
	Porous material (crystal)	Mobility (electrified vehicles)
	Bimetal (cladding, sintering, impregnation)	Growth fields such as aviation, space, food, forestry and fisheries, and lifestyle
	Evaluation/prediction technology (measurement, theoretical analysis)	

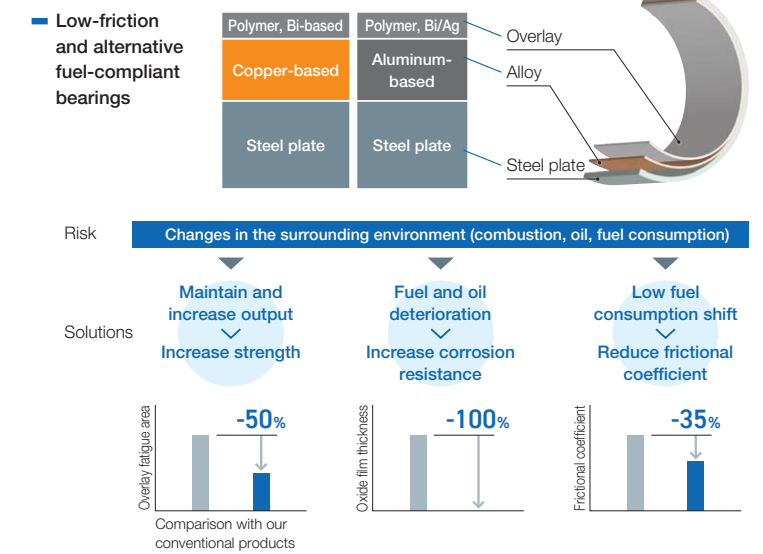
\* Physical Vapor Deposition, a technology used in the surface treatment of metals

## Product Development in the Mobility Field

### Automotive Engine Bearings

With the goal of carbon neutrality, we are developing low-friction bearings that increase engine efficiency and researching new materials for use in electric vehicles (EV).

In addition, we are tackling the challenge of researching and developing the application of plain bearings to motors. We are also advancing the development of bearings that can accommodate biofuels and carbon-neutral fuels (hydrogen, synthetic fuels, etc.) that are being considered for application as fuels in internal combustion engines going forward.



### Non-automotive Bearings

We have developed and offer a new lead-free overlay that is compatible with the high surface pressure of medium- to high-speed engine bearings used in auxiliary ship engines and generators etc., and we have continued to obtain positive results. In addition, we have developed a lead-free copper alloy that can be used in gas engines and other special environments, and we are providing this alloy for use in experimental evaluations.

Furthermore, we are researching the impact on bearings when alternative fuels (hydrogen, ammonia, methanol, etc.) are used in both low-speed and medium- to high-speed engines and have started to exchange views with some customers.

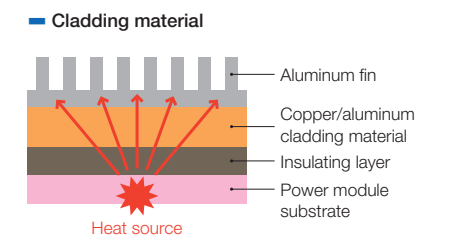


Medium- to high-speed engine bearings

## Product Development in Non-mobility Fields

We are conducting research and development to follow carbon neutrality and environmental regulations not only in the mobility industry but also a wide range of industries. In the energy field, we are advancing the development and market assessment of special bearings for wind turbines.

In addition, we are moving forward with the application development of laminate materials that incorporate cladding technology to bond different metal materials as well as applications for porous metallic substances that apply sintering technology to combine sound absorption, water absorption, and heat-dispersing properties.



## Intellectual Property Activity Initiative

### Basic Concept on Intellectual Property

We strive to properly manage the intellectual property rights that we possess to prevent infringement by third parties while also establishing in the "Code of Conduct" that we do not use the intellectual property rights of other people or companies without permission.

Moreover, we will continue to further refine the bearing technologies that we have accumulated through research and development as well as technology innovation over many years while also focusing on patents, utility models, trademarks, and designs to expand our new intellectual property portfolio to solve social issues through our businesses, create new business, and contribute to local communities.

### Promoting Intellectual Property Activities

As a result of the organizational change in FY2023, the Intellectual Property Group is taking a cross-sectional view of the Technology Division and driving the development of IP strategies and activation of IP activities.

Moreover, in order to support strategic research and development activities from a medium- to long-term perspective, going forward we will promote digital transformation and support the creation of new businesses through the utilization of AI, reduce the number of hours for patent searches, and streamline and automate IP operations while also focusing our efforts on maintaining and strengthening our rights by enhancing personnel training and awareness activities, protecting and strengthening IP, engaging in anti-counterfeiting measures, and other activities.

## Sustainability

Our Group has set “the realization of a sustainable society and company by resolving social issues through our business activities” as a basic sustainability strategy, and we have continued to create and provide value to society.

Under the Sustainability Committee launched in 2021, we have worked on a wide range of themes including our climate change response, formulation of our human rights policy and the promotion of human rights due diligence, and the construction of a global risk management system.

We believe that sustainability is not a special activity but an integral part of our business activities. This basic concept is also celebrated in our Group’s corporate philosophy as our “contribution to the global community,” and we carry out our business activities based on this philosophy. However, the reality is that we must flexibly adapt to changes in the world. In order to continue to be sustainable, we must engage in special activities aimed at the realization of sustainability such as launching committees, etc. in addition to our corporate philosophy. Ultimately, those activities will evolve into business activities themselves. We believe that by repeating this process, sustainability management will continue without interruption.

Based on this belief, our Group has responded to changes in the past and adjusted its systems. Starting from this year, the Sustainability Division was placed under the Corporate Planning Division to link the management strategy and sustainability to carry out more efficient and effective activities. As the world changes, there will be no end to activities to remain sustainable. Going forward, our Group will continue to promote sustainable management.



**Yukihiro Kagohara**  
Head of the Corporate Planning Division

### DAIDO METAL GROUP’s 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.



### Sustainability System

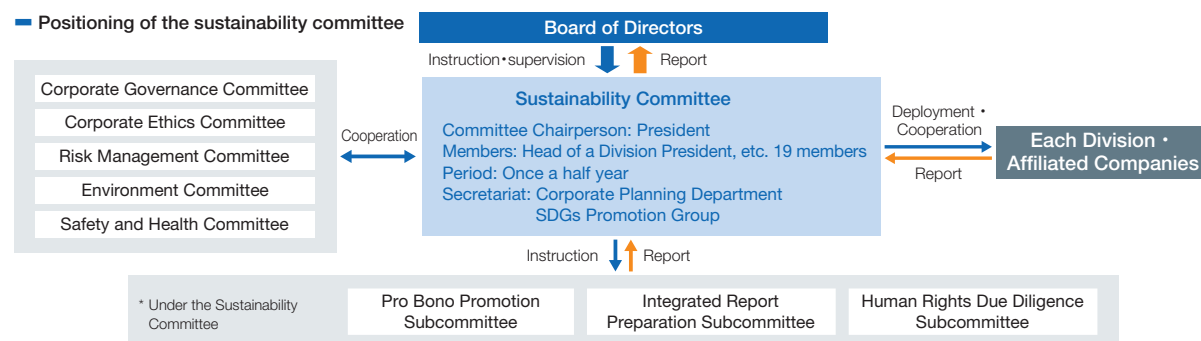
Our Group established a Sustainability Committee that deliberates and discusses initiatives aimed at resolving issues concerning sustainability activities.

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.



### 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.

**Customers**

**Policy and Attitude of the Group's Efforts**

- We develop and provide socially useful and safe products, and gain satisfaction and trust.

**Examples of Dialogue and Communication Methods**

- Exhibiting at various exhibitions
- Exchange information through our point of contact in the sales department
- Contact us from our website

**Shareholders**

**Policy and Attitude of the Group's Efforts**

- We continue sustainable growth through increasing our corporate value.
- We will proactively and fairly disclose corporate information.

**Examples of Dialogue and Communication Methods**

- Announcement of financial results and financial results briefing session
- Exhibiting at various IR events
- Shareholders' Meeting
- Contact us from our website

**Employees**

**Policy and Attitude of the Group's Efforts**

- In addition to respecting diversity, we will ensure a safe and healthy work environment.

**Examples of Dialogue and Communication Methods**

- Labor union and management consultation
- Various education and training
- Internal newsletters
- Monitor display screen in the cafeteria
- Internal portal site

**Business Partners**

**Policy and Attitude of the Group's Efforts**

- We promote CSR activities and strive for sustainable growth throughout the whole supply chain.

**Examples of Dialogue and Communication Methods**

- Presentations for business partners
- Various surveys and questionnaires

**Local Communities**

**Policy and Attitude of the Group's Efforts**

- We are aware of our status as a member of the community and promote social contribution activities.
- 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.

**Examples of Dialogue and Communication Methods**

- Summer festival and factory tour
- Social contribution activities
- NPO support through the DAIDO METAL Pro Bono Program

# Environment

## Environmental Management

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 that give maximum consideration to the finite global environment based on the concept of “finite resources and finite purification”, the DAIDO METAL GROUP as a whole is working proactively towards the formation of a recycling-based society.

### Environmental Policy

#### I. 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.

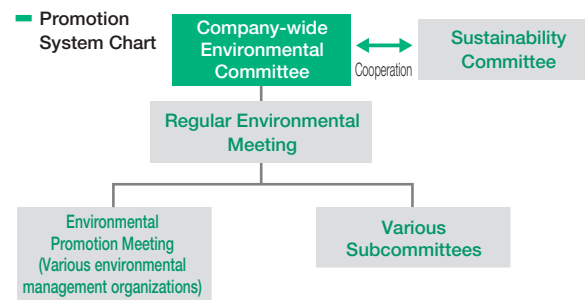
#### II. Fundamental Policies

- 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 material use, 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.

### Promotion System

Our Group established a company-wide environmental committee chaired by the President to deliberate and decide on environmental policies and implementation plans, and we are working on environmental conservation activities.

We have acquired ISO14001 certification and under an organizational system that promotes our environmental management system PDCA cycle, we conduct detailed activities and share information regarding confirmation and education relating to environmental laws and regulations at regular environmental meetings, environmental promotion meetings of subsidiary organizations, and various subcommittees, as well as the management and reduction of energy usage and the amount of waste, etc. Moreover, we also work with the Sustainability Committee to carry out decarbonization efforts, etc.



### Environmental Management System

In order to effectively operate using the ISO14001 environmental management system standard, our Group maintains and continuously improves our voluntary initiatives to achieve the intended results including environmental conservation and the improvement of environmental performance. We recognize that employee education, training, and other activities to increase environmental awareness are important during the execution phase. In addition, we conduct regular audits and evaluations to verify target achievement status and enact improvement measures as needed. These initiatives and activities are reported as the environmental performance and build trust with stakeholders by ensuring transparency.

#### Main ISO14001 certified offices and plants

- 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.
- DAIDO METAL SAGA CO., LTD.



Certificate number: JQA-EM1402

Domestic and overseas affiliated companies other than those mentioned above are also acquiring ISO14001 certification, and the entire Group is working toward this goal.

## Addressing Climate Change

### Carbon Neutral Policy

Our Group recognizes that addressing climate change is “an important issue that should be prioritized (materiality),” and our goal is to achieve carbon neutrality by 2050 to contribute to a sustainable global society. Furthermore, in June 2024, we set an interim target for FY2030 (reduce CO<sub>2</sub> emissions by 35% compared\* to FY2019 Scope 1 and 2) as a milestone.

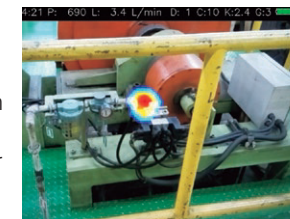
#### [Basic Idea]

In order to achieve net-zero CO<sub>2</sub> emissions by 2050, the Group will incorporate such measures as energy savings, the use of renewable energy, and the promotion of innovation into its action plan. We will promote concrete initiatives aimed at reducing CO<sub>2</sub> emissions in a step-by-step manner with the aim of realizing a sustainable society and a carbon neutral Group.

### Examples of Energy-saving Activities

#### [Reduce power consumption through compressor air leak measures]

Compressor air leaks account for a significant ratio of the causes of compressor energy loss. Previously, we would search for the sound of leaks on our days off. However, by introducing ultrasonic cameras that can detect leaks, we can now search for leaks even under noisy conditions during operation.



