



Daido Steel Group Code of Conduct Guidebook

DAIDO STEEL GROUP
Beyond the Special



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Message from top management

In recent years, we have seen an increasing number of legal violations and misconduct that undermine trust in companies, including quality fraud, environmental offences, and accounting fraud. Consequently, the importance of corporate compliance is becoming greater. What is the situation like at Daido Steel Group? Are daily tasks and work processes consistent with current laws and regulations? Has it been ensured that there are no systems, surroundings, or culture that allow errors or fraud to occur? Compliance is crucial for companies to survive. So let's move away from the conception that "we can continue with what we have been doing simply because it was acceptable in the past," and take proactive actions against potential risks.

In order to build "organizations and workplaces where misconduct is not tolerated and compliance is valued" at Daido Steel Group, it is vital for each individual to understand the principles and values that are embodied in the Daido Steel Group Management Philosophy, Corporate Code of Ethics, and Code of Conduct.

Our Corporate Code of Ethics and Code of Conduct were revised in August 2023 and April 2024 respectively in

order to enhance sustainability management and to respond to changes in social demands. These are the guidelines that show you the "ethical rules you must follow" and "how you should act and behave" if you have concerns at work. Please read and understand our Codes and take action in order for Daido Steel Group to earn trust and to achieve sustainable growth.

Lastly, I would like to remind each of you about the importance of compliance so that Daido Steel Group remains trusted by society.



Tetsuya Shimizu
President & CEO,
Representative Executive Director



Daido Steel Group Management Philosophy

Pursuing the potential of materials to support our future

Action Guidelines

Aim High

- Stay a step ahead of the times with pioneer spirit.
- As professionals, see tasks through to the end.

Sincere Action

- Consider other viewpoints and recognize diverse values and truths.
- Give stakeholders what they expect.

Personal Growth

- Tackle work with the desire to grow.
- Leverage new experiences for personal betterment.

Team Strengths

- Go beyond organization boundaries to bring together group knowledge.
- Accomplish tasks through cooperation and quickness.

Open to Challenges

- Blaze new eras through bold thinking.
- Face difficulties with no fear of failure.

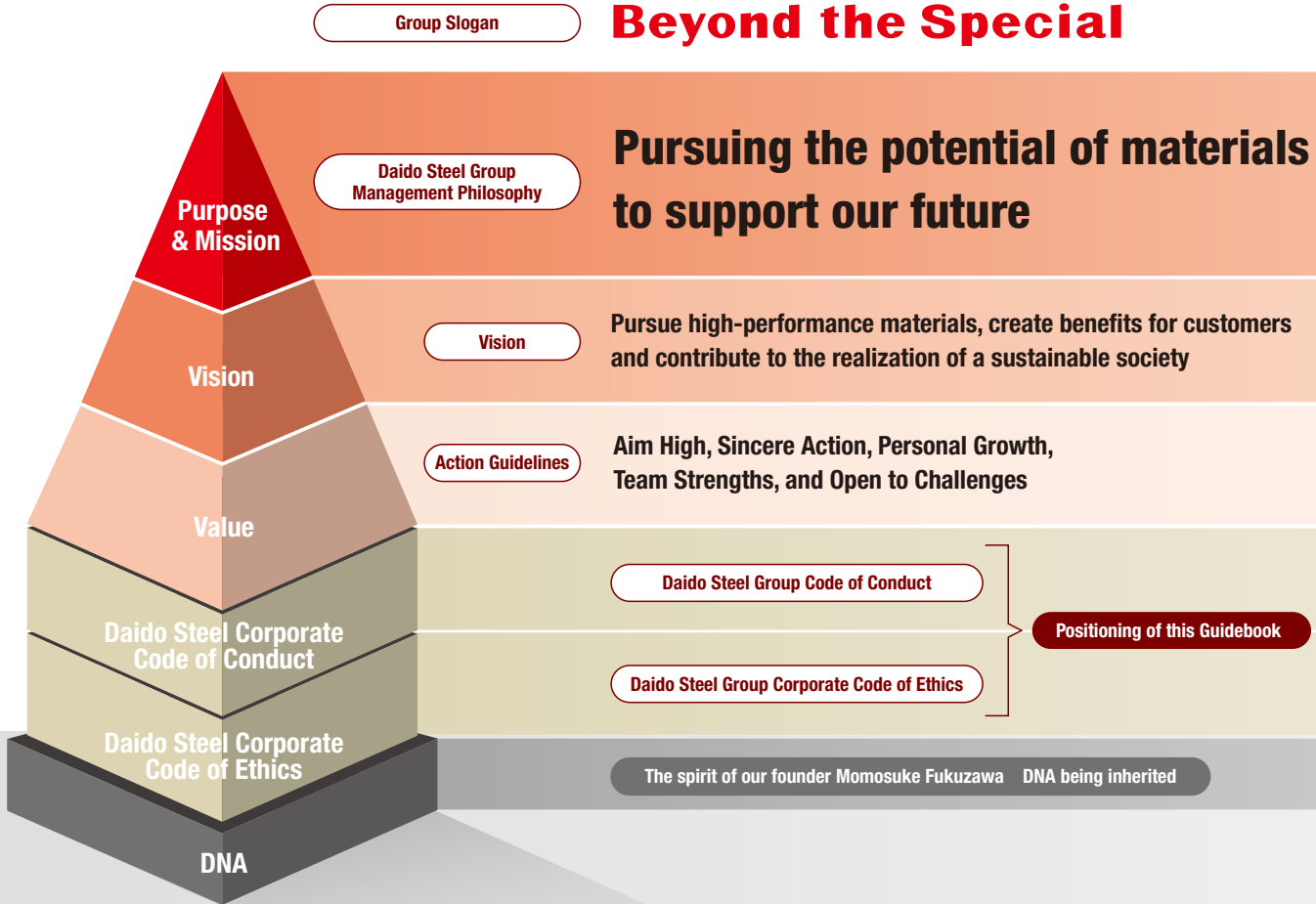
Daido Steel Group Corporate Code of Ethics

