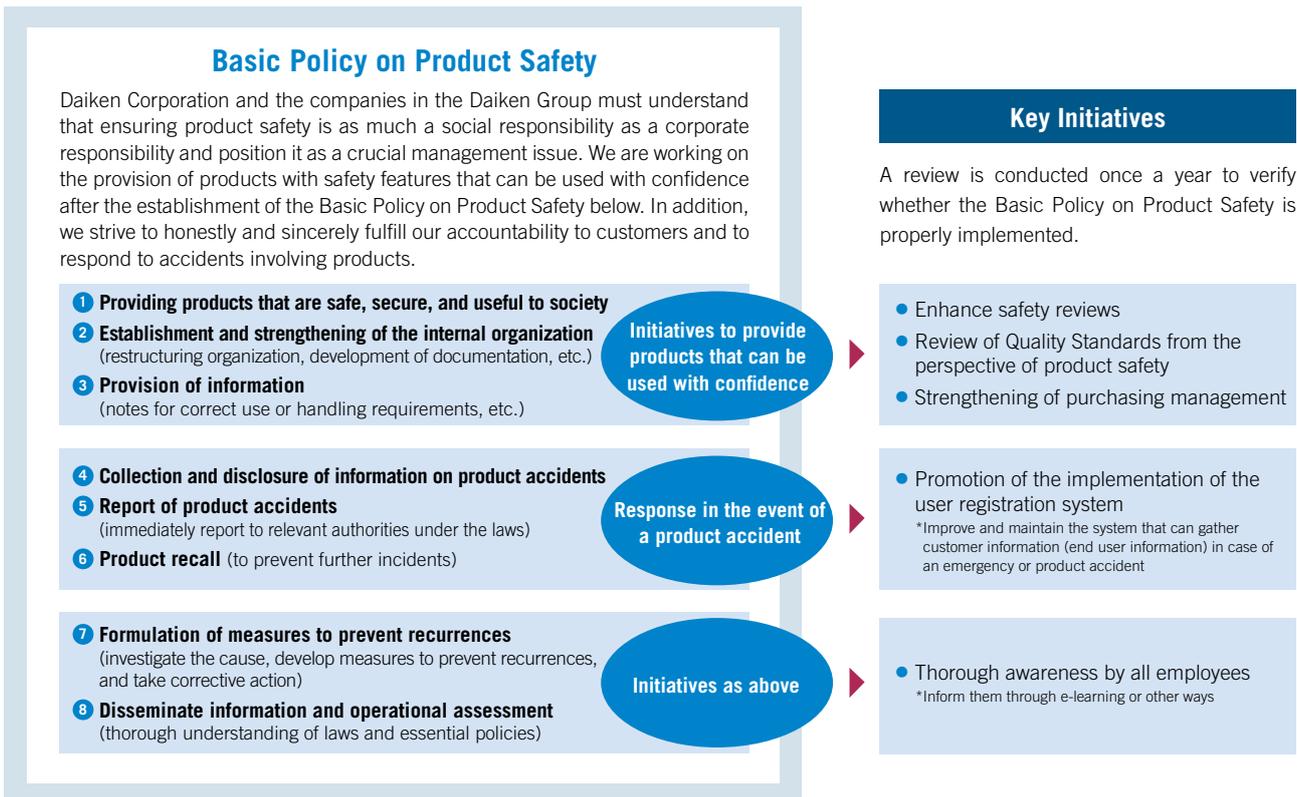


# S Social

## Customers

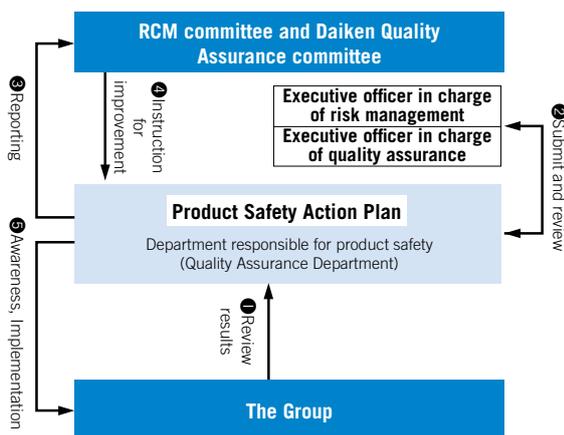
### Initiatives for Product Safety

The Daiken Group has established the Basic Policy on Product Safety to ensure that all employees are thoroughly committed to 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 departments' activities in 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 (RCM) committee and the Daiken Quality Assurance committee instruct the departments to review and modify their Product Safety Action Plans.



