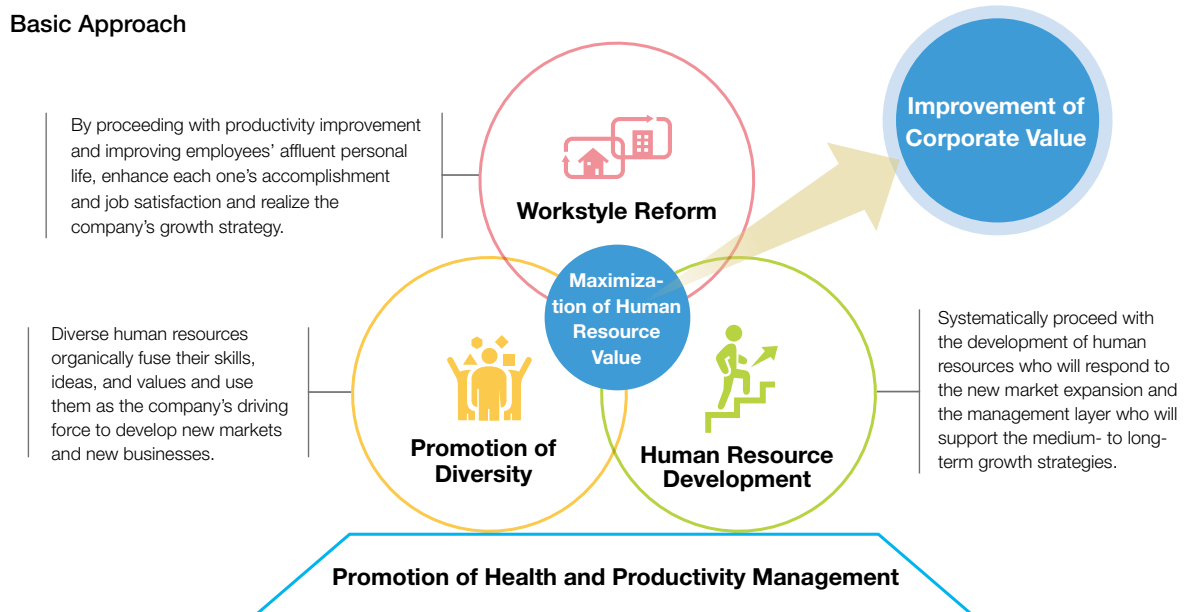


Human Resources

In order for our employees to be able to feel happy to be the members of our group, the Daiken Group has been promoting the initiatives from the perspectives of the Promotion of Diversity, Workstyle Reform, and Human Resource Development aimed at becoming the company where every employee can fully exercise their diverse values and abilities. While COVID-19 pandemic continues, we re-realized that our employees' health is the source of corporate management and have newly started the initiatives for health and productivity management. By continuously deploying the measures from four perspectives, we will lead to producing the favorable cycle, maximizing human resource value by improving individual performance, and improving the entire group's corporate value.

Basic Approach



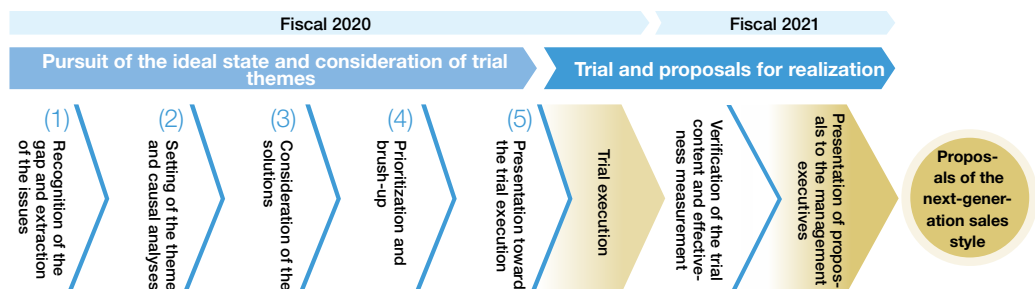
Based on the idea that our employees' health is the essential foundation for the group's sustainable growth and development, the Daiken Group tries to improve every employee's awareness of health and has started the initiatives toward the preservation and improvement of mental and physical health. In fiscal 2021, we newly formulated the Daiken Health and Productivity Management Policy, improved the health and productivity management promotion system in which the president is the responsible person, and deploys measures by cooperating with the Workstyle Reform Promotion Project. As the first initiative, we implemented the Quit Smoking Challenge to encourage our employees to quit smoking, and 70 employees among 88 participants could declare quitting smoking. With a view to obtaining the certification of the Certified Health & Productivity Management Outstanding Organizations, we will put effort into setting indices to measure the effect of measures and actively supporting our employees who are putting efforts into health-promoting activities.