### Promoting the Adoption of Renewable Energy

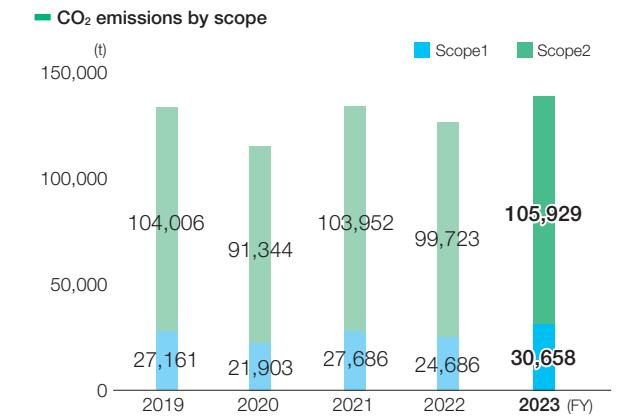
#### [Expand solar power generation facilities]

As part of our Group’s carbon neutrality efforts, we are promoting the introduction of renewable energy (solar power generation). In March 2024, we installed solar power generation facilities on owned land (Tachibana, Mino, Gifu Prefecture) for the purpose of promoting further use, and the generated power is being supplied to our Inuyama office. Moving forward, we will continue to promote the adoption of renewable energy throughout our whole Group.



### CO<sub>2</sub> Emissions by Scope

As we continue to make progress with energy efficiency at our business sites, we will manage information and promote visualization of the situation in order to cut greenhouse gas emissions throughout our Group.



### Educating employees about carbon neutrality

Since FY2022, we have been providing education to our employees aimed at achieving our company-wide policy for carbon neutrality. At our in-house educational institution, “DAIDO Metal College,” we hold beginners’ courses on carbon neutrality to cultivate an awareness of decarbonization among younger employees. In FY2023, we started an intermediate course for mid-level employees, and in November 2023, we started distributing information about carbon neutrality to all employees at Group companies under the title, “Carbon Neutral Forest” to increase their awareness.



Carbon Neutral Forest



A lecture at DAIDO METAL COLLEGE

## Information Disclosure Based on TCFD Recommendations

In June 2022 the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In line with the TCFD recommendations, we will disclose important information on climate change as follows.



### Governance

We recognize climate change response as an important issue (Materiality) that we should prioritize in order to promote sustainable management. The Sustainability Committee chaired by the President deliberates on the direction of management including policies for addressing risks and opportunities related to climate change, reports to the Board of Directors as appropriate, and receives instructions and supervision from management.

The Sustainability Committee is held at least twice a year to deliberate and discuss initiatives to resolve issues related to sustainability (CSR, ESG, SDGs), including climate change.

### Corporate Governance

[https://www.daidometal.com/sustainability/corporate\\_governance/](https://www.daidometal.com/sustainability/corporate_governance/)



### Strategies (Risks and Opportunities)

In order to understand the impact of climate change on the Group business, we have analyzed risks and opportunities for all businesses in the Group using the following two scenarios:

<b>1.5°C Scenario</b>	Scenarios in which the temperature rise at the end of the 21st century will be kept below 1.5°C and the transition to a decarbonized society will be achieved
<b>4°C Scenario</b>	Scenario in which no further global warming measures are taken and physical effects are assumed

### Important risks and opportunities

We identified risks and opportunities for climate change and examined the importance of climate change to the Group and when it might occur.

- Time axis (time of occurrence) - Short term: By around 2025, Medium term: By around 2030, Long term: By around 2050
- Materiality (potential impacts on strategic and financial plans, etc.) - Large: Large impact, Medium: Moderate impact range, Small: Little impact on the Company

	Items	Descriptions	Response	Timing & Materiality		
				Short	Medium	Long
Transition risk (1.5°C scenario)	Carbon emission control	<ul style="list-style-type: none"> <li>Increased energy-related costs due to operations such as the introduction of carbon taxes and carbon border taxes and higher crude oil prices due to stricter fossil fuel regulations</li> <li>Increase in costs for capital investment and conversion to alternative energy sources such as renewable electricity due to the need to achieve decarbonization targets</li> </ul>	<ul style="list-style-type: none"> <li>Continue energy-saving activities such as reducing energy use</li> <li>Promote visualization of CO<sub>2</sub> emissions and promote measures such as switching to energy-efficient equipment</li> </ul>	Large	Large	Large
	Development of EV conversion	<ul style="list-style-type: none"> <li>Sales decline with declining demand for products for internal combustion engines due to the shift to EVs</li> </ul>	<ul style="list-style-type: none"> <li>Develop and expand sales of products for EVs and alternative fuels, and strengthen profitability in non-automotive sectors</li> </ul>	Small	Large	Large
	Rising raw material prices	<ul style="list-style-type: none"> <li>Increase in procurement costs due to rising raw material prices in response to decarbonization</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the amount of materials used, consider expanding/consolidating raw material sources, and continue to negotiate price revisions with customers in response to rising raw material prices</li> </ul>	Medium	Large	Large
	Reputational change among customers and investors	<ul style="list-style-type: none"> <li>Decarbonization, rating decline for companies that don't disclose information</li> </ul>	<ul style="list-style-type: none"> <li>Promote decarbonization</li> <li>Enhance disclosure and promote dialogue with stakeholders</li> </ul>	Small	Medium	Medium
Physical risk (4°C scenario)	Intensification of abnormal weather	<ul style="list-style-type: none"> <li>Heavy rainfall and flooding due to extreme weather conditions, resulting in damage to supplier sites and production facilities, and reduced sales opportunities due to plant shutdowns</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of disaster countermeasures for buildings, equipment, etc.</li> <li>Assess risks at key supplier sites and production sites and revise ongoing business continuity plans (BCP)</li> </ul>	Small	Medium	Large
	Rise in average temperature	<ul style="list-style-type: none"> <li>Increased frequency of heatstroke among employees (mainly field workers) due to rising temperatures affects factory operations and reduces sales opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Implement measures for hot workplaces (Thorough compliance with equipment, air conditioning, and employee physical condition management)</li> </ul>	Small	Medium	Large
Opportunity (1.5°C scenario/4°C scenario)	Increase in demand for renewable energy	<ul style="list-style-type: none"> <li>Sales increased along with increased demand for sliding bearings for offshore wind power generation due to increased demand for wind power generation</li> </ul>	<ul style="list-style-type: none"> <li>Continued market development of sliding bearings for wind power generation</li> <li>Promote development of next-generation wind turbine element technology to cope with the growing size of wind turbines</li> </ul>	1.5°C Small	Large Medium	Large Medium
	Progress in shift to EVs	<ul style="list-style-type: none"> <li>Sales increase due to increased demand for products for ZEVs* as development progresses</li> </ul>	<ul style="list-style-type: none"> <li>Development and sales expansion of products for EVs (Aluminum die-cast products, products for water pumps, products for air conditioners, etc.)</li> <li>Entry into the market by repurposing our company core technology, such as tribology-driven sliding parts (E-axle, etc.)</li> </ul>	1.5°C Small	Large Medium	Large Medium
	Increase in demand for bearings for vessels	<ul style="list-style-type: none"> <li>Sales increased due to increased demand for bearings for internal combustion engines as a result of a shift to alternative fuels in response to decarbonization</li> </ul>	<ul style="list-style-type: none"> <li>Expand and strengthen alternative fuel-compatible products</li> </ul>	1.5°C Small	Medium Medium	Large Medium
	Carbon Neutral Growing demand for fuel-powered internal combustion engines	<ul style="list-style-type: none"> <li>Sales increased due to increased demand for bearings for internal combustion engines in automobiles using CN fuel derived from renewable energy, etc. (hydrogen engine, biofuel engine, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Information gathering, technology development and PR on internal combustion engines using CN fuel</li> <li>Sales expansion of bearings for biofuel engines</li> </ul>	1.5°C Small	Medium Medium	Medium Medium
	Increase in demand for air conditioning equipment	<ul style="list-style-type: none"> <li>Increased sales due to increased demand for bearing products for air conditioning systems due to rising temperatures</li> <li>Sales increased due to demand for bearings for bearing-less compressors, which became necessary as a result of the change to a refrigerant with a lower global warming potential.</li> </ul>	<ul style="list-style-type: none"> <li>Active information gathering on demand trends and steady orders for target products</li> <li>Expand sales of bearings that can perform under refrigerant conditions with a low global warming potential</li> </ul>	1.5°C Small	Medium Medium	Medium Large
				4°C Small	Medium Large	Large

\* ZEVs (Zero-Emission Vehicle): Battery electric vehicles (BEVs) and fuel cell vehicles (FCV) that do not emit carbon dioxide or other exhaust gases when running

### Policy on climate change risks and opportunities

The Group will use scenario analysis to identify medium- to long-term risks and opportunities, analyze the impact of its management strategy and financial position, and take measures to respond appropriately to risks, strengthen its competitiveness against opportunities, and acquire new business opportunities. The results will be disclosed and reported to stakeholders through media such as the Company website and corporate reports.

### Risk Management

The Company has established policies on the Group-wide risk control and management system, and appropriately manages various risks surrounding its business through the collection of information by the Risk Management Committee that is chaired by the President. The Risk Management Committee is held at least twice a year to set priorities for risks that may have a significant impact on the realization of sustainable management in the Group, taking into account the likelihood that risks will materialize and the degree of impact they will have on our business. We promote measures to mitigate risks based on priority and strengthen risk control. We have identified priority risks such as climate change risks and risks caused by natural disasters and accidents, and the risk management department in charge is responsible for overseeing the risk management of the Group companies.

### Risk Management

<https://www.daidometal.com/sustainability/risk-management/>



### Metrics and targets

Based on the recent increase in environmental awareness and the Japanese government's efforts to achieve carbon neutrality by 2050, the Group has formulated its Carbon Neutral Policy. To fulfill our responsibilities as a member of global society, we set a long-term target which aims to reach carbon neutrality (Scope 1, 2, and 3) in 2050 across the entire Group. In addition, we set a Group-wide interim target for 2030 to reduce actual CO<sub>2</sub> emissions by 35% (Scope 1, 2) compared to FY2019. We will create a roadmap to achieve the 2050 carbon neutrality target and work to reduce CO<sub>2</sub> emissions in stages.

Specifically, we are moving ahead with energy conservation and expanding our use of renewable energy while bringing greater visibility to CO<sub>2</sub> emissions at each of our business sites, plants and facilities. We are advancing these efforts by focusing our priorities and our targeting after we calculate costs such as measures applied to facilities and equipment.

Furthermore, we will first expand the scope of our emission calculations to include not only our own CO<sub>2</sub> emissions (Scope 1, 2) but also emission reductions across the entire supply chain (Scope 3) and work together with our business partners.