Daido Steel strictly observes and adheres to the letter and spirit of all laws and international rules both in and outside Japan, and behaves in a socially sensible manner based on the following ten principles:

1. Strive for achieving sustainable economic growth and resolving social issues through technology, service, and quality that maintain the satisfaction and trust of customers and society.
2. Compete for business and conduct appropriate business and responsible procurement in a fair, transparent, and free manner and maintain sound and normal relationships with political and administrative institutions.
3. Improve corporate value through proactive and fair disclosure of Daido's corporate information and constructive communication with a wide range of stakeholders.
4. Conduct business that respects the human rights of all people.
5. Provide customers with appropriate information related to products and services and sincerely communicate with them to earn their satisfaction and trust.
6. Respect the diversity, individuality, and personality of employees and secure a safe, healthy, and rewarding workplace to realize comfort and affluence.
7. Act positively and voluntarily with the awareness that environmental issues are something common to all people and essential requirements for the existence and activities of a company.
8. Conduct all corporate activities as a good corporate citizen based on corporate ethics and legal compliance. Also, give careful attention to protecting personal and customer information. In conducting international corporate activities, respect the various international norms as well as local cultures and customs and manage in a way that allows contributions to the development of such cultures and customs.
9. Take a stringent and resolute attitude toward and cut ties with antisocial forces or organizations that threaten the order and safety of civil society, and thoroughly implement organizational crisis management in preparation for terrorism, cyberattacks, natural disasters, and other emergencies.
10. To realize the spirit of the Daido Steel Corporate Code of Ethics, management assumes the responsibility of taking the initiative in building effective governance and ensuring that it is thoroughly understood within the company and group companies, as well as making the supply chain aware of the same. In the event of any violation of this code, the management investigates and resolves the matter on its own and makes prompt and accurate disclosure of information pertaining to the matter. After such disclosure, the management implements measures to prevent recurrences and disciplines violators.

Corporate philosophy structure

Beyond the Special



- ▶ **Beyond the Special**

The Group's slogan has various implications, such as “providing value beyond the special” and “continuing to go beyond the special.” The slogan is intended to encourage each and every one of the employees at Daido Steel Group to provide “value beyond the special” and to continuously support people and society with passion.
- ▶ **Daido Steel Group's Purpose and Mission**

The Purpose represents “the value to society, the reason why we exist.” On the other hand, the Mission represents “the action we take in order to achieve the Purpose.” Daido Steel Group's management philosophy expresses that we exist for the purpose of continuously supporting the future of people and society. And at the same time, it expresses that our mission is to continue to pursue the potential of materials and materials-related technology in order to fulfill the purpose.
- ▶ **Daido Steel's Vision for the Year 2030**

Daido Steel's Vision represents “the vision we have during the process of achieving the Purpose.” We aim to realize our vision in the interest of sustaining the future of people and society.
- ▶ **Daido Steel's Value**