Implementation of the Next-Generation Sales Recommendation Project

As a new initiative to link the three elements of the Promotion of Diversity, Workstyle Reform, and Human Resource Development and to maximize human resource value, we launched the Next-Generation Sales Proposal Project by the female sales employees in May 2019. In July 2020, they conducted the Proposals of the Next-Generation Sales Style to the Management Executives as the final step. In their final proposals, the proposals toward the realization of the sales style where anyone can exercise their skills were announced, such as operational efficiency by introducing the split of the work-type model, productivity improvement by enhancing the mutual follow-up system, and reform of the ways to take leave. We will deploy their recommendations to other departments, move on to the execution phase, and launch more measures to broaden the project base from the sales division to other divisions to lead to company-wide reforms.



The scene of final proposals

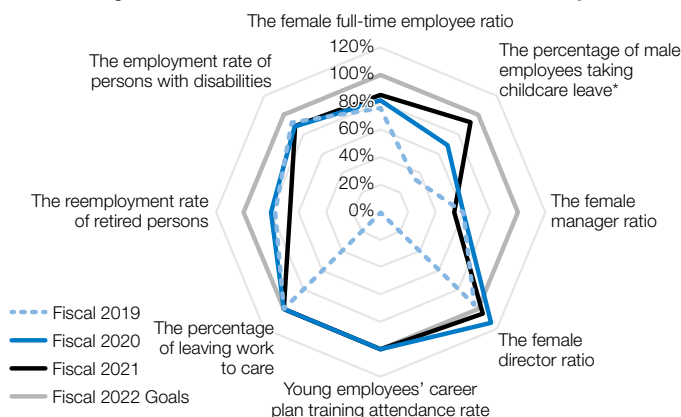




Promotion of diversity

In the medium-term ESG plan, we set the Total Diversity Index in which the eight diversity items were indexed as our own indices and manage the targets. The total index in fiscal 2021 was 71 pt, up 19 pt from fiscal 2019, which is a benchmark, but it resulted in maintaining the same level as the previous year. "Among these indexes, the percentage of taking paternity leave shows improvement as a result of intense information sharing about our leave-system to all employees." While the female manager ratio decreased, the female full-time employee ratio increased as the number of newly graduated females hired increased and the results of the initiatives with an eye toward the medium- to long-term corporate value improvement started to emerge. With a view to comprehensively improve the level, we will steadily proceed with the measures.

The Degree of Attainment of Each Item in the Total Diversity Index



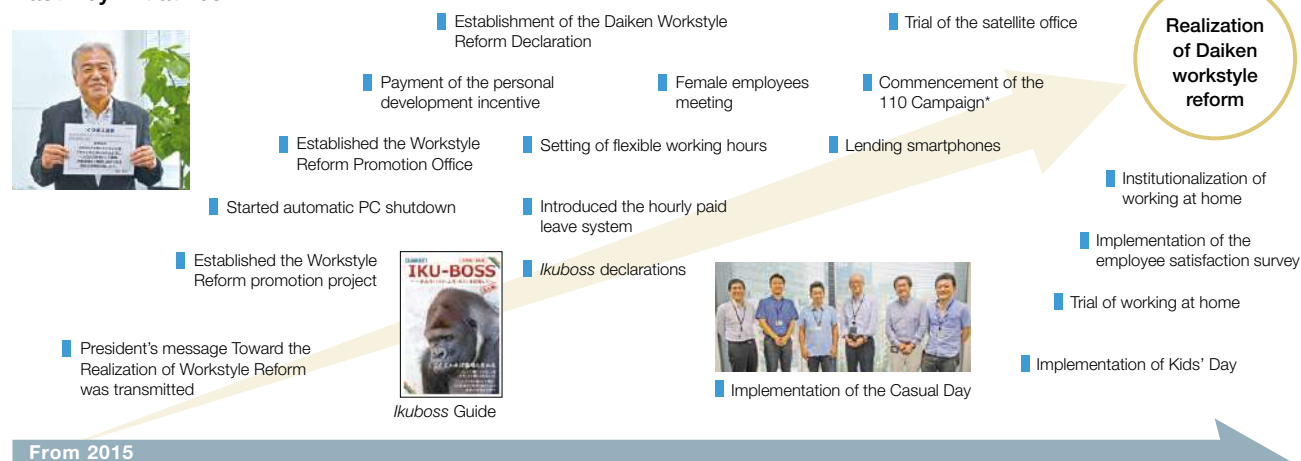
*"The percentage of male employees taking childcare leave" in the Total Diversity Index is calculated based on the three-year total value to measure the progression rate over the years.



