

DMC SUSTAINABILITY REPORT 2022



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Editorial Policy

FY2021 DMC Sustainability activities have been published in PDF format (2021 Sustainability Report) to ensure availability to the greatest number of stakeholders possible. We publish DMC Sustainability Report to explain business activities performed to respond to the expectations of our stakeholders, to build trusting relationships with them, and to deepen their understanding about our business.

■ Target Organizations

Company names used in this report are abbreviated as follows:

- DMC Co., Ltd. : DMC Co., Ltd. only
- "DMC" or "DMC Group" : DMC Co., Ltd. and PT. DMC TEKNOLOGI INDONESIA
- "PT. DMC TEKNOLOGI INDONESIA" or "Indonesia Factory" : PT. DMC TEKNOLOGI INDONESIA only

* In October 2021, we took over the touch panel manufacturing division from NKK SWITCHES CO., LTD. and began operating a plant in Iwaki City, Fukushima Prefecture (Iwaki Factory), so figures for this plant are included thereafter.

■ Reporting Period

January 1, 2021 – December 31, 2021 (Some activities in this report include content before and after the above period.)

■ Date of Issue

September 2022 (The next issue is scheduled for publication in August 2023.)

■ Guidelines used as reference

- Global Sustainability Reporting Standards (GRI Standards) 2016/2018/2019/2020
- ISO26000

■ Issuing Department & Contact Information

DMC Co., Ltd. Planning and Administration Office
 (Former Management Section)
 3F Shinanobashi-Toyo Building, 1-12-4
 Utsubohonmachi, Nishi-ku, Osaka 550-0004 JAPAN

Corporate Profile (As of December 31, 2021)

Company Name:	DMC Co., Ltd.
Head Office:	Takanawa Sengakuji Ekimae Building 11F, 2-18-10 Takanawa, Minato-ku, Tokyo, 108-0074, Japan
Date of Foundation	1973
Business Description:	Design, manufacture, and sale of touchscreens and related products
Capital:	75.6 million JPY
Net Sales	4,389 million JPY (Consolidated)
Subsidiary:	PT. DMC TEKNOLOGI INDONESIA
Parent Company:	USCO Corporation
Number of employees	901 (Consolidated)*1 185 (Non-consolidated)*1

*Including full-time employees, dispatched employees (only in Indonesia), and part-time employees

Client Companies: 131*2

*1: As of December 31, 2021 *2: As of March 31, 2022

Message from the President

As a solutions company with a focus on touch panels, we will make company-wide efforts to realize a sustainable society.

► Business Environment and Review of FY2021

As a global manufacturer specializing in touch panels, DMC has been providing convenience for your business and in daily life. In FY2021, a surge in advance orders in response to the global supply shortage of semiconductors led to record orders, but this boom, supported by contingency factors, may not continue. The recent international uncertainty could also affect future market conditions. Although the domestic market, which had contracted due to the spread of the coronavirus pandemic, is now beginning to recover, it will continue to require a flexible attitude that accurately captures market trends. We are ready to expand our business activities while pursuing new opportunities for our technologies and products.

Due to the coronavirus pandemic, cashless transactions are expected to further advance as a part of social infrastructure. Based on the assumption that as a tool that contributes to improving convenience and addressing labor shortages, the development and deployment of products that encourage greater efficiency at the time of payment will increase its pace, we will strive to ensure that our display technology can contribute to this progress. In addition, our technology should be able to expand needs in cutting-edge fields such as medicine and information communications. We will continue to respond to the diversifying needs of our customers by taking advantage of our unique business model of high-mix, low-volume production, which is based on an agile perception of the changing times and society.

► Toward Carbon Neutrality

As society continues to undergo major transformations, environmental awareness is growing worldwide and companies are playing an increasingly important role in preserving the global environment. Our company, which consumes a large amount of electricity in the manufacturing process of our products, is making a group-wide effort to reduce CO₂ emissions in order to contribute to the realization of carbon neutrality by 2050 as set forth by the Japanese government.

The three pillars of our efforts are focused on reducing waste, parts, and power consumption. IT-enabled operations will reduce man-hours and improve efficiency, while reducing the number of used parts and materials, which will ultimately lead to a reduction in CO₂ emissions. We are also promoting efforts to reduce power consumption, placing a priority on curbing the use of electricity in manufacturing processes. For example, the etching process (processing to form circuit patterns on glass and film using corrosion) uses a very large amount of power, but by converting this to a manufacturing process using lasers, it is possible to significantly reduce power consumption. To date, we have only made limited disclosures regarding CO₂ emission reductions. In the future, we will accelerate these efforts to achieve carbon neutrality by clearly presenting reduction targets and plans.



President, DMC Co., Ltd.