Our Value consists of five elements, which represent the “values and attitudes every one of us upholds as a Daido person.”
- ▶ **Daido Steel Group Code of Conduct**

Our Code of Conduct was created by making Daido Steel Group Corporate Code of Ethics more practical so that it can serve as guidelines, rules, and concrete action principles for the executives and employees of Daido Steel Group. Chapter 1 provides our ethical principles in business, and Chapter 2 and 3 describe corporate ethical behavior towards employees and society so that it is easily understood.
- ▶ **Daido Steel Group Corporate Code of Ethics**

Our Corporate Code of Ethics provides ethical rules that Daido Steel Group companies must adhere to.
- ▶ **Daido DNA**

We have inherited the spirit of “prioritizing our customers” throughout our more than 100-year history.

Introduction

Why ?

Why do we need a code of conduct?

In April 2024, we established the Daido Steel Group Code of Conduct based on the Daido Steel Group Corporate Code of Ethics.

Our Code of Conduct provides specific guidelines on the actions Daido Steel Group employees should take. These guidelines help us take the desired action when you have concerns about your or others' behaviors.

How ?

How to use

Please read and understand the contents of this guidebook and practice them in your daily work.

Keep this guidebook where it is readily available and refer to it when necessary.

If you have any doubts about the right thing to do in your day-to-day operations, please refer to this guidebook before taking action.

In Case ...

If there are any concerns or breach of conduct in your daily operations

Do not keep concerns to yourself. Consult with your supervisor or the person(s) responsible for compliance immediately.

In case of any breach of conduct, strict disciplinary measures are taken according to the circumstances pursuant to the work regulations of each Group company.

The identity of whistleblowers is not disclosed.

For Your Understanding

How to read this guidebook

This part describes the actions we should take as members of Daido Steel Group.

This section titled **POINT** additionally explains each part of our Code of Conduct and Daido Steel Group's efforts.

1. Promotion of sustainability management

(1) We fully understand our company's policies and business plans based on the Sustainable Development Goals (SDGs), comply with those policies, and actively work to implement the business plans.

POINT Sustainability management" means management that improves business sustainability by paying attention to the sustainability of the environment, society, economy, and ultimately the earth.

We must contribute to the achievement of SDGs and create new value, while coexisting with our various stakeholders without focusing too much on our Group's short-term profits.

Accordingly, we are committed to addressing climate change, contributing to energy efficiency through our product supply, respecting human rights, encouraging diversity, promoting health management, and preventing corruption.

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Matters related to business activities



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1. Promotion of sustainability management

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2. Thorough compliance

- (1) We comply with laws and contracts and do not leave violations of them unaddressed or participate in such violations. We act with common sense and integrity based on social norms and corporate ethics.
- (2) We do not promise, offer, permit, provide, or accept any means to gain unfair or improper advantage and act in accordance with corporate ethics.
- (3) We act in accordance with compliance ourselves and continue to encourage all business partners, including suppliers, to ensure compliance.



POINT We selected laws and regulations that impact business operations of Daido Steel Group as “Laws and Regulations Relevant to Daido Steel Group,” and we are implementing the PDCA cycle for compliance. When a law is newly enacted or amended, or the business environment changes, “Laws and Regulations Relevant to Daido Steel Group” is revised and our internal divisions and Group companies are informed about it.

3. Provision and safety of trusted products and services

- (1) We make every effort to make the products and services we provide the best.
- (2) We actively conduct marketing activities and act to capture not only actual needs but also potential needs.
- (3) We actively develop unique products and unique processes, omit or shorten manufacturing processes, improve yields, and reduce CO₂ emissions and energy consumption.
- (4) When providing products and services, we comply with domestic and international criteria and standards, and conduct appropriate quality control.
- (5) When a problem occurs with the products or services we provide, we thoroughly investigate the cause and implement thorough measures to prevent recurrences.
- (6) We comply with not only Japanese laws and regulations but also laws and regulations outside Japan that are applicable to Japan and our company, take measures such as not using conflict minerals and conduct responsible procurement with an emphasis on protecting the human rights of people involved in the supply chain.

POINT Competitiveness comes from the ability to constantly provide products and services that customers can use safely. To this end, it is important to continuously strive to increase customer convenience by providing high-performance products. Furthermore, it is essential not only to comply with laws and regulations but also to improve manufacturing and procurement capabilities that contribute to SDGs. Most importantly, each individual employee needs to act with integrity.