Promotion of workstyle reform

The Daiken Group launched the Workstyle Reform Promotion Project in 2015 and has been putting effort into the promotion of workstyle reform. While the shift to new workstyles has accelerated due to the COVID-19 pandemic in fiscal 2021, we have proceeded with creating the mechanism to realize diverse workstyles, such as lending of smartphones, trial of teleworking, including working at home, etc. As a result, under the issuance of the state of emergency in April 2020, we could flexibly respond to the social change as we could maintain the structure that 80% or more of our employees worked at home in the business bases, such as Tokyo and Osaka. With the introduction of the working at home system, we also promoted the active use of online tools. By maximally using the advantages of online tools not only when working at home but also when conducting sales activities and holding a seminar, we are aimed at the promotion of workstyle reform and productivity improvement.

Past Key Initiatives

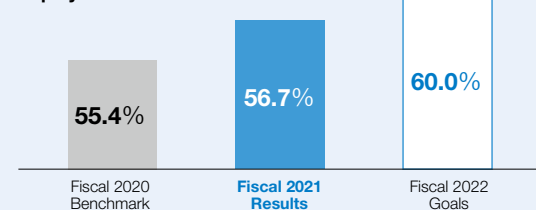


*110 Campaign: The campaign concerning a drinking party to have the first party only and finish by 10 p.m.

Implementation of the employee satisfaction survey

In the medium-term ESG plan, we set Employee Satisfaction as our own index in fiscal 2020 and manage the targets. We also quantify the Degree of Actual Feeling of Job Satisfaction through an annual survey and by grasping our employees' view on work and anxiety factors about work, and we make use of the results for Creating Pleasant Workplaces and aim to improve the entire workplace's satisfaction. Satisfaction in fiscal 2021 was 56.7%, up 1.3 pt from fiscal 2020, which is a benchmark. We analyze the survey results from various perspectives, such as the responses to COVID-19 and factors associated with the divisions' characteristics, and reflect the results of the analysis to our future measures.