### CO<sub>2</sub> emission reduction targets

#### Medium- to long-term targets

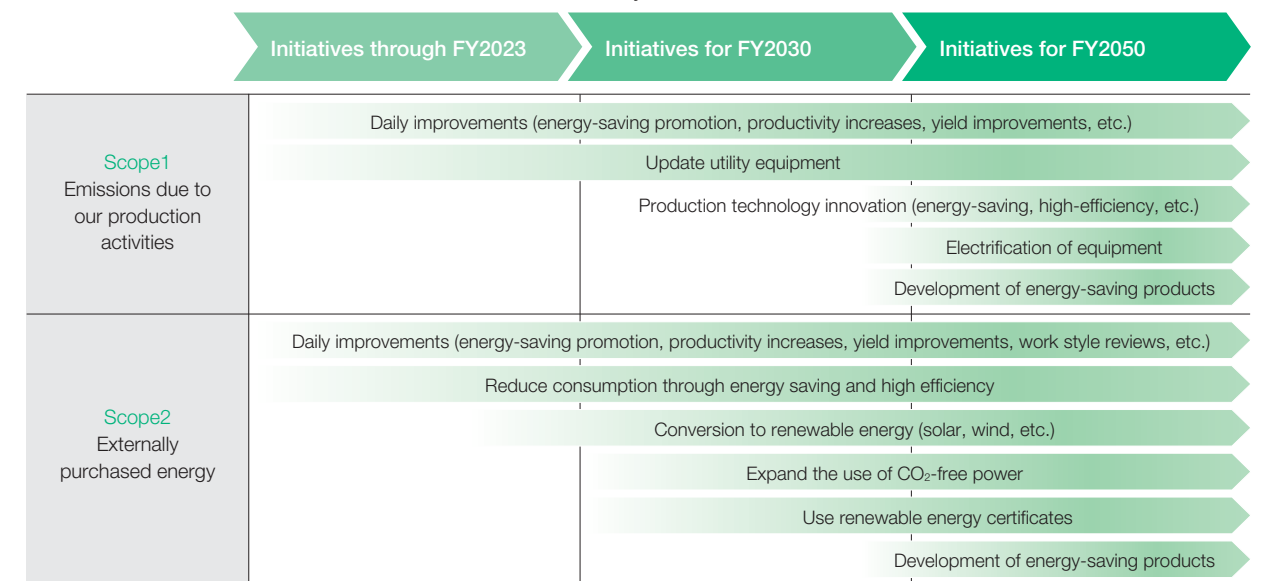
Target FY	Description
2030	Target: 35% reduction in FY2030 (compared to FY2019) (Scope 1, 2)
2050	Target: carbon neutrality (Scope 1, 2, 3)

### Carbon Neutral Policy

[https://www.daidometal.com/sustainability/carbon-neutrality/?ignore\\_ip=1](https://www.daidometal.com/sustainability/carbon-neutrality/?ignore_ip=1)



### Main measures to decrease CO<sub>2</sub> emissions to achieve carbon neutrality<sup>2</sup>



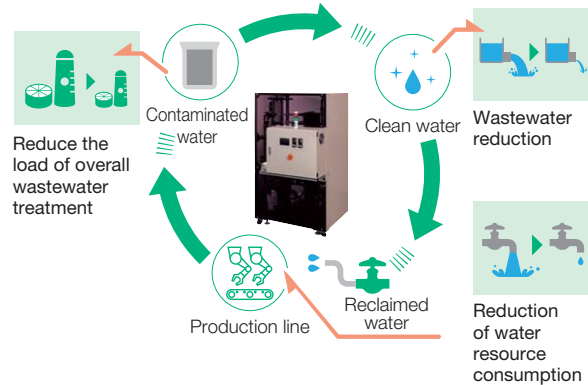
## Development and Manufacture of Environmentally Friendly Products

### BDI Deionization Equipment

We are conducting research on deionizing water treatment equipment that applies electrode sheet technology for electric double-layer capacitors and developing this new business. Compared to existing technologies, this technology is unique in that it uses few chemicals, produces little drainage discharge, and has high durability. We have been conducting demonstration tests at our in-house plant since FY2021 to evaluate its long-term performance. Moreover, we have been conducting a trial operation with external testers since FY2023.

We strive to treat industrial wastewater and reuse water resources to help reduce our environmental impact.

#### Targeted advantages of implementation = a virtuous resource cycle



### Advancing Development of Technologies for Hydrogen Engines

Hydrogen is attracting attention as one alternative fuel for fossil fuels to realize carbon neutrality. Together with the Toyota Motor Corporation, we are testing hydrogen as an alternative fuel for the purpose of commercializing hydrogen engines. In November 2023, we started testing a HiAce van powered by a hydrogen engine equipped with our plain bearings on public roads in Melbourne, Australia. While the degeneration of the engine oil and abnormal combustion due to the hydrogen combustion affects the environment in which the plain bearings are used, we will apply our strengths cultivated over the years to predict, test, and quickly resolve these issues. Through the accumulation of this test data, we will continue our activities to contribute to decarbonization and local communities in the hydrogen engine field as well.



Hydrogen-powered HiAce van

## Realizing a Recycling Society

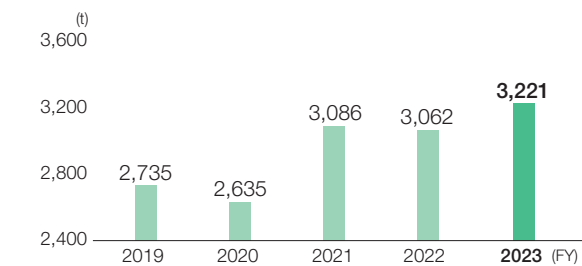
To use limited resources effectively, our Group promotes the cyclical use of metals and other resources used in the production of products.

### Waste Reduction Activities

A large proportion of our industrial waste is generated from surface treatments and processing processes. We have been implementing initiatives such as reduction of plating waste liquids and waste reduction by reusing lubricants and solvents. As environmental laws have been strengthened, we will continue to take meticulous measures for waste reduction by addressing the reduction of plastics and other materials.

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: FY2023 (1 April 2023 - 31 March 2024)

#### Trends in the volume of waste generated



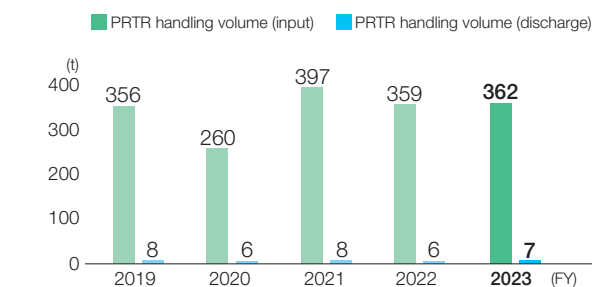
### Management System for Chemicals Contained in Products

In addition to compliance with international regulations on the use of chemical substances, such as REACH regulations and the RoHS directive, we appropriately manage chemical substances contained in products at each stage of procurement, manufacturing, and shipping, including GADSL and the Chemical Substances Control Law, as requested by our customers.

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.

Scope of data: DAIDO METAL CO., LTD.  
Period under review: FY2023 (1 April 2023 - 31 March 2024)

#### Trends in emissions of PRTR substances

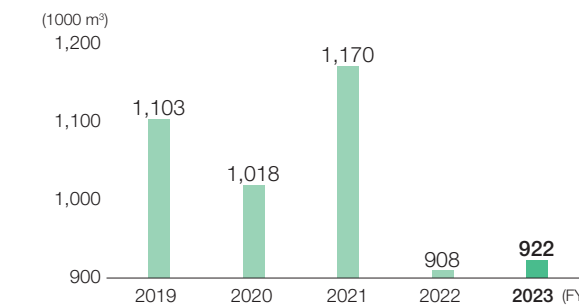


## Conserving Water Resources

The use of water is essential in production activities. However, to conserve water resources, we thoroughly manage and reduce our water usage. In addition, we are also working to reduce the impact on the locations where the water is discharged and the risks of drought.

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: FY2023 (1 April 2023 - 31 March 2024)

#### Water usage trends



### Considering the environment and forest resources by using paper pallets

We are using paper pallets as packaging material for some products. Because paper pallets primarily use waste paper for raw material, they are environmentally friendly, lightweight, easy to handle, highly recyclable, and have a low environmental impact etc. In addition, their light weight means that they also reduce CO<sub>2</sub> emissions during transport. Moreover, they are also useful for conserving sustainable forest resources.



Paper pallets

## Conserving Biodiversity

### Biodiversity Policy

The DAIDO METAL Group strives to conserve and restore natural capital, including biodiversity and ecosystems, in collaboration and partnership with our stakeholders to realize a sustainable society and a society that coexists in harmony with nature.

### Participating in the Keidanren Initiative for Biodiversity Conservation

In August 2024, we signed on to the "Keidanren Declaration for Biodiversity and Guideline" established by the Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council and joined the "Keidanren



Initiative for Biodiversity Conservation."

We are working in cooperation with our stakeholders to raise the environmental awareness of each employee and enable them to carry out biodiversity conservation activities with a sense of personal responsibility.

### Participating in Tree Planting Activities at the Nagara River Headwaters

In May 2024, our employees and their families participated in tree planting activities hosted by the Gujo Fisheries Cooperative Association as part of the "Nagara River Headwaters Forest Development Project." We engage in activities to maintain and improve its rich ecosystem by nurturing the forests at the headwaters of the Nagara River, which are the source of the hydrosphere that runs from the mountains to the river and on to the sea. This year, we planted a total of 400 trees.



Tree planting activity at the Nagara River headwaters

### Providing Wooden Pallets to the Japan Monkey Center

To support the operation of the Japan Monkey Center in Inuyama, Aichi Prefecture, where our production site is located, we provided wooden pallets used at our plant. The wooden pallets have been modified by the caretakers to provide a place for the monkeys to shelter from the rain or escape from the cold. Going forward, we will continue to promote contributions to the development of local cultural projects and the conservation of biodiversity.



Wooden pallets gifted by DAIDO METAL

### Participation in Mangrove Planting Activity [Thailand]

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. At a mangrove tree planting park located approximately one hour by car from Bangkok, each member planted six trees for a total of 300 trees.



300 mangroves were planted

## Human Capital

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.

To achieve these goals, we believe that human capital, or in other words, people themselves are the source of value, and based on the “Daido Spirit” (Ambitious, Innovative, Challenging), we provide on-the-job training through on-site practical experience, passing on of techniques in the DAIDO METAL COLLEGE, and other external and internal training to increase the individual capabilities of employees and human resource training with the goal of making each employee an independent professional. By gathering together the power of these employees, we will create and provide value that satisfies our customers and society in order to contribute to the realization of a more sustainable society.

Currently, it has become more challenging to secure corporate human resources due to the decline in the working population and the diversification of work styles. To maximize the performance of limited human resources, we must implement human resource development and personnel assignment according to our management and business strategies. For that reason, we will create and use our human resource portfolio.

In addition, to increase the well-being of each employee, we must first ensure that the employees are healthy and able to work with peace of mind. Next, we must build an open environment in which the employees can work in a lively manner. We aim to create a virtuous cycle of human development, participation, retention and recruitment. We respect human rights, create a free and open organizational culture and will continue to aim for further growth and tackle new challenges.



**Shigemasa Hakakoshi**  
Head of Human Resources Planning Div.

### Basic Policy on Human Resources Strategy

The Human Resources Strategy stipulates the following. “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, and Challenging Daido Spirit.”

For our Company to grow sustainability 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.”

### Personnel training

We offer various stage-based and global training programs with the aim of developing roles and skills according to the stage. 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. Incorporating the completion of this training into the conditions for promotion enables employees to understand the roles and actions that are required of them.

In addition, we also operate a “mentor system” in which experienced colleagues that are close in age provide support to new employees and an interview system (“development interview system” and “self-assessment system”) in which employees discuss their future career and the skills they would like to learn with their supervisor, and we encourage employees to engage in self-directed growth.

### Human Resource Policies

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.

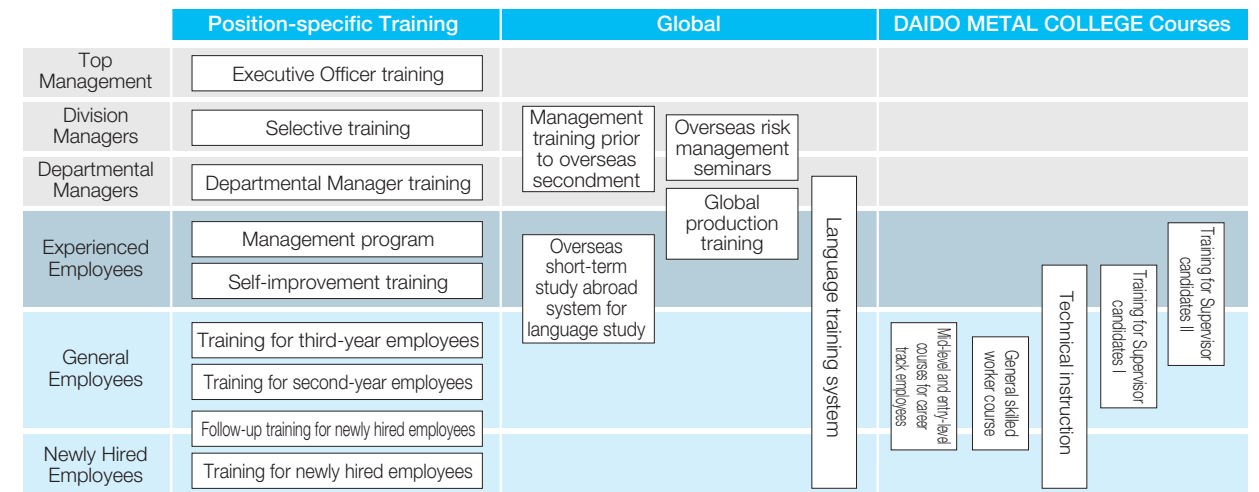
Moreover, we will shift from the previous company-led education and training and support the autonomous and independent career development of employees to ensure opportunities and provide support for them to grow through their work.