Tetsuya Sada

► Establish a More Resilient Supply Chain

Reinforcing the business continuity plan (BCP) is one of the key points in maintaining stable business activities. In Italy, where we opened a branch in 2019, our business activities have been somewhat constrained by the prolonged coronavirus pandemic combined with the situation in Ukraine. And in Indonesia, our production facilities were forced to suspend operations for about two months due to flooding caused by heavy rains in February 2021. We are now exposed to various business risks such as unknown infectious diseases, uncertain international situations, and natural disasters caused by global warming, and we believe it is imperative to establish a multilayered business structure that can avoid these risks.

From the viewpoint of strengthening BCP, we took over the touch panel manufacturing division from NKK SWITCHES in 2021 and established a new production subsidiary in Iwaki City, Fukushima Prefecture. As a result, we are now ready to increase production of resistive film products in Japan, which had been produced mainly in Indonesia. Furthermore, in May this year, we established a new office in Taiwan, a leader in touch panel-related fields, and have started purchasing parts and selling products there. As a leading international company in the touch panel industry, we will once again return to the principle of long-term stable supply first, and focus our efforts on building a stronger supply chain so that we can continue to deliver high quality products to our customers regardless of unforeseen circumstances.

► Improvement of Work Environment and Human Resource Development

Ultimately, it is people that support a company. As a company with worldwide operations, we have long provided training in Japan for employees working at our production facilities in Indonesia (currently suspended due to the coronavirus pandemic) in an effort to raise the level of our manpower. At the same time, we also promote the recruitment of and support for foreigners living in Japan. In addition to ongoing Japanese language training to ensure that communication is not hindered, a place of worship for Muslim employees has been established at the Shirakawa Factory out of respect for individual religious beliefs. As our preceding president expressed, all employees working for DMC are colleagues, and nationality is irrelevant. To ensure that diverse human resources can continue to work with vigor and enthusiasm, we will work to further improve the workplace environment while providing support for visa acquisition as needed.

We also view support for employee career development as one of our key measures. The Shirakawa Factory, which has employed many local high school students and contributed to local employment, provides thorough in-house training for young employees to help them grow

into excellent engineers, and operates a job rotation program that allows them to study in different departments. It is the role of top management to respond to employees' enthusiasm for engagement and growth. We intend to make every effort to enhance various systems, including overseas training programs.

Due in part to the prolonged coronavirus pandemic, opportunities for communication with employees were drastically reduced. However, we have strengthened our efforts to collect the voices within the company, for example, by enhancing interviews by human resources staff. Although there are still issues to be addressed, including the effective utilization of senior human resources, we will continue to strengthen the human resource aspect of the group as a whole to further solidify our internal foundation.



► Toward Sustainability Progress

Six years have passed since we embarked on strengthening our CSR activities in 2016. During that time, we feel that the concept of contributing to the realization of a sustainable society through our business has gradually taken root within the company. However, it is not enough to say that all employees are aware of the importance of these activities in their daily work. By learning about the company's activities in detail beyond the boundaries of their departments, they will gain a deeper understanding of the company. Through this process, they will become more fulfilled with their work and be able to generate new ideas. In 2022, the sixth year of the report, we have changed the name of the report from the Sustainability CSR Report to the Sustainability Report, and prepared and published it. However, we will not rest on our laurels, and will further foster the awareness of sustainability and nurture our people and the company by ensuring that the contents of the report permeate the entire company.

To continue to be the company of choice for our customers, even as society undergoes disruptive changes, we are determined to fulfill our responsibilities as a solutions company with touch panels as its starting point by quickly and accurately grasping the diversifying demands of society. The entire company will work together to realize our corporate philosophy of "achieving sustainable growth while promoting happiness throughout society."

Corporate Profile

Global Business Structure (As of June 31, 2022)

DMC synergetic effects among USCO Group companies and manufactures attractive products.