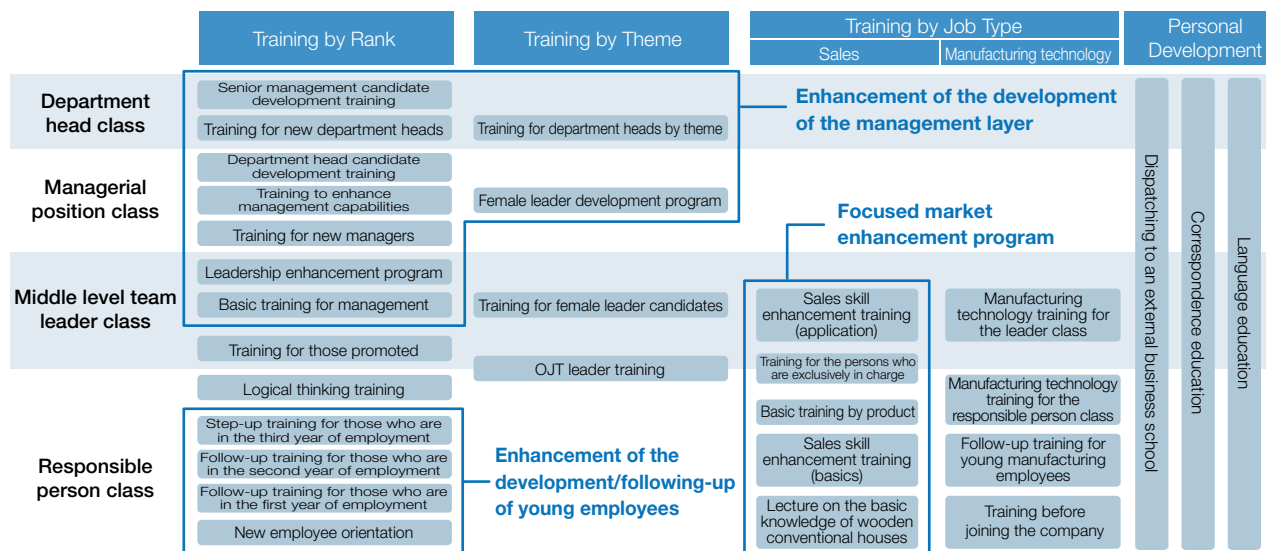
Employee satisfaction





Enhancement of the human resources development

Believing that cultivating autonomy in our employees is a key for our further growth and persistent corporate value improvement, we have provided various training chances for our employees to acquire the skills or knowledge needed for their each service years, ranks, and job types. In fiscal 2021, we newly incorporated the online training method due to the COVID-19 pandemic and by continuing opportunities for learning, we worked to improve and develop our employees' capabilities. In addition to the use of advantages unique to online training, which is less affected by time and place, we concurrently conduct practice in group training and expand and improve the training programs.



Fair Transactions

Promotion of CSR procurement

The Daiken Group states that the Promotion of CSR Procurement is one of the important commitments under the procurement policy, which was established in 2015. We aim to provide products and services meeting the expectations of our customers and for a sustainable society in which people and the environment can coexist. Under these circumstances, we are putting effort into CSR procurement with the cooperation of our business partners.

CSR Procurement Policy and Standards

Procurement Policy >>>

- ① Compliance with laws and regulations
- ② Fair and even-handed dealings
- ③ Sharing excellent value
- ④ Promotion of green procurement
- ⑤ Promotion of CSR procurement
- ⑥ Relationship of trust and co-prosperity

CSR Procurement Standards >>>

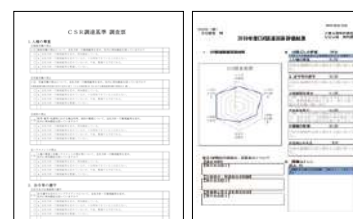
- ① Respect for human rights
- ② Compliance with laws and regulations
- ③ Occupational safety and health
- ④ Fair transactions
- ⑤ Information management
- ⑥ Coexistence with society

Green Procurement Standards >>>

- ① Environmental management system
- ② Chemical substance management
- ③ Wood from legitimate sources

Carry out the CSR questionnaire for the supplier of the plants and manufacturing subsidiaries in Japan

The Daiken Group has been carrying out the CSR questionnaire for suppliers following the Procurement Policy and CSR Procurement Standards since fiscal 2016. In fiscal 2021, we carried out the questionnaire for 389 suppliers (384 suppliers in the previous year) and received answers from all suppliers. Questionnaire results are fed back to suppliers and for the companies where the evaluation points have been continuously low, we encourage them to make corrections and improvements, work together, and promote CSR procurement.