### Employee Training Programs

We have various educational systems in place to support the growth of our employees. Through training by level according to the expected role and language learning support for globalization, etc., we also encourage employees to change their attitudes and behavior to increase the value of their work in a self-directed manner

while putting what they learned in training into practice in the workplace. In addition, starting from this year, we introduced an e-learning system (approximately 380 courses) to provide support for self-development that will enable the employees to expand the scope of their work on their own initiative and enhance their expertise.

#### DAIDO METAL training structure



### DAIDO METAL COLLEGE

In April 2005, we established “DAIDO METAL COLLEGE,” which is a company-wide educational institution that is completely different from previous forms of training. The education provided by DAIDO METAL COLLEGE incorporates the training courses indicated on the DAIDO METAL educational system diagram and completion of the training courses related to one’s job position is required for promotion in the human resource system.



Opening ceremony of the training course

The education provided in each training course follows a curriculum, and during the training period, the employees are completely out of the workplace. They attend lectures, go on plant tours, and engage in experiential learning such as practical training covering the assembly of automotive engine bearings - our main product - in an engine block.

The lecturers are selected from those who are well-versed in the subject matter and have practical experience in the field, and they provide expansive lectures and



Practicing the assembly of automotive engine bearings

experiential learning while discussing their own experiences to play a part in development the next generation of human resources by acquiring a broad range of knowledge and passing on our proprietary techniques.

The college is focusing its efforts in particular on education for those who are candidates to become plant site supervisors, and our supervisor candidate training course includes practical training to improve the trainees’ workplaces. The DAIDO METAL COLLEGE trainers (alumni with management experience primarily in technical areas) work one-on-one to provide thorough guidance on how to identify problems, proceed with improvements, assess the effects, create reports, and give presentations to provide support in comprehensively upgrading their improvement capabilities.



A trainer provides guidance

Each training course also accepts trainees and auditors from our Group companies, and we also provide educational support to the Group companies. In addition, we are also promoting the taking of technical skill tests (national tests) as well as the maintenance, operation, and taking of our own internal skill test system with the goal of increasing the technical skill level across the company.

### Recruitment Strategy and Policy

Our basic policy is to engage in fair recruitment practices regardless of race, nationality, religion, age, gender, or disability, etc. We believe that hiring talented people with diverse values, backgrounds, and skills and energizing the workplace will generate innovation and lead to the sustainable growth of our Group.

#### [New graduate recruitment]

We have been strengthening our internship program since the previous year. For technical jobs, we implemented an experiential program that is close to actual work such as test evaluation and facility improvement planning, etc. For sales jobs, we hosted roundtable discussions connecting each sales site to further deepen their understanding of the industry, our company, and the position. Through these initiatives, we promote the students' understanding of our company, which increases the matching accuracy for both sides and leads to the acquisition of excellent human resources.

#### [Mid-career recruitment]

The business environment surrounding our company is changing at an unprecedented speed. Under such circumstances, we are actively hiring human resources with experience and expertise in relevant areas from outside the company in addition to training our employees. During FY2023, we hired 1.5 times as many mid-career personnel for regular positions as we did in the previous year.

In addition, we are also considering the introduction of diverse hiring methods that are not limited to conventional approaches. We are also exploring referral recruitment in which introductions by employees lead to hiring and the rehiring of employees who worked for the company in the past. Going forward, we will continue to use various approaches to acquire the human resources who are essential to our company's growth.

## Health Management Initiatives

### DAIDO METAL GROUP Basic Health Management Policy

#### 1. Workplace health

Implement work style reform through the efforts of the workforce and management working together

#### 2. Mental health

Enhance mental health line education and self-care education

#### 3. Physical health

Strengthen measures to prevent life style related disease  
Expand exercise habit activities

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

The Company has been recognized as a "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 large, small and medium-sized corporations 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 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.



### 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 250 employees participated each time, aiming at an average 8,000 steps a day over a two-month period.

## Diversity and Inclusion

We believe that the source of strength behind corporate development is employees who possess diverse attributes, capabilities, expertise, experience, values, and sensibilities. We will promote the recruitment of diverse human resources in a systematic manner and develop a satisfying (easy-to-work and a sense of purpose) environment in which they can fully demonstrate their individuality and capabilities.

### Support to Achieve Balance

In order to support the balance between work and family, we have introduced various systems such as a 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 are playing an active role. 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.



an active role as valuable, immediate assets who fit in right away.

### Initiatives Regarding Participation by Women

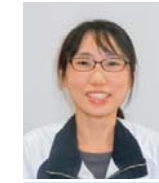
Based on the Act on the Promotion of Women's Active Engagement in Professional Life, we formulated an action plan from FY2024 to FY2028, which is listed on our website. As of the previous year, we have largely achieved our target for the ratio of new female graduates hired for regular positions. At the same time, we continue to hire women for technical positions, assign them to sales positions, and send them overseas to expand opportunities for women to play an active role.

#### Action Plan Based on the Act on the Promotion of Women's Active Engagement in Professional Life

<https://www.daidometal.com/jp/company/action-plan-01-04-2024/>



### VOICE



**Aiko Ishibashi**  
Technology Division  
Research and Development Center  
Analysis Group  
Leader

Since joining the company, I have continued to work in materials analysis, where I am involved in analyzing materials under development and investigating the causes of defects, etc. So far, I have been able to work without feeling any particular gender gap in terms of my job description or the roles expected of me, etc. Now that I am a team leader, my goal is to create an organization where team members of different ages, genders, and careers, etc. can apply their respective knowledge and experience to grow and contribute to each other.

### Promoting the Use of Childcare Leave by Male Employees

The ratio of male employees taking childcare leave is increasing year by year and reached 42% in FY2023. Personnel from the Human Resources Division interview male employees who are unsure about taking childcare leave and the duration to encourage them to take leave by explaining how to take leave such as when it can be taken and the number of times it can be taken, etc. In addition, we created a "Childcare Support Handbook" for men, which introduces systems that can be used for childcare in addition to the childcare leave system such as financial support during leave and private financial assistance and support, etc.

### Job Return System

We have introduced a system that rehires employees who left the company for unavoidable reasons such as accompanying a spouse's job transfer, providing nursing care, childbirth and childrearing, and marriage, etc. To date, two people have used the system to return to work. As the production-age population continues to decline, former employees with skills and experience are playing

### Recruitment of Foreign Employees

We continue to hire new foreign graduates as employees in regular positions. We hired one graduate in both 2022 and 2023, and two in 2024. They are currently active in production technology and sales positions.

Meanwhile the technical intern training program for foreigners was temporarily suspended due to COVID-19, but it restarted in 2022 and has accepted roughly 30 employees from overseas affiliated companies.

### Employing Workers with Disabilities

We continuously hire through recruiting activities at special support schools and Aichi Prefecture's "Aichi Comprehensive Support Desk for the Employment of People with Disabilities," and we have continued to achieve our target of 2.7%, which exceeds the legal ratio of employment for the disabled. After they join the company, we promote the development of a workplace that is easy to work in and provides a sense of purpose while receiving advice from job coaches at the vocational center for persons with disabilities and employment support staff at the Employment and Lifestyle Support Center for Persons with Disabilities.

## Promoting Digitization

### Basic Concept

Our stated vision is to “provide a digital environment where all departments can focus on their ‘primary business’ that creates added value.”

The digital environment mentioned here refers to infrastructure, applications, tools, and data, etc. which we will utilize in an organic and integrated manner to secure a competitive advantage.

### Digitization Promotion Efforts to Date

To date, we have implemented measures to enable employees to rapidly process their work regardless of where they work such as moving sales activity reports online, the company-wide introduction of new client systems, an online system for document approval etc., the introduction of BI tools\*, the development of a wireless LAN environment in all offices, and the use of data centers, etc.

\* Software that analyzes and visualizes various data that a company possesses to make it useful for management and operations. BI is an abbreviation of business intelligence, and the term is used to mean information related to business decision-making.

### Promoting Digital Education

Starting in FY2024, we added a new “Digital Skills” course within our in-house education tailored by rank.

In this course, employees will learn basic digital skills such as “how to use generative AI.”

The goal is to have them use what they learn in their work after returning to the workplace, develop an interest in higher level skills, and share their skills throughout the organization.

### Promoting Digitization Going Forward

We have started a project to update our core systems and plan to use flexible tools for peripheral systems to enable them to rapidly keep up with changes in our operations and business conditions.

Here, we will use cloud service apps, no-code and low-code tools, and generative AI to develop digital human resources that can support citizen development\* in the user divisions, leading to innovation in business processes.

\* Employees in the operational divisions, rather than the systems personnel, carry out system development using no-code or low-code tools.

## 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.

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.

## Human Rights

Against a backdrop of growing global concern, there are strong expectations for companies to take human rights into account in their business activities, and workplaces that are free from harassment and discrimination are more productive and safer. In addition, the promotion of business activities that take human rights into account leads to expanded business opportunities in countries around the world, a stable supply of products, and higher employee engagement. Our Group will promote initiatives to respect human rights to protect and improve the human rights of all stakeholders that are impacted by our business activities.

### Formulating Our Human Rights Policy

Our Group has clearly stated and thoroughly enforced prohibitions on acts that infringe upon human rights or that are equivalent to such acts within the “DAIDO METAL GROUP Code of Ethics and Values.” To further promote our human rights initiatives, we formulated the “DAIDO METAL GROUP Human Rights Policy” in April 2023 in accordance with various international norms such as the “International Bill of Human Rights,” “ILO Declaration on Fundamental Principles and Rights at Work,” and the “UN Guiding Principles on Business and Human Rights.”

We recognize that our business activities may directly or indirectly impact human rights and take care not to infringe on the human rights of our employees, business partners, and the local communities that are affected by our products and services or business activities. In addition, we encourage our employees, business partners, and those parties that are directly involved with our products and services, etc. to respect human rights and avoid the infringement of such rights.

#### 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)



### Promotion System

Initiatives concerning human rights issues are deliberated and discussed by the Human Rights Due Diligence Subcommittee, which is a subsidiary organization of the Sustainability Committee. With the Corporate Planning Division serving as the Secretariat, this subcommittee is comprised of related departments such as the Human Resource Planning Division, Purchasing Division, Legal and Compliance Division, who work to draft and execute plans promoted by the company. The details of those plans are reported to the Sustainability Committee as required.

#### Members and positioning of the Human Rights Due Diligence Subcommittee

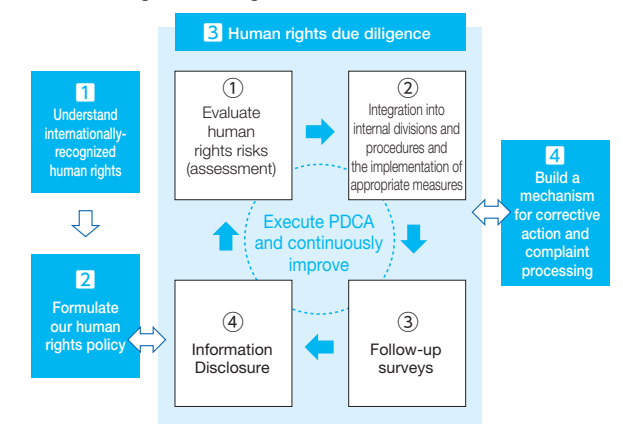


### Human rights due diligence

In FY2023, we formulated the Human Rights Policy and conducted a survey of our business partners and Group regarding the risk of human rights violations. From the results of the survey, we realized that there were issues regarding the human rights due diligence promotion system and human rights education. As activities to raise awareness within the company, we conducted officer training, web-based training for managers, and published the Compliance Times. In FY2024, we plan to offer in-house training to prevent human rights violations and implement mitigation measures.

Furthermore, we will monitor human rights risks and develop mechanisms for taking corrective action and processing complaints in parallel. Any information collected as part of these measures will be made public as required.

#### Human Rights Due Diligence Process



### Initiative to Respect Human Rights

Since FY2024, we have been hosting in-house training for employees regarding LGBTQ+ issues taught by an outside lecturer. The objective of this training is to deepen their understanding of LGBTQ+ issues, create a work environment that is easy for the parties concerned and those around them to work in, eliminate unconscious bias and preconceptions to develop an attitude of consideration for others, cultivate an awareness of the acceptance of various values, and create a corporate culture in which diverse people can play an active role.