- 1 The department must review whether the operation is following the Product Safety Action Plan (herein after referred to as the "Plan") that was established by the Daiken Group and submit the report of its results to the department responsible for product safety (Quality Assurance Department).
- 2 The department responsible for product safety shall summarize the reports from each department and submit it to the executive officers in charge of risk management and quality assurance for review.
- 3 The department responsible for product safety shall summarize the review results and then report the measures to improve the Plan to the RCM committee or Daiken Quality Assurance committee.
- 4 The RCM committee or Daiken Quality Assurance committee shall provide the instructions necessary for improvements of the Plan.
- 5 The department responsible for product safety shall notify the entire Group to operate the modified Plan.

## Suppliers

### Promotion of CSR Procurement

The Daiken Group states that the Promotion of CSR Procurement is one of the important commitments of the Medium-Term CSR Activity Plan. 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 implementing procurement activities with the cooperation of our business partners based on the following fundamental concepts.

#### CSR Procurement Policy and Standards

##### Procurement Policy

- ① Compliance with laws and regulations
- ② Fair and even-handed transactions
- 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

### CSR questionnaire for suppliers to domestic plants

The Daiken Group has been carrying out the CSR questionnaire for suppliers following the Procurement Policy and CSR Procurement Standards since fiscal 2016. For fiscal 2018, the questionnaire was distributed to 235 suppliers of four plants. The survey results will be provided to the respondents. We will ask our suppliers to correct problems or make the necessary improvements if the evaluation score is continuously low. We will continue to implement the survey widening the respondents, including our Group companies, to make improvements as part of our efforts to further promote CSR procurement.

The image shows a sample of a CSR questionnaire form. It is titled 'CSR調達基準 調査票' (CSR Procurement Standards Survey Form). The form is divided into several sections, including '1. 個人情報' (Personal Information), '2. 調達先情報' (Supplier Information), and '3. 調達先評価' (Supplier Evaluation). The evaluation section includes a table for 'CSR調達基準' (CSR Procurement Standards) with columns for '評価項目' (Evaluation Item) and '評価結果' (Evaluation Result). The evaluation items include '1. 法令遵守' (Compliance with laws and regulations), '2. 労働環境' (Labor environment), '3. 安全衛生' (Safety and health), '4. 取引条件' (Transaction conditions), '5. 情報管理' (Information management), and '6. 社会共存' (Coexistence with society). The form also includes a section for '4. 改善要望' (Improvement requests).

Sample of CSR questionnaire

The image shows an example of feedback to the CSR questionnaire results. It is titled '2017年度CSR調達評価結果' (2017 Annual CSR Procurement Evaluation Results). The feedback includes a 'CSR評価結果' (CSR Evaluation Results) section with a radar chart showing scores for six categories: 1. 法令遵守 (Compliance with laws and regulations), 2. 労働環境 (Labor environment), 3. 安全衛生 (Safety and health), 4. 取引条件 (Transaction conditions), 5. 情報管理 (Information management), and 6. 社会共存 (Coexistence with society). The chart shows scores ranging from 1 to 5. The feedback also includes a '改善要望' (Improvement requests) section and a 'コメント' (Comments) section.

Example of feedback to the CSR questionnaire results

### Management policy briefing session to strengthen the partnership with our business partners

The Daiken Group holds an annual management policy briefing session to strengthen relations with business partners, suppliers, and logistics companies. In fiscal 2018, nine sessions were held in different locations all over Japan. In June, one of the sessions was held in Osaka, and 125 people from 88 major customers attended. From the Daiken Group, 24 people, including President Okuda, executive officers, and department managers, attended. President Okuda explained the corporation's direction under the medium-term management plan, management policy for fiscal 2018, and the workstyle change project. Other departments also presented their policies and shared their information. After that, a meeting was held to exchange information between our business partners to deepen communication.



Management policy briefing session

Employees

Work-life balance

**Joined Ikuboss Corporate Alliance and started Ikuboss Declarations**

In October 2017, Daiken Corporation started Ikuboss Declarations in which all managers declare their concrete initiatives to promote the improvement of the work-life balance and diversity in the workplace. The Ikuboss campaign website was launched to share the Ikuboss Declarations of all managers and the Ikuboss Guidebook. In addition, we joined a corporate alliance, the Ikuboss Alliance, to foster the ideal boss of the new era. (joined as the 167th member) The signing ceremony was held in October. It was also the opportunity to exchange information for the effective utilization of the Ikuboss Declarations.