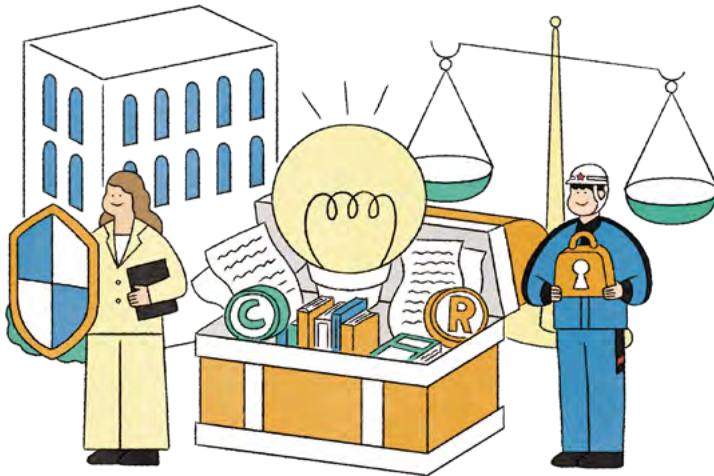
4. Fair and impartial transactions

- (1) We comply with competition laws in and outside Japan and engage in fair and impartial transactions without engaging in any act that constitutes or is likely to constitute bid rigging or cartels (unfair trade restraints such as unfair price fixing).
- (2) Based on competition laws, we do not make unreasonable demands on business partners if we are in a superior position in our relationship with the business partners. Furthermore, when conducting subcontract transactions with subcontractors, we comply with the Subcontract Act.
- (3) We conduct export control and transactions in compliance with laws and regulations inside and outside Japan related to security trade control.
- (4) We do not accept entertainment from business partners that goes beyond the bounds of social common sense and etiquette. Additionally, we refrain from accepting gifts as much as possible. If we receive entertainment, it should be within the bounds of social common sense and etiquette, and it should not inappropriately have an impact on our business decisions.
- (5) When providing entertainment or gifts, we do so by following the prescribed procedures and within the bounds of social common sense and etiquette, ensuring transparency.

POINT We have export controls in place in order to prevent weapons, goods and technologies that can be diverted to military use from being exported to countries and organizations that threaten international security. When exporting goods or technologies, whether directly or indirectly, it is essential to conduct an examination based on the company's internal rules. If companies or individuals were to export or provide goods or technologies that fall under the export restrictions without permission, they could be subject to severe penalties, and their credibility would be damaged.

5. Protection of intellectual property rights

- (1) We respect intellectual property rights and act with the utmost care not only to ensure that they are not infringed but also to avoid infringing on the intellectual property rights of others.



POINT We will suffer huge losses if our own intellectual property is used illegally or if we inadvertently infringe the intellectual property rights of other companies. Daido Steel regularly checks the status of the use of our intellectual property rights and conducts research about other companies' intellectual property rights when developing new products. We also provide our employees with level-specific education and e-learning programs to ensure that there are no infringements of intellectual property rights.

6. Appropriate information management

- (1) We acquire internal and external trade secrets (confidential information) in an appropriate manner within the scope of our own business, treat that information as confidential, and do not use or disclose it for any other purpose. We comply with this policy regarding trade secrets learned in the course of business, both inside and outside the company, not only during employment but also after retirement.
- (2) When acquiring and using personal information and customer information, we clearly define the purpose of use, pay attention to its protection, and strictly manage it.
- (3) We comply with the information management rules based on the basic information management policy and protect business information from cyberattacks, such as unauthorized access, and unauthorized disclosure. When we become aware of or suspect any unauthorized access or unauthorized disclosure, we promptly report it to our department manager and our information management department.
- (4) We comply with insider trading regulations and do not buy or sell stocks based on nonpublic company information. We also avoid actions that may arouse suspicion.

POINT We need to manage a wide range of information.

For this reason, we must first fully understand what information we acquire for the purpose of our business. Then, based on this understanding, we need to manage information in accordance with rules.

Do you ever have conversations about work with your family or friends? Positive information such as the start of a new business, or bad information such as the discovery of quality defects, for example, can affect the company's stock price. Insider trading is when company insiders buy or sell shares to gain profits or to control losses based on the information known only by them. We must not disclose any nonpublic material information to anyone outside our company.

7. Appropriate information disclosure

- (1) We communicate widely with various stakeholders, including local communities, investors, customers, business partners, and employees, and disclose company information proactively, fairly, and in a timely manner using the appropriate means.
- (2) We conduct strict accounting procedures and disclose accurate financial information after undergoing internal approval procedures.