In addition, the outside lecturer in charge of this training comes from an NPO that we supported through the DAIDO METAL Pro Bono Program in FY2023.



LGBTQ+ training

## Procurement

### Basic Concept

Stakeholders surrounding companies have been taking a growing interest in CSR in recent years. We believe that CSR initiatives lead to increased corporate value and sustainable growth and promote such initiatives as one important management issue.

### Strengthening Our Partnerships with Suppliers

We are strengthening our partnerships with suppliers through the activities of the DAIDO METAL Cooperation Association and Friendship Association which are organized from our major business partners. In 2024, we are hosting not only a New Year's exchange party and a regular general meeting but also a lecture regarding our management policies and a cybersecurity training session to further strengthen cooperation.



Presenting a lecture about our management policies

### Provision of CSR Procurement Guidelines

To expand our CSR procurement initiative throughout the supply chain, we formulated the "CSR Procurement Guidelines" and posted them on our website so that stakeholders can view the details and learn more about our activities. In FY2023, we are specifically reflected on and revised our human rights policy and conducted surveys of our major business partners to strengthen cooperation.

### Provision of Green Procurement Guidelines

To expand our procurement related efforts to minimize the environmental impact as much as possible across the entire supply chain, we formulated the "Green Procurement Guidelines" and posted them on our website. We comply with the environmental laws and regulations of each country throughout the supply chain by surveying our business partners twice a year about the chemical substances contained in their products.

### Developing the Declaration on Building Partnership

To increase the added value throughout the supply chain and ensure fair and appropriate business relationships, we formulated the "Declaration on Building Partnership" and registered it on a dedicated portal website. After posting the details on our website and sharing the information internally and externally, we conduct surveys of our business partners and take any necessary measures to promote appropriate business relationships with our business partners.



## Quality

### Basic Concept

The principle that is consistent throughout all of our Group's organizations and activities is "Quality Is Life." Based on this principle, we conduct our own production and quality assurance activities.

### Quality Control (QC) Policy for FY2023

Quality (customer satisfaction) is the most important issue that is required in all aspects of our work, and our Group establishes a quality control policy each year for the purpose of thoroughly disseminating that thinking within the company.

In FY2023 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 38th DQC Circle Convention was held on 22 December 2023, and excellent improvement examples selected from domestic production bases were presented. This time, Philippine lino Corporation was invited to Japan as part of an invitation circle to present an improvement case study. In addition, as part of a mutual exchange initiative, the winning and runner-up circles were respectively sent to Dyna Metal Co., Ltd. (Thailand) and Dong Sung Metal Co., Ltd. (South Korea) to present their improvement activities.

\* DQC stands for DAIDO METAL Quality Control.



Award ceremony at the DQC Circle competition

### Quality Control Training for Selected Employees

The Quality Control Training for Selected Employees, which started in October 2018, has been hosted a total of eight times through FY2023 and was attended by 37 employees.

We develop our human resources through a program that combines classroom learning in which students acquire basic knowledge about quality control and practical education in which they apply the knowledge that they have learned.

In addition, we established "open courses" in which the trainees explain what they learned in external courses as an in-house course lecturer, and we strive to raise the level of the entire company as one of our internal educational opportunities.



## Co-existing with the Local Community

### Initiatives to Help Solve Local Community 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.

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.



Engaging in team activities to solve issues

### Food Drive Held

In February 2024 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. We also donate our emergency supplies that are due for renewal. We are also conducting this program at our domestic affiliates, and will continue to expend our circle for support.

\* 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.



Food donations collected from employees

Donation to Second Harvest Nagoya

### Participating in the Kagayake ☆ Aichi Sustina Research Laboratory



The Kagayake ☆ Aichi Sustina Research Laboratory is a project launched by Aichi Prefecture to enable university students who will become the future leaders of Aichi to engage in continuous eco-action with a global perspective. Acting as researchers, the university students carry out on-site surveys and discussions with corporate managers regarding environmental issues presented by the companies. After approximately five months of team activities, the students



Engaging in team activities

propose and present their solutions to the companies. We hope that the students will apply their flexible thinking and fresh perspective to come up with a novel solution to the issues we face.

### Supporting School Administration

#### [BBL Daido Private Limited (India)]

BBL Daido Private Limited has started providing meals to approximately 30 teachers and students at a boarding school for the deaf. To provide the meals, the company is using vacant land to grow and harvest vegetables. In addition, mango trees were planted on part of the land.



Providing meals to students

Teachers and students at the boarding school for the deaf

Vegetable growing area

### Providing Support for Writing Materials

#### [Daido Metal Mexico, S.A. DE C.V. (Mexico)]

Daido Metal Mexico, S.A. DE C.V. gifts writing materials to children entering kindergarten, elementary school, and junior high school at the start of the new school term in August as part of its employee benefits.

In 2023, the company supported 146 students. The company plans to continue such activities to watch over the healthy growth of the next-generation of children who will lead Mexico.



Preparing the writing materials gifted to the children

### Coastal and Wastewater Purification Initiative [Philippine lino Corporation (Philippines)]

On 16 September 2023, Philippine lino Corporation participated in a wastewater and coastal cleanup activity in cooperation with other companies and local municipalities to engage in environmental management and community initiatives.

Through activities to remove trash and debris from coastal areas and wastewater systems, the employees of Philippine lino Corporation worked to create a clean and environmentally-friendly future.



Participating in clean up activities

## Outside Director Roundtable Discussion



Outside Director  
Nomination and  
Remuneration  
Committee Member

Toshikazu  
Takei

Outside Director | Miyuri Shirai

Outside Director  
Nomination and  
Remuneration  
Committee Member

Kiyotaka Hoshinaga

We asked our Outside Directors, who possess diverse expertise and experiences, to discuss the company's corporate governance and the issues and expectations for increasing corporate value from an external perspective.

### Role of Outside Directors and Corporate Governance

**Takei:** I believe that the role of an Outside Director is to speak for the shareholders who are the most important stakeholders. What is important for the shareholders is that the corporate value increases over the medium to long term. I am now in my tenth year as an Outside Director, and it is regrettable that various recent measures have not led to an increase in the share price or higher dividends. From the viewpoint of corporate governance, this means that there are still issues that need to be addressed. We must work to increase profitability through capital investment efficiency and our pricing strategy, etc. I come from a finance background and have been involved in international business, so I believe that it is my responsibility to state my opinion about our company's globalization from the greater perspective of the current global situation and the present situation in the EU.

**Hoshinaga:** I have served as a hospital director and president of a medical university as well as a trustee of an educational institution for over a decade. It is the ultimate service industry, as it were, where lives are at stake, so over the last eight years I have watched the organizational management of our company from the perspective of a completely different industry than ours, which is in the manufacturing industry. I myself have much to learn from the speed of our management decisions and the philosophies that we uphold. At the same time, speaking from my experience becoming a hospital director during the 2008 global financial crisis

and somehow coming back from the brink only to later overcome the COVID-19 pandemic, when an organization is in crisis, it needs a strong leader. Our company is now facing a change in the environment which is the advancing shift to EVs in the automotive industry, and we need to transform our business structure. I would like the top management to display strong leadership that inspires the employees to have dreams and moves them in the same direction.

**Shirai:** This is my third year as an Outside Director. I believe that my role is to monitor and state my opinion about the company's basic management policies, strategy formulation, and business execution from an academic perspective having engaged in educational research on marketing at a university. I believe that the company is seriously engaged in its performance of corporate governance. The Corporate Governance Code was revised in 2021, and if I look at the company's status of implementation in accordance with the five basic principles, it seems that our company is generally in compliance.

### Operation and Effectiveness of the Board of Directors

**Takei:** I feel that there is an open atmosphere within the company, including the Board of Directors. However, perhaps it is because we are a company that tries to respond to everything in a serious manner, but there are many matters that must be resolved and reported at the Board of Directors meetings, and it is difficult to find the time for substantive discussions. I have asked that deliberations and decisions be carried out at

management strategy meetings, etc. and for the free discussion time to be increased at the Board of Directors meetings. In particular, I would like to see the Board of Directors engage in deeper deliberation of capital investments and M&A that determine the direction of the company and cases that significantly impact cash flow.

**Shirai:** While there are time constraints in the Board of Directors, there are opportunities to voice opinions and ask questions, and I feel that the Board sincerely listens to the opinions of the Outside Directors and Auditors. Moreover, there is a briefing session held in advance of the Board of Directors meeting in which the materials to be distributed can be reviewed and the points and questions of the other Outside Directors can be heard, which enables the Board of Directors to make decisions with a deeper understanding. In addition, we continuously evaluate the effectiveness of the Board of Directors, and we strive to improve any issues that emerge in that process to increase its effectiveness.

**Hoshinaga:** The atmosphere of the Board of Directors is very good. When there is time, they ask if there is anything we wish to discuss and are always willing to listen to opinions from outside of the company. Chairman Hanji, who has served in the top position for a long time, also seems to be careful to gather a broad range of internal and external opinions while providing leadership.

**Takei:** Compared to other officers, Chairman Hanji has many years of experience as a Director, and he is highly skilled, knowledgeable, and has an extremely powerful presence. I had a similar feeling at the bank where I worked previously, but when the person at the top is outstanding, the people within the company may inevitably become reserved in some areas. I feel that the mindset within the company needs to be changed to become more open than it is now.

### Direction of the Next Midterm Business Plan

**Takei:** In the previous Midterm Business Plan, we achieved our sales targets, but there were some remaining issues such as the impact of COVID-19, etc. on our operating profit margin. Improving profitability will be the number one issue in the next Midterm Business Plan which starts from FY2025. For example, if we look at ROE, while top companies in Europe and North America are around 10 to 20%, our Group was at 4.0% for the fiscal year ending 31 March 2024. Raising that figure even slightly should lead to increased corporate value.

**Shirai:** Regarding the formulation of our next Midterm Business Plan, I believe that the efficient allocation of management resources in anticipation of the trends in the business environment will be a major theme. While the pace of the shift to EVs is slowing down, the bearing business is growing steadily, so our first priority is to place our focus there while laying the foundation to increase profits in non-mobility fields. Moreover, I think that the direction will be to anticipate the future and steadily carry out what is necessary and should be done right now.

**Hoshinaga:** Our Group's global share is one-third of the market for automotive engine half bearings and over 70% for low-speed marine engines. This is something to be proud of, and the challenge going forward will likely be how to evolve the technologies that we currently

possess. We cannot win against the developing nations based on quantity or price, so we will evolve our current technologies to create a level of quality that cannot be imitated by other companies or countries. Even if the price is high, if we can develop products with superior quality that do not break, then we can increase our profitability. I think that we should set aggressive targets.

**Takei:** We will aim to gradually shift from a focus on automobiles and bearings to other fields outside of automotive bearings. Broadly speaking, the direction for developing new fields, from land to sea and air and even data centers, will become clearer in the next Midterm Business Plan.

### Further Enhancement of Corporate Value

**Takei:** One significant change going forward is the appointment of President Furukawa. He comes from a technical background and knows our domestic and overseas sites very well. I think that he is the ideal person for improving plant productivity, which is needed to strengthen our profitability.

**Hoshinaga:** I am extremely pleased with the selection of Mr. Furukawa, who has extensive site experience. When you speak with him, you get the feeling from his personality that "this is someone I can trust."

**Shirai:** I agree. We share a common understanding that he is a person with the qualities needed to further advance global manufacturing.

**Takei:** As we undertake the transformation of our business structure and the long-term vision, etc., I believe that we need to consider a succession plan to systematically nurture the next management team.

**Hoshinaga:** To further increase our corporate value going forward, it is important for the entire company to be united in implementing reforms and changes with a sense of speed. Therefore, we need to devise ways to make each employee on the frontline feel that "this company treats them well." When employees feel that consideration is being given to their health and their families, etc., it increases their motivation and loyalty. Ultimately, the quality of our products will also increase. In particular, I hope to be able to voice my opinion from the perspective of health management.

**Shirai:** The question of how to increase profitability as the external environment becomes increasingly severe will continue to be a business challenge. To take on the challenge of new businesses in a turbulent era, we must actively incorporate multifaceted perspectives and different ways of doing things more than ever before, which makes it essential that we develop human resources and secure diverse talent. As an Outside Director, I would like to monitor management and provide the appropriate counsel as well as offer support to further increase our corporate value and sustainable growth.