\*An Ikuboss is a supervisor or a manager who supports the private lives and careers of their subordinates and enjoys a good work-life balance themselves while achieving the targets (profit, etc.) of the organization. (Advocate: Non-profit Organization Fathering Japan) Daiken Corporation defines the meaning of Ikuboss as a “go one step ahead (Iku in Japanese)” boss.



Signing Ceremony

Diversity management

**Female employees meeting to promote active participation in work**

We held the First Female Employees Meeting in the Osaka and Tokyo Offices in March 2018 to promote their active participation in work and reduce their problems by exchanging useful information with each other. A total of 179 female employees participated. President Okuda gave a message, speeches were given by external lecturers, and participants joined work groups to exchange opinions. We received opinions from female employees participating in the meeting who said it was a good opportunity to realize how they want work to be in future, which means that it was a fruitful meeting where they could communicate face-to-face.



Female Employees Meeting

Occupational safety and health

**Daiken Engineering Safety Convention pledging zero occupational accidents**

The 41st Daiken Engineering Safety Convention was held in April 2017. About 350 people participated, including members of the Health and Safety Cooperation Association involved in construction work. During this convention, a visiting lecturer delivered a speech about safety in the workplace, the safety awards ceremony was held, and all participants made the safety declaration to recognize the importance of safety. We will endeavor to eradicate labor accidents.



Daiken Engineering Safety Convention

Occupational health and safety

**Mutual safety checks and case study presentation to enhance safety awareness**

The Daiken Group Mutual Safety Diagnosis is implemented in 14 plants every year with the aim of improving safety at our production sites. In February 2018, we held the Daiken Small Group Case Study Presentation. The teams selected from all eleven plants in Japan and the Daiken Miri Sdn Bhd. plants in Malaysia participated and presented case studies of 6S and Productive Maintenance (PM) activities by small groups. Daiken will pledge to continue mutual safety diagnoses and improve our awareness of safety at production sites through the activities implemented by small groups.



Worksite diagnosis for mutual safety checks

**Local Community**

**Overseas**

**Regional contribution to support students studying wood in Malaysia**

Our Group companies in Sarawak State in Malaysia, Daiken Sarawak Sdn Bhd. and Daiken Miri Sdn Bhd., manufacturing MDF using wood chips as the main raw material, established a scholarship system, Daiken Scholarships, in 2007 to support students who are studying wood in their state. They supported twenty students in total by 2016 jointly managed with the local Timber Association. In fiscal 2018, they selected three students and held a ceremony in Kuching, Sarawak State, in July, and in Miri, Sarawak State in August. In order to contribute to the promotion of timber-related business in Malaysia, we will continue our activities rooted in local communities.



Daiken Scholarships Ceremony

**Japan**

**Forest Foster Parent Promotion Program Contributing to the enrichment of the forest through a Residents' Forest Development Project**

In July 2017, staff from the Mie and Inami plants participated in a workshop in Nagano Prefecture held by the Forest Foster Parent Promotion Program. The concept of this program is the promotion of forest development through a new approach to the utilization of forests by collaboration between companies, regions, and governments. We agreed to the purpose of the program and participated in support activities as a Forest Foster Parent. In Toyama Prefecture, where the Inami plant is located, the 5th Residents' Forest Development Project was started in November 2017 by the Vibrant Workplace Building Team comprising members from each department in the plant. The participants cut grass and cleared away the remaining trees in the plantation area. We will contribute to the development of a better environment for our future while participating in volunteer activities aiming to coexist with local communities.



Activities of the Forest Foster Parent Promotion Program

**Shareholders and Investors**

**Proper information disclosure**

**Well-received website for shareholders and investors**

Our website for shareholders and investors was selected as an Excellent Website in the overall ranking of all Japanese listed companies' websites in 2017 by Nikko Investor Relations Co., Ltd. A total of 3,713 listed companies' websites were evaluated for the three aspects of clarity, ease of use, and disclosure quality. We had completely renewed our website in June 2017, and the menu functions and smartphone pages for access by individual investors received high ratings for clarity and ease of use. We will continue to further improve information disclosure for shareholders and investors on our website.



Well-received website for shareholders and investors