POINT We are required to disclose and explain the activities of Daido Steel Group accurately and fairly. In particular, we must promptly and appropriately disclose information needed for investors and shareholders to make investment decisions. If they make wrong investment decisions due to the lack of adequate disclosure, we may face loss of trust.

Chapter
2

Relationship between company and employees



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1. Ensuring healthy and safe working environment

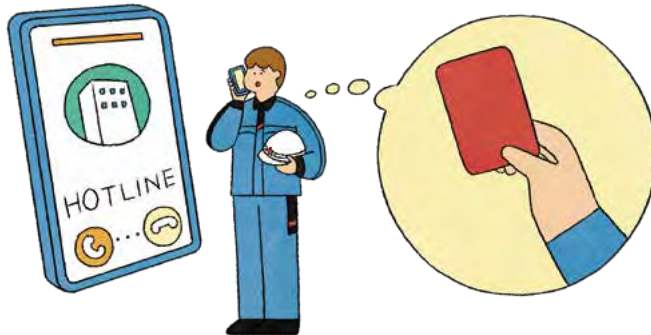
- (1) We comply with labor laws and give top priority to the physical and mental health of our employees and to ensuring a safe working environment.
- (2) We comply with relevant laws and regulations in all workplaces, accurately grasp and report working hours, pay appropriate wages, and encourage employees to take leave without forcing them to work long hours. We also appropriately operate equipment and tools and handle fuels and hazardous substances.
- (3) In an emergency or an extraordinary situation, we notify employees thereof using appropriate means. We also regularly check evacuation routes and conduct drills in an effort to minimize the risk of our employees being involved in a disaster.

POINT In order to ensure appropriate labor management, each employee needs to understand the company's rules and must not underreport or overreport their working hours.

In addition, it is important for employees to take care of themselves so that they can stay healthy physically and mentally at work.

2. Addressing violations

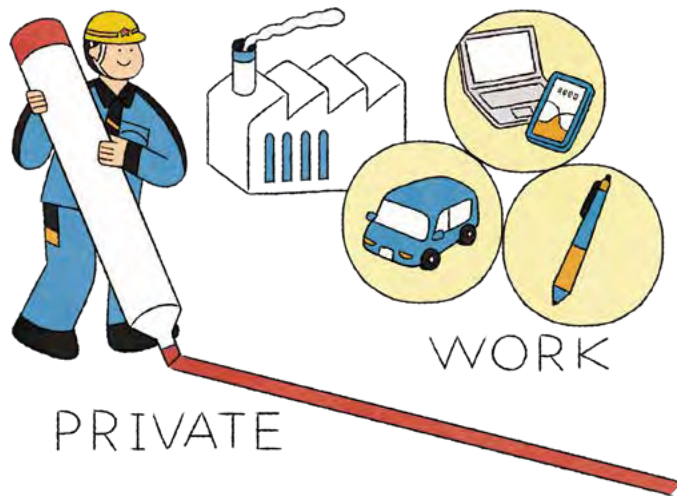
- (1) When we discover any act that violates or is likely to violate compliance, we do not allow such violations to continue by reporting them to our superiors, contacting or consulting with the relevant departments, or utilizing the whistle-blowing system to bring the problem to light.
- (2) We do not engage in any act that would be disadvantageous to the reporter or consuler because of the above-mentioned report or consultation.
- (3) We take strict action against those who violate company rules, thoroughly investigate the cause, and devise and implement effective measures to prevent recurrences.



POINT Your report to our hotline is kept confidential unless necessary. In addition, any form of unfair treatment of whistleblowers is prohibited by laws and we do not retaliate against whistleblowers. Therefore, you can safely make a report without giving your identity.

3. Prohibition of acts that harm the interests of the company

- (1) We manage the company's tangible and intangible assets appropriately without using them for purposes other than business.
- (2) We do not engage in any act that conflicts with the interests of the company.



POINT Using company assets for personal use is a crime regardless of their size or value. Please remember that company assets including office supplies such as ballpoint pens are also important company assets, and ensure they are appropriately managed.

Relationship between company and society



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1. Cutting ties with antisocial forces

- (1) We do not have any relationship with any individuals or organizations that have a negative impact on social order, safety, or sound company activities.

POINT Antisocial forces are people or organizations that seek to gain profits by means against the law or social order such as violence or fraud. It is important to avoid engaging with them and not to respond to their unreasonable demands. If you are faced with a reasonable request, consult with your supervisor or the relevant department immediately.