**Takei:** Going forward, I would like to focus our efforts on creating a structure that can pursue the profit to the remaining players centered around our strengths in bearings and develop new technologies. I would like to continue to emphasize the importance and closely observe our global development, M&A, appropriateness of capital investment, and financial strategy, etc. from the perspective of my expertise in international finance and economics while contributing to further increases in corporate value.



Member names and attendance in FY2023

Position	Name	Title	Nominating Committee	Remuneration Committee
Committee Chairperson	Seigo Hanji	Chairman and CEO	2/2 times	2/2 times
Committee member	Toshikazu Takei	Outside Director	2/2 times	2/2 times
Committee member	Kiyotaka Hoshinaga	Outside Director	2/2 times	2/2 times

FY2023 consultation status

Nominating Committee (Held twice)	<ul style="list-style-type: none"> <li>About the Board Skill Matrix</li> <li>Officer Structure in FY2024</li> <li>About Succession Plans</li> </ul>
Remuneration Committee (Held twice)	<ul style="list-style-type: none"> <li>Total amount of bonuses paid to directors</li> <li>Remuneration by individual director</li> <li>Verification and operation of performance-linked remuneration design and structure</li> </ul>

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.

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 April 2023, we received opinions from a total of 10

Reasons for appointment as Outside Director

Title	Name	Reasons for appointment	Attendance at Board of Directors meetings in FY2023
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.	13/13 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.	13/13 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.	13/13 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, Mr. Matsuda 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 13/13 times Board of Corporate Auditors 13/13 times
	Etsuaki Yoshida	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.	Board of Directors 10/10 times Board of Corporate Auditors 10/10 times

internal and external Directors and Auditors regarding the role and management structure of the Board of Directors in FY2022, and the details were reported to the Board of Directors in May. As a result, the assessment indicated that the Board of Directors was able to engage in sufficient deliberations to conduct rapid management decision-making. However, it was recognized that there was further room for improvement with respect to officer training for the purpose of acquiring the knowledge necessary for Board discussions and deliberations concerning diversity within the company.

At the Board of Directors meeting in February 2024, the details of the improvements based on the evaluation results of the same year were reported as well as a report on plans to enhance the officer training and future initiatives related to human capital and diversity as improvement measures.

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 remuneration

Type of Reward	Monthly Remuneration		Bonuses	Stock remuneration
	Fixed remuneration	Consolidated performance-linked remuneration		
Subject of remuneration	Director	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)
Details of remuneration	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.

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. Furthermore, the cross-shareholdings were reviewed by the Board of Directors in October 2023. 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.


Officer Training

Directors and Auditors of our company attend training for new appointees and lectures to improve their skills. In addition, it is our policy to invite outside experts to conduct internal seminars as needed when laws are amended, etc.

In December 2023, we hosted an external web seminar on the themes of sustainability management and human capital, etc. as part of our officer training. The web seminar was attended not only by Directors, but also by Executive Officers and Group company representatives, providing an opportunity to learn about the basics and example initiatives.

Going forward, we will continue to implement similar initiatives on a regular basis to promote sustainability as a united Group.

# List of Officers (as of 27 June 2024)



**Seigo Hanji**  
Chairman and CEO

April 1965 Joined the Company  
 April 1993 Deputy General Manager of Business Division 3  
 June 1993 Director  
 June 1995 President  
 June 2007 Chairman  
 June 2010 Outside Director of Nichirei Co., Ltd.  
 May 2018 Executive of Japan Auto Parts Industries Association (current)  
 April 2023 Chairman and President, CEO and COO  
 June 2024 Chairman and CEO (current)



**Tomomitsu Furukawa**  
President and COO

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  
 June 2024 President and COO (current)



**Shigemasa Hakakoshi**  
Director and Managing Executive Officer  
Head of Human Resources Planning Div.

April 1986 Joined the Company  
 April 2015 Head of Polymer Bearings Division  
 April 2017 President of DAIDO METAL SAGA  
 April 2019 President of Dyna Metal Co., Ltd.  
 June 2021 Director (current)  
 July 2021 Head of Human Resources Planning Division (current)  
 June 2024 General Manager of Inuyama Site (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)



**Koji Takaki**  
Full-time Audit & Supervisory Board Member

October 2005 Joined the Company  
 April 2013 Head of the Corporate Management & Administration Department, Corporate/Financial Planning Division  
 June 2023 Full-time Audit & Supervisory Board Member (current)




**Arihiro Yoshida**  
Director and Managing Executive Officer  
Head of Technology Division and Head of the New Business Development Promotion Division

April 1986 Joined the Company  
 January 2006 General Manager, European Headquarters, Corporate Planning Division  
 July 2016 General Manager of the Design Department  
 April 2017 Head of the Technology Division and General Manager of the Design Department  
 April 2019 Head of Technology Division  
 April 2021 Deputy Head of the Technology Division  
 April 2022 Head of the Technology Division (current)  
 June 2022 Director (current)  
 April 2024 General Manager of Tribology Research (current)  
 June 2024 Head of the New Business Development Promotion Division and Center Chief (current)




**Hiroki Ito**  
Director and Managing Executive Officer  
Head of the Finance Planning Division

April 2019 Executive Officer, Sapporo Branch Manager, Sumitomo Mitsui Trust Bank, Limited  
 July 2020 Joined the Company Head of Compliance Division and General Manager of the Legal Affairs Department  
 April 2022 Head of the Finance Planning Division (current)  
 June 2024 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)



**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 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.



**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 Uzbekistan  
 April 2022 Professor, Doshisha Business School, Doshisha University (current)  
 June 2023 Outside Audit & Supervisory Board Member 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
Directors	Inside	Seigo Hanji	○			○	○	○	○
		Tomomitsu Furukawa	○	○	○		○		○
		Shigemasa Hakakoshi	○	○	○		○		○
	Outside	Arihiro Yoshida	○	○	○	○			○
		Hiroki Ito	○			○		○	
		Toshikazu Takei	●					●	●
Auditor	Outside	Kiyotaka Hoshinaga	●				●		●
		Miyuri Shirai	●			●			●
		Koji Takaki				●		●	
	Outside	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 on the left does not represent the full knowledge of each individual.

## 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.

Our Group classifies business risks into high priority and priority risks and establishes departments to manage these two types of risks. The risk management departments work with the Group companies to oversee the risk management concerning said risks and regularly report on the management status of the risks to the Risk Management Committee.

#### Risk management committee (members)



#### Business and other risks and the management departments

	Risk name	Risk management departments
High priority risks	Risks due to global business activities	Corporate Planning Dept.
	Risks related to an unstable raw material supply/demand environment	Purchasing Dept.
	Risk of cyber attack, IT network and system failure	ICT Dept.
Priority risks	Risk of natural disaster and accident	BCP Secretariat
	Risk of product failure	Quality Management and Planning Dept.
	Risks related to dependence on special fields or industries	Corporate Planning Dept., New Business Development Promotion Dept.
	Risks related to price competition	Production Technology Dept.
	Risk of unsuccessful new product development	Research and Development Dept.
	Risks related to environmental regulations	Research and Development Dept., Environmental Safety and Carbon Neutrality Promotion Dept.
	Risks related to capital investment, joint ventures, partnerships and acquisitions	Production Technology Dept., Corporate Planning Dept.
	Risks related to climate change	Environmental Safety and Carbon Neutrality Promotion Dept.
	Risks related to securing human resources	Human Resource Planning Dept.
	Compliance risks	Legal Affairs and Compliance Dept.

### 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 establishing company-wide policies and overseeing initiatives to prevent information leaks and inappropriate inflows, the IT Management Subcommittee conducts surveys of the current cybersecurity status of affiliated companies to assess the actual state of not only the technical aspects but also the

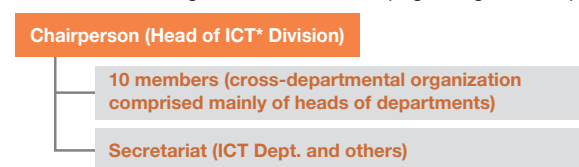
development of management rules, education of system users, and a wide range of other areas to improve the security level of the entire Group by providing the appropriate advice.

### Employee Training on Cyberattacks

In FY2023 the Information Management Subcommittee undertook efforts in the four areas of awareness-raising activities, monitoring, maintenance of regulations, and information gathering.

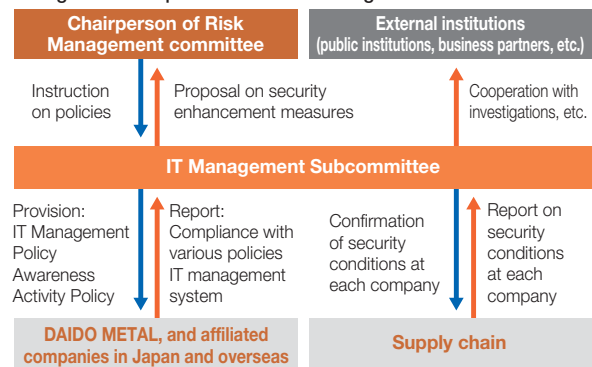
In addition to advancing measures such as participating in the activities of the Nippon CSIRT Association, educating employees through the "Cybersecurity Newspaper", targeted email training, and detecting compromising radio emanations etc. we are also establishing regulations and strengthening our operational system for responding to incidents when they occur.

#### Information management subcommittee (Organizing members)



\* Abbreviation of Information and Communication Technology

#### Organizational position of the IT management subcommittee



### 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.

In addition, we are working to upgrade the entire Group by assessing the actual state of BCP levels for natural disasters at affiliated companies and reviewing issues.

## Compliance

### Basic Concept and Structure

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 Code of Conduct" 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 General Manager of the Legal Affairs and 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.

In addition, our Group established the "Code of Ethics and Values" as guidelines for all executives and staff to conduct business activities with high ethical standards. In light of the changes in social conditions, etc., we are creating a revised edition of the Code and distributing it to all employees to ensure that they are informed.

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

#### Corporate Ethics Committee (organizing members)



### Compliance Training

In July 2023, we conducted a compliance web test of 212 managers and supervisors followed by a "Code of Conduct Comprehension Check" in August covering all 3,177 employees at our Company and domestic affiliated companies. In terms of the specific themes, we provided employee training on the Act on the Protection of Personal Information and the Antimonopoly Act, etc.

Moreover, we have been distributing the "Compliance Times" in a timely manner to cultivate an awareness of compliance among employees since FY2020 when the Compliance Division was established.

We will continue to work to further improve compliance awareness and prevent corporate scandals by instilling our Group's Code of Conduct.

### Initiatives for Establishing and Strengthening a Global Compliance System

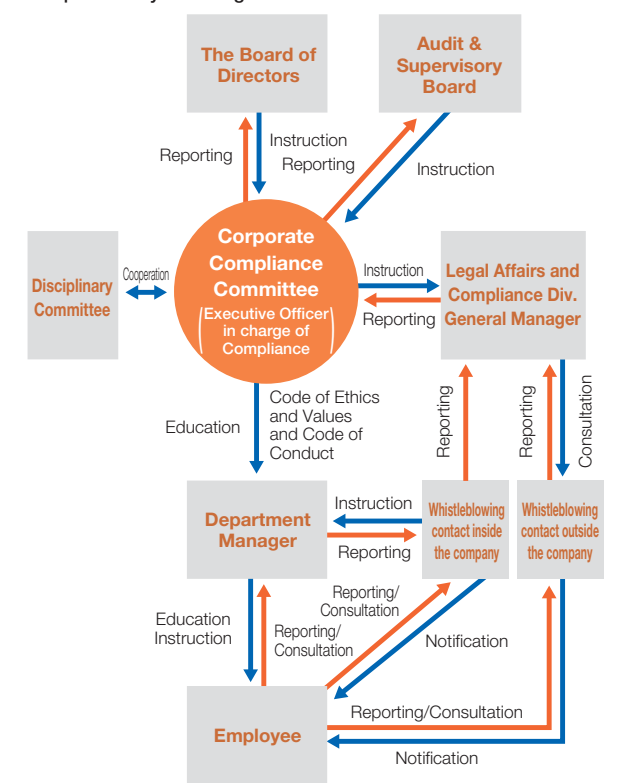
From FY2020 to FY2023, we have been developing and strengthening global compliance management systems. We conduct questionnaires to assess the current state of overseas and domestic sites, hold interviews to understand the actual state of the management systems, and draft improvement policies, etc. to develop systems that enable each company to establish self-guided compliance systems that include self-inspection.