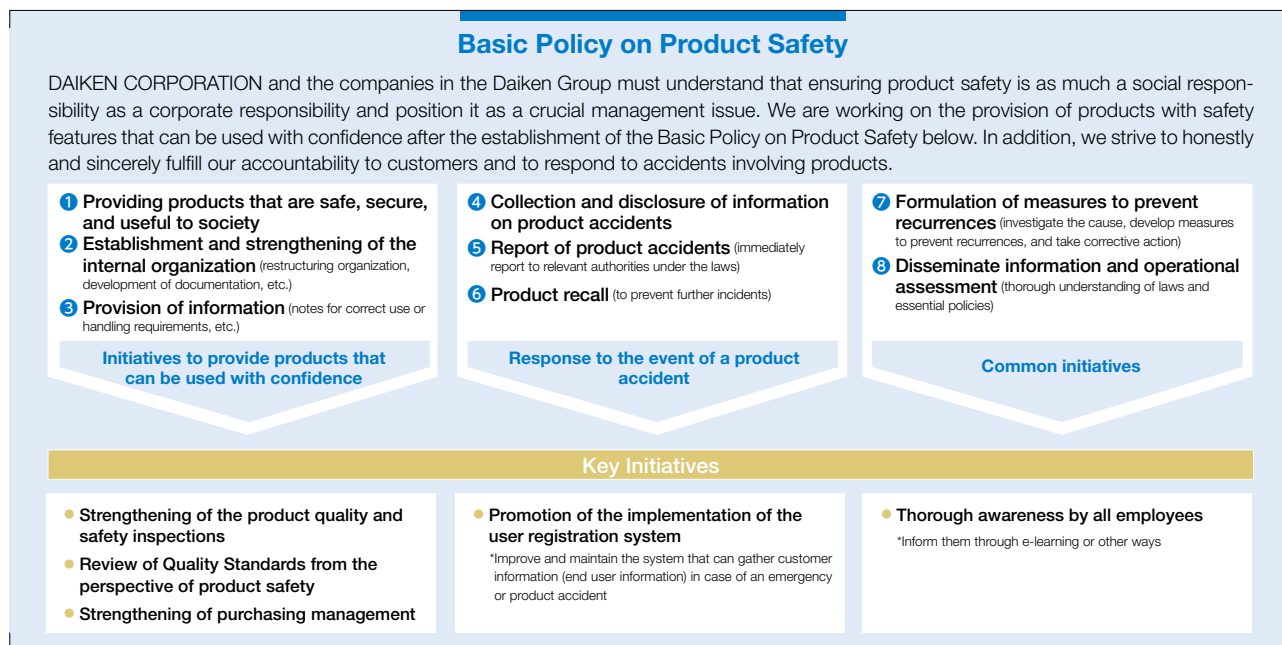
Sample of CSR questionnaire

Example of feedback to the CSR questionnaire results

Enhancement of the Quality Control Structure

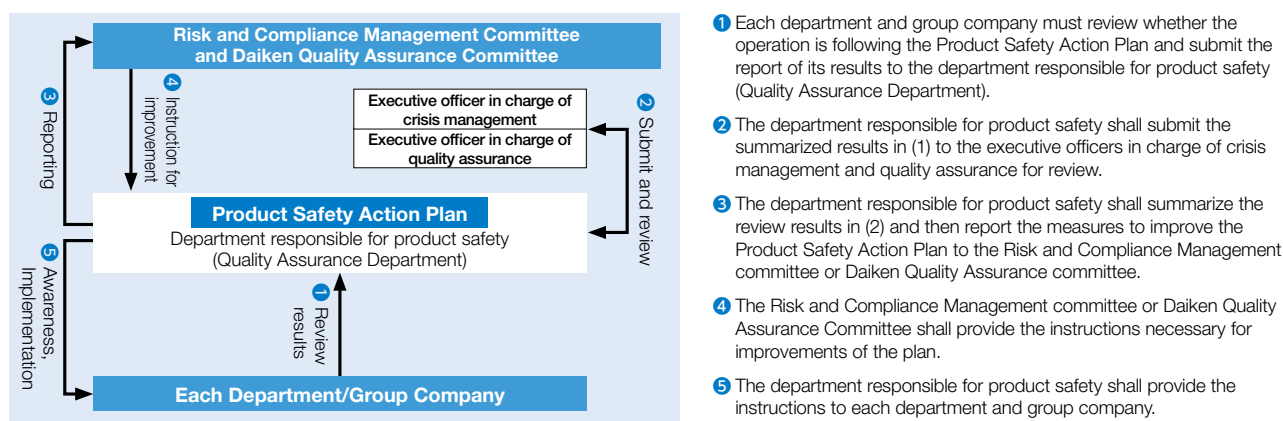
Initiatives for Product Safety

The Daiken Group has established the Basic Policy on Product Safety to ensure that the entire group companies are thoroughly committed to the initiatives to ensure product safety and are actively engaged in providing products to customers for safe use.



Structure to Promote Product Safety

The Daiken Group established the system to conduct annual reviews performed by the department responsible for product safety and monitor the status of each department's activities by following their Product Safety Action Plans in order to continue to provide safe and highly reliable products and services. Then the Risk and Compliance Management Committee and the Daiken Quality Assurance Committee instruct the departments to review and modify their Product Safety Action Plans.



Regarding the product accident in Hori Kotatsu Unit that occurred in fiscal 2021

In March 2021, a Kotatsu heater's controller part in our Hori Kotatsu Unit Zataku Series Dento Wazataku, which was sold in the Shinetsu region in December 2012, melted and caused a fire (scorching) that burned the surrounding area. As this accident fell under the category of a serious product accident based on the Consumer Products Safety Act, we reported it to the Consumer Affairs Agency. In addition to our internal investigation, we have been fully cooperating with the National Institute of Technology and Evaluation (NITE) to clarify the cause of the accident. We will proceed with appropriate responses, such as information disclosure, etc.