2. Healthy relationships with politics and administration

- (1) We do not bribe public officials (public servants or equivalent persons) in and outside Japan. Furthermore, we are not involved in bribery of public officials.
- (2) When we engage in political activities as a company, we carry out the necessary procedures and obtain appropriate approval beforehand.

POINT Providing gifts, gift certificates, and entertainment to public officials may be a form of bribery. This is applicable not only in Japan but also in other countries. In particular, it is necessary to be careful as rules on bribery overseas may be more stringent than those in Japan.

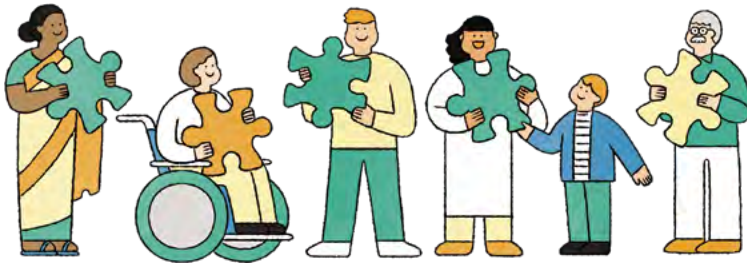
3. Preservation of global environment

- (1) We understand that this earth is unique and strive to recycle limited resources and make efforts to preserve biodiversity, taking into consideration the impact that our business activities have on the natural environment.
- (2) We promise that our offices, factories, and other workplaces will conduct business while paying due attention to the health and safety of nearby residents and the preservation of the local community's environment. We also strictly comply with applicable environmental laws and regulations.
- (3) In order to contribute to the creation of a decarbonized society, we work to reduce CO₂ emissions from manufacturing processes and actively work on developing products that help decarbonization of the society.
- (4) We appropriately manage the use and discharge of water and strive to make effective use of water, which is an important resource.

POINT The global average temperature is rising due to increasing greenhouse gas emissions. In addition, water scarcity is imminent. We are working to prevent the outflow of polluted water and to effectively use water resources by complying with the Water Pollution Prevention Act, aimed at conserving water resources, and by meeting the requirements of the Environmental ISO.

4. Respect for diversity and human rights

- (1) We conduct our business while respecting the human rights of all people.
- (2) We respect diversity by accepting differences such as nationality, race, ethnicity, skin color, gender, age, pregnancy, culture, religion, ideology, organization affiliation, sexual orientation, gender identity and expression, political opinions, marital status, disability status, and military experience. We develop human resources through fair evaluation and treatment of each individual's roles, duties, and achievements.
- (3) We do not tolerate any act that violates human rights, such as forced labor, child labor, discrimination, violence, or harassment and respect the rights of workers, both within our company and throughout our supply chain.



POINT We are addressing a wide range of issues in line with the Daido Steel Group Human Rights Policy in order to respect the human rights of our employees, their families, our business partners, the workers in our supply chains, and all other people related to Daido Steel Group. It is important for each individual employee to consider how they can create a workplace culture where everyone is motivated and take actions to achieve this aim.

5. Social contribution

- (1) As a good corporate citizen, we strive for close collaboration and cooperation with society and local communities and contribute to the development of local communities.
- (2) We respect the environment, culture, and customs at each business location. We protect the health and safety of local residents, and especially respect the culture and lifestyle of indigenous peoples.



POINT Building good relationships with all the people and organizations involved in corporate activities by gaining their trust leads to corporate growth. We encourage you to participate in volunteer activities such as community support activities and to actively communicate with them.

Daido Steel Group Human Rights Hotline (JaCER)



- Daido Steel Group has become a member of Japan Center for Engagement and Remedy on Business and Human Rights (JaCER).
- In addition to internal whistleblowing systems, JaCER system is available as a whistleblowing hotline for human rights.

JaCER

Web reporting form
**[https://jacer-bhr.org/en/
application/form.html](https://jacer-bhr.org/en/application/form.html)**



* Web reporting only.

* Reports can be made in Japanese, English, and Chinese.

JaCER accepts reports of human rights violations related to member companies, contacts the companies concerned, and advises on and assists in the dialogue among persons concerned and the relief of victims from a professional point of view.

It accepts reports from various persons concerned and their agents, including the employees of suppliers who have business relationship with member companies, contractors, dispatched workers, foreign technical interns, and local residents.

Declaration

I hereby declare that I have read and understood the Daido Steel Group Corporate Code of Ethics and the Daido Steel Group Code of Conduct and agree to always be aware of and act in compliance with them.

Date

Company name

.....

Section name

.....

Signature

.....