### Whistleblowing/Reporting and Consultation System

Based on the DAIDO METAL GROUP Code of Conduct 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.

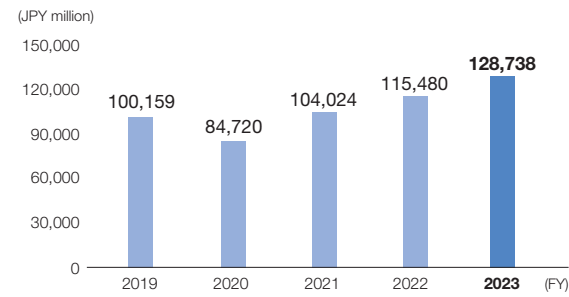
#### Operation system diagram



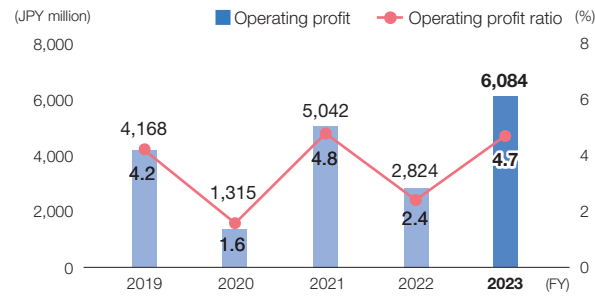
# Financial and Non-financial Highlights

## Major Financial Information

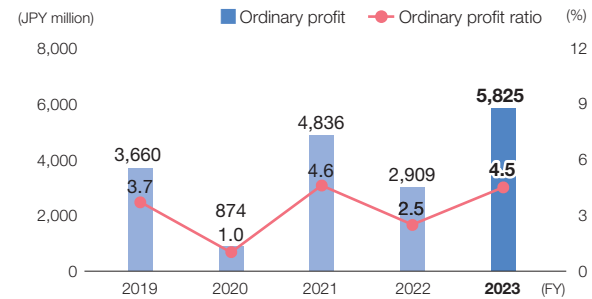
### Net sales



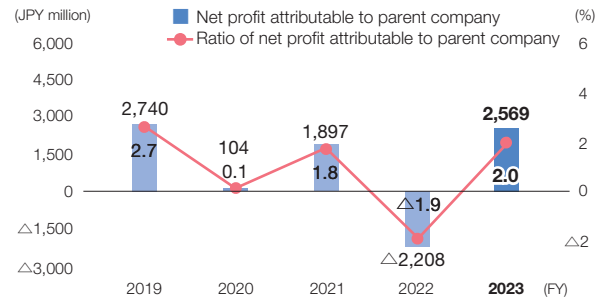
### Operating profit



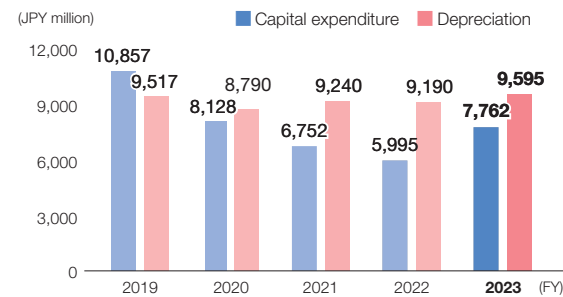
### Ordinary profit



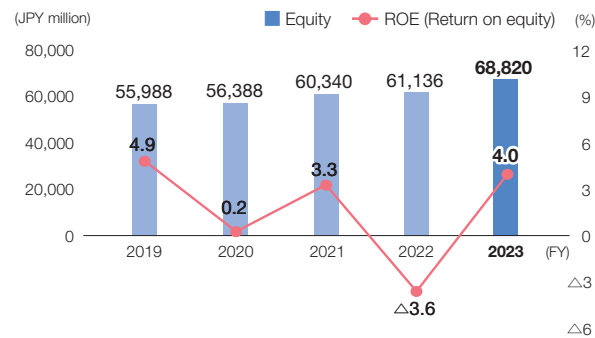
### Net profit attributable to parent company



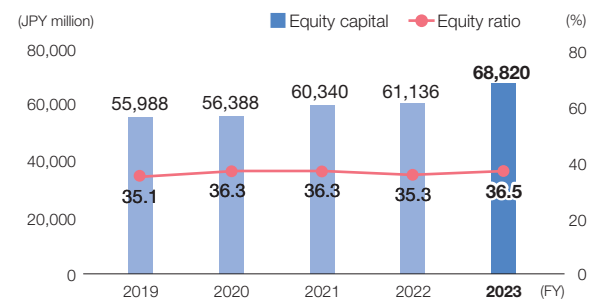
### Capital expenditure / Depreciation



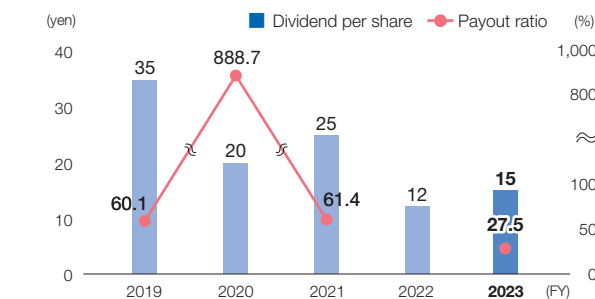
### ROE (Return on equity)



### Equity ratio



### Dividend per share / Payout ratio

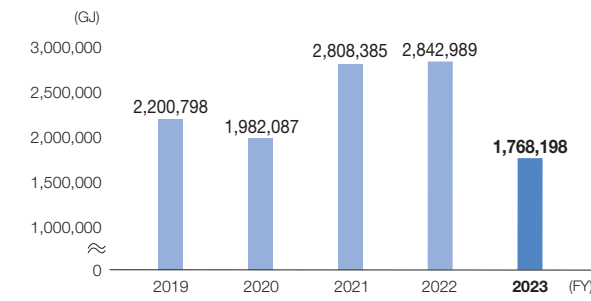


## Major Non-financial Information

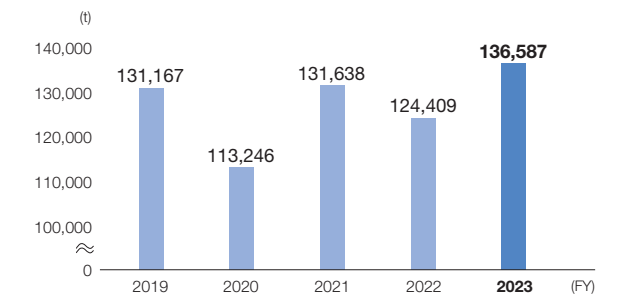
\*1. Financial information, total CO<sub>2</sub> emissions, and employee headcount figures are on a consolidated basis. Figures for energy consumption include the domestic Group, and other information is shown on a non-consolidated basis (← please reflect).  
\*2. The figure shown for the number of employees comprises those working for the Company (excluding employees seconded to other companies but including those seconded to our Company from other companies)

## E (Environment)

### Energy consumption

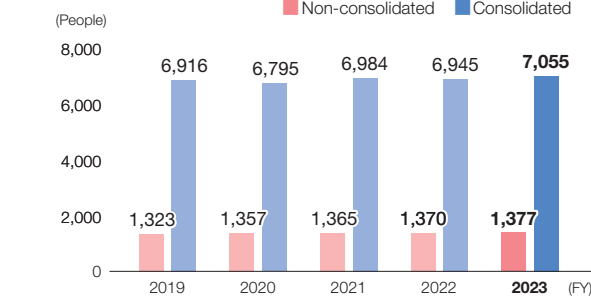


### Total CO<sub>2</sub> emissions

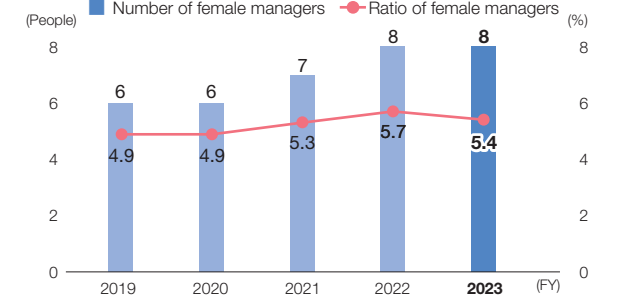


## S (Society)

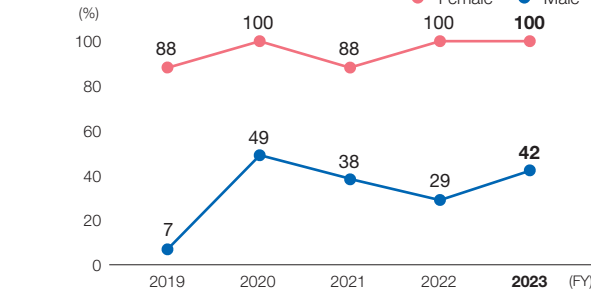
### Number of employees



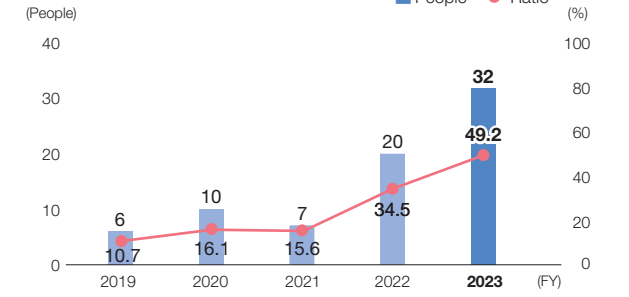
### Number of female managers / Ratio of female managers



### Ratio of employees who took child care leave

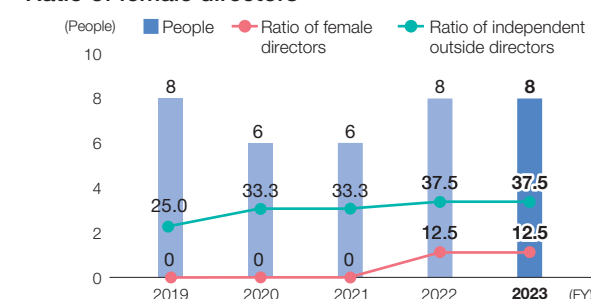


### Number of mid-career recruits / Ratio of recruits

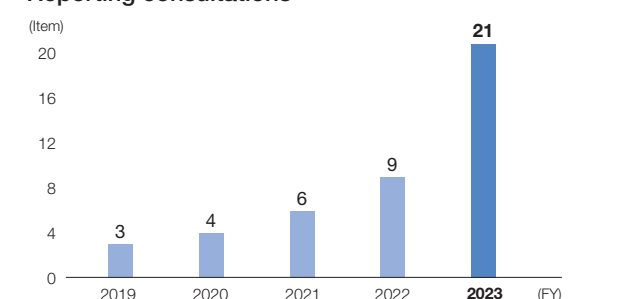


## G (Governance)

### Number of directors / Independent outside directors / Ratio of female directors



### Number of whistleblowing / Reporting consultations



## 10-Year Major Consolidated Financial Summary

(Unit: Millions yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	85,015	81,400	85,073	106,648	107,718	100,159	84,720	104,024	115,480	128,738
Net sales growth rate [%]	9.9	△4.3	4.5	25.4	1.0	△7.0	△15.4	22.8	11.0	11.5
Cost of sales	62,086	58,617	63,135	78,638	79,596	74,702	65,200	77,266	89,312	97,433
Gross profit	22,928	22,783	21,938	28,010	28,121	25,456	19,520	26,758	26,167	31,304
Selling general and administrative expenses	15,339	15,878	17,238	21,381	20,858	21,287	18,205	21,715	23,342	25,219
Operating profit	7,588	6,904	4,700	6,628	7,262	4,168	1,315	5,042	2,824	6,084
Operating profit growth rate [%]	4.1	△9.0	△31.9	41.0	9.6	△42.6	△68.5	283.4	△44.0	115.4
Ordinary profit (loss)	8,084	6,586	5,023	6,826	6,630	3,660	874	4,836	2,909	5,825
Ordinary profit growth rate [%]	1.2	△18.5	△23.7	35.9	△2.9	△44.8	△76.1	453.3	△39.8	100.2
Profit (loss) attributable to owners of parent	4,312	3,709	2,212	3,590	4,135	2,740	104	1,897	△2,208	2,569
Profit growth rate [%]	△7.4	△14.0	△40.4	62.3	15.2	△33.7	△96.2	—	△216.4	—
Total assets	115,944	122,146	154,330	160,065	161,881	159,539	155,176	166,155	173,317	188,369
Inventories	18,211	18,348	22,566	25,799	27,538	28,206	25,527	33,543	37,008	37,352
Current assets	58,165	59,228	67,147	70,857	78,142	78,781	75,242	85,928	94,054	103,549
Non-current assets	57,778	62,918	87,182	89,207	83,739	80,758	79,934	80,227	79,262	84,820
Current liabilities	37,355	40,337	73,515	66,163	57,885	61,816	57,452	65,414	68,723	74,468
Non-current liabilities	26,083	30,434	28,899	36,754	38,742	33,554	33,185	32,045	34,140	35,179
Equity	42,992	43,201	44,181	48,559	56,636	55,988	56,388	60,340	61,136	68,820
Equity Ratio [%]	37.1	35.4	28.6	30.3	35.0	35.1	36.3	36.3	35.3	36.5
Net assets	52,504	51,374	51,915	57,147	65,253	64,168	64,538	68,695	70,454	78,721
Interest-bearing debt	30,966	37,506	63,312	65,801	59,415	59,685	58,466	57,126	61,933	63,381
Earnings per share:[JPY]	108.29	93.17	55.56	90.16	93.72	58.22	2.25	40.70	△47.05	54.50
Book-value per share:[JPY]	1,079.74	1,085.02	1,109.64	1,219.61	1,191.85	1,212.66	1,213.08	1,289.96	1,297.76	1,460.05
Dividend per share:[JPY]	20.00	26.00	30.00	30.00	30.00	35.00	20.00	25.00	12.00	15.00
Operating cash flows	9,605	9,372	9,801	11,186	11,709	12,822	10,098	13,207	5,003	16,655
Investing cash flows	△9,469	△13,364	△30,821	△12,331	△5,462	△7,297	△7,043	△8,072	△6,345	△8,303
Financing cash flows	626	4,989	20,679	△53	△746	△3,553	△3,098	△5,076	790	△2,499
Cash and cash equivalents at fiscal year-end	12,595	13,376	12,827	11,866	17,127	19,170	18,637	18,868	18,955	24,586
Free cash flows	135	△3,991	△21,019	△1,145	6,247	5,525	3,055	5,135	△1,341	8,351
Return on assets (ROA) [%]	3.9	3.1	1.6	2.3	2.6	1.7	0.1	1.2	△1.3	1.4
Return on equity (ROE) [%]	10.6	8.6	5.1	7.7	7.9	4.9	0.2	3.3	△3.6	4.0
Capital expenditure	10,597	14,802	12,329	8,694	7,273	10,857	8,128	6,752	5,995	7,762
Depreciation	5,027	5,744	6,259	8,795	8,528	9,517	8,790	9,240	9,190	9,595
R&D expenses	1,559	1,667	1,821	1,923	2,047	2,105	1,971	1,934	2,205	2,322

Free cash flows = Operating cash flows + investing cash flows  
 ROA = Profit attributable to owners of parent / Average total assets  
 ROE = Profit attributable to owners of parent / Average equity

[Notes] • Figures presented are rounded down to JPY million, and ratios are rounded off.  
 • The company applied the "Partial Amendments to Accounting Standard" for Tax Accounting Standards Board of Japan Statement No. 28, 16 February 2018) from FY3/2019. The figures for March FY2018 are adjusted retrospectively to reflect the aforementioned standard.  
 • Effective from the beginning of FY3/2020, the Company changed accounts regarding proceeds from disposal of scraps, and the results for FY3/2019 show the figures after the change is applied retrospectively.

## ESG Data

### Environmental Data

		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Aggregation period
CO <sub>2</sub> Emissions	CO <sub>2</sub> Emissions (Scope1+2)	131,167	113,246	131,638	124,409	136,587	t	Fiscal year
	Scope 1	27,161	21,903	27,686	24,686	30,658		
	Scope 2	104,006	91,344	103,952	99,723	105,929		
	Scope 3 [Total]*1	—	—	248,406	283,460	302,025		
*1 Scope 3 categories are categories 1,2,3,4,5,6,7								
Energy Consumption*2	Total energy consumption	2,200,798	1,982,087	2,808,385	2,842,989	1,768,198	GJ	Fiscal year
	Electricity	188,269	172,160	232,516	233,728	237,440	MWh	
	Breakdown: Renewable Energy Consumption (Electricity)	—	—	1,364	3,531	4,125		
	Diesel fuel	363	315	373	351	348	kℓ	
	Kerosene	118	123	193	143	170		
	Gasoline	65	58	166	163	166		
	City gas	5,345	4,509	5,373	4,937	4,922	1000 m <sup>3</sup>	
	LPG	1,014	700	4,419	5,331	6,171	t	
*2 Energy usage is presented in accordance with the Energy Saving Act.								
Conservation of Water Resources	Total water used	1,103	1,018	1,170	908	922	1000 m <sup>3</sup>	Fiscal year
	Discharged water	1,068	991	1,161	837	741		
Management of Waste and Chemical Substances	Waste generated	2,735	2,635	3,086	3,062	3,221	t	Fiscal year
	PRTR handling volume (input)	356	260	397	359	362		
	PRTR handling volume (discharge)	8	6	8	6	7		
Environmental protection	Environment Conservation Costs	472	561	578	805	694	Million yen	Fiscal year

\*3 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.

### Social Data

		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Aggregation period			
Status of Employees	Number of employees*4	Non Consolidated	Total	1,323	1,357	1,365	1,370	1,377	People		
			Male	1,126	1,151	1,162	1,161	1,163			
			Female	197	206	203	209	214			
		Consolidated	Total	6,916	6,795	6,984	6,945	7,055			
			Male	5,585	5,513	5,003	4,968	5,009			
			Female	1,331	1,282	1,981	1,977	2,046			
	Average age of employees	Non Consolidated	Total	38.7	39.0	40.0	40.3	40.8	Age		
			Male	39.3	39.7	40.6	41.0	41.4			
			Female	35.1	35.2	36.3	36.9	37.5			
			Average number of consecutive years served	Total	14.9	15.0	16.1	16.4		16.7	Year
				Male	15.3	15.7	16.6	16.9		17.2	
				Female	12.6	12.7	13.6	13.9		14.3	
Gender pay gap	Non Consolidated	62.7	69.8	67.4	72.7	72.0	%	The end of each fiscal year			
Managers	Non Consolidated	Male	117	117	123	132	140		People		
		Female	6	6	7	8	8				
		Ratio of females	4.9	4.9	5.3	5.7	5.4			%	
	Consolidated	Male	271	262	251	370	285			People	
		Female	51	50	54	69	66				
		Ratio of females	15.8	16.0	17.7	15.7	18.8				%

\*4 The number of employees is calculated as the number of people employed by the company, excluding those seconded to outside companies, but including those seconded to our company from outside companies.

### Social Data

		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Aggregation period	
Recruitment	Number of new employees (new graduate and mid-career recruits)	Non Consolidated	Total	56	62	45	58	65	People
			Male	42	47	40	46	53	
			Female	14	15	5	12	12	
		New graduate recruits	Total	50	52	38	38	33	
			Male	39	37	33	29	28	
			Female	11	15	5	9	5	
	Retention ratio of new graduates (within 3 years after joining the company)	Non Consolidated	75	85	87	86	82	%	The end of each fiscal year
	Number of mid-career recruits	Non Consolidated	Total	6	10	7	20	32	People
			Male	3	10	7	17	25	
			Female	3	0	0	3	7	
Ratio of mid-career recruits	Non Consolidated	10.7	16.1	15.6	34.5	49.2	%	1 June of each fiscal year	
Ratio of people with disabilities	Non Consolidated	2.07	2.45	2.71	2.79	2.77			
Maternity/child care/long-term nursing care leave	Employees who took leave*5	Non Consolidated	Total (usage ratio)	12/27	21/38	19/43	15/38	23/55	People (%)
			Male (usage ratio)	3/7	15/49	11/38	9/29	14/42	
			Female (usage ratio)	9/88	6/100	8/88	6/100	9/100	
		Employees who took nursing care leave	Total	2	1	1	0	1	
			Male	0	1	1	0	1	
			Female	2	0	0	0	0	
Working hours	Average overtime working hours	Non Consolidated	16.3	13.1	21.7	18.8	15.9	Hours/Month	Fiscal year
Human Resource Development	Education and training expenses per employee	Non Consolidated	97,161	39,788	69,715	70,318	77,727	Yen	Fiscal year

\*5 The number of people who started taking leave in each year

### Governance Data

		FY2019	FY2020	FY2021	FY2022	FY2023	Unit	Aggregation period		
Board of Directors and Board of Auditors	Directors	Non Consolidated	Total	8	6	6	8	8	People	
			Male	8	6	6	7	7		
			Female	0	0	0	1	1		
			Ratio of females	0	0	0	12.5	12.5		%
			Outside Directors (independent officers)	2	2	2	3	3		People
			Ratio of Outside Directors	25.0	33.3	33.3	37.5	37.5		%
	Audit & Supervisory Board Members	Non Consolidated	Total	3	3	3	3	3	People	
			Male	2	2	2	2	3		
			Female	1	1	1	1	0		
			Outside Audit & Supervisory Board Members (independent officers)	1	1	1	1	1		People
			Ratio of outside Audit & Supervisory	33.3	33.3	33.3	33.3	33.3		%
			Frequency	15	13	15	15	13		Times
Board of Directors	Non Consolidated	Attendance ratio	100	100	100	100	100	%		
		Frequency	15	13	15	15	13	Times		
		Attendance ratio	100	97.4	100	100	100	%		
Compliance	Number of whistleblowing incidents	Non Consolidated	3	4	6	9	21	Cases	Fiscal year	

# Company Information

## Company Profile (as of 31 March 2024)

<b>Established</b>	4 November 1939
<b>Capital</b>	8,413 million yen
<b>Number of employees</b>	Consolidated 7,055 / Non-consolidated 1,377

### Business Summary

- Automotive Engine Bearings**  
 Bearings for automobiles (passenger cars, trucks, racing cars) engines, bearings for two-wheeled engines, bearings for engine accessories (turbocharger and balancer mechanisms), etc.
- Automotive Non-engine Bearings**  
 Bearings for automotive parts (transmissions, shock absorbers, air conditioning compressors, steering), etc.
- Non-automotive Bearings**  
 Bearings for marine low-speed engines, bearings for marine/industrial medium and high-speed engines, power generation equipment (water mills / thermal power / turbines), industrial equipment (compressors / acceleration / reductions gears) etc.
- Other Automotive Parts**  
 Aluminum die casting parts for automobiles (incl. electric vehicles), automobiles and motorcycles for bent pipe products, machined products and knock pins, etc.
- Other Products**  
 Metal-based unlubricated bearings business, pump-related products business, centralized lubricating equipment, and the electrode sheet business for electric double layer capacitors, etc.

## Stock Information (as of 31 March 2024)

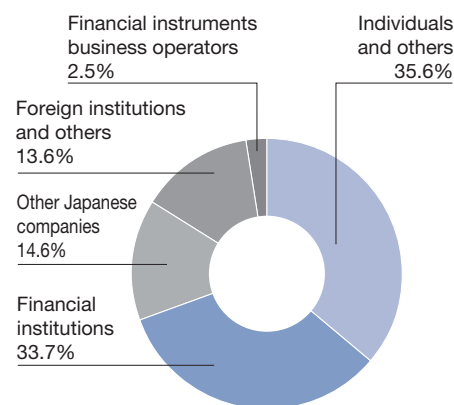
### Stock Overview

Total number of shares authorized to be issued	80,000,000 shares
Total number of issued shares	47,520,253 shares (including 2,202 shares of treasury stock)
Number of shareholders	12,874

### Major Shareholders

Name of shareholder	Number of shares held (Thousands of shares)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,543
Sumitomo Mitsui Trust Bank, Limited	1,978
Mizuho Bank, Ltd.	1,977
Custody Bank of Japan, Ltd. (Trust account)	1,949
Daido Metal Employee Stock Purchase Plan	1,882
Daido Metal Yueikai Stock Ownership	1,848
MUFG Bank, Ltd.	1,822
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,107
THE SERI WATHANA INDUSTRY CO.,LTD 703000	1,000
Marubeni-Itochu Steel Inc.	886

### Shareholding by Owner



## Global Network (as of 31 March 2024)

■ Production Locations ■ Sales Locations ■ R&D Locations ■ Others