USCO Group Companies

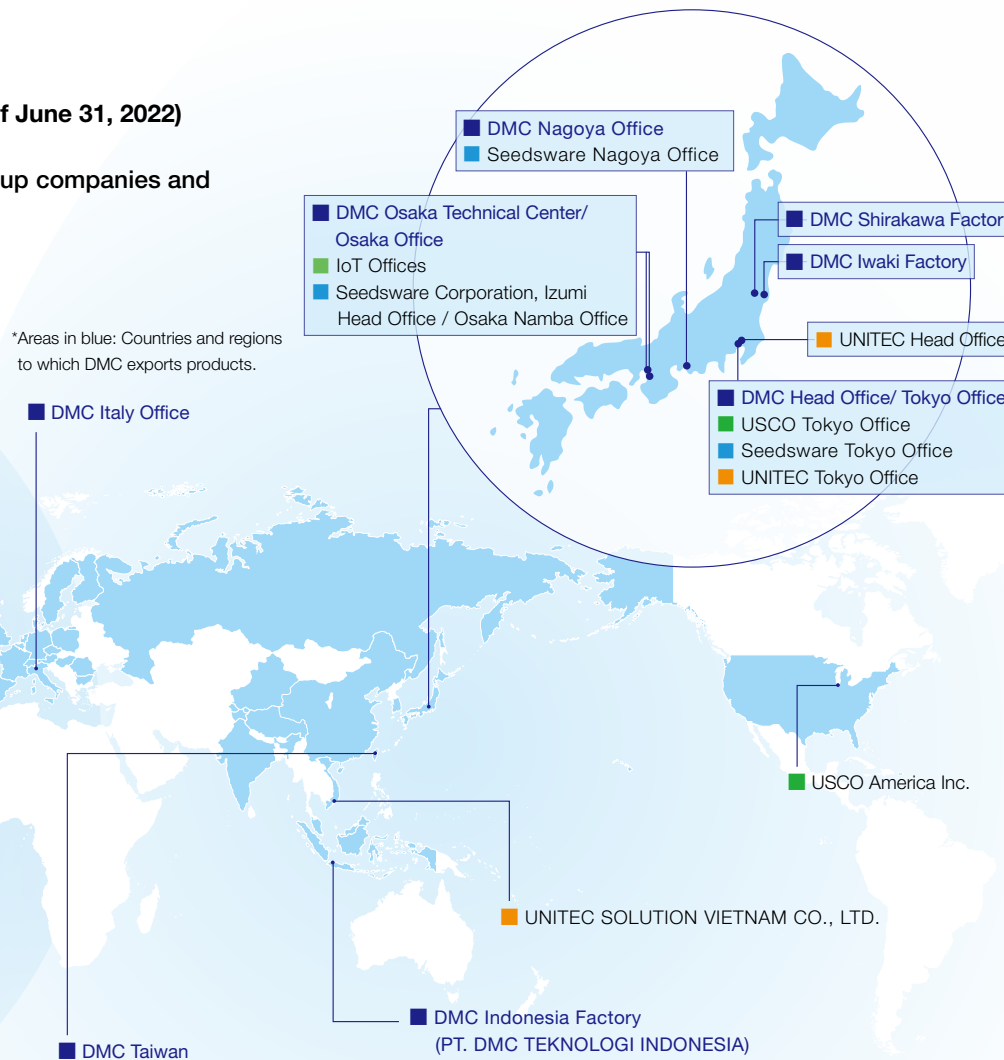
Through a consistent development system employed in cooperation with USCO Group companies, we provide user interface that meets customer needs.

(ICT & Interface Business Structure)



- USCO Corporation** Business support specializing in truck and electronics
- DMC Co., Ltd.** Development, manufacture, and sale of touchscreens
- Seedsware Corporation** Development, manufacture, and sale of touchscreen application products
- Unitec Co., Ltd.** Design, development, and manufacture of software and hardware using digital technology

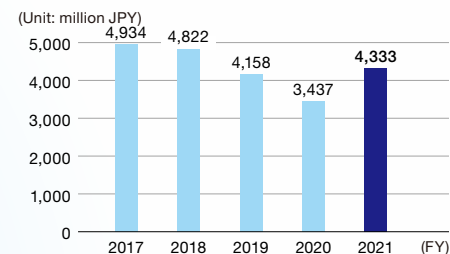
*Areas in blue: Countries and regions to which DMC exports products.



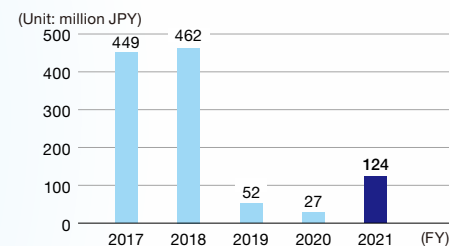
Financial Information (DMC Co., Ltd.)

In fiscal year 2021, our orders reached a record high, with net sales up 26.1% from the previous year, due to the global supply shortage of semiconductors. Operating income and ordinary income also increased in line with sales growth.

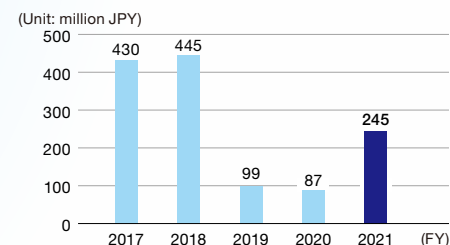
Net Sales



Operating Income



Ordinary Income



DMC Products & Services

DMC Products

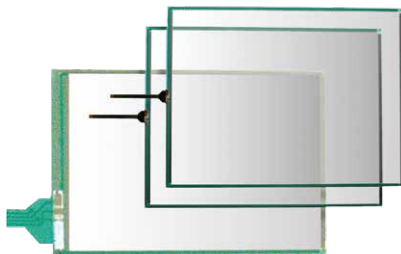
In addition to more than 100 types of standard touchscreens, DMC has provided more than 1,000 customized products to customers. We maintain close communication with customers from the design and development stage to ensure that products are suitable for the target environment and conditions. The manufacture and sale of durable touchscreens and the provision of outstanding support has enabled us to enjoy steady growth with our many associates.

1 Resistive Touchscreens

Resistive touchscreens detect points touched with fingers or a pen by measuring changes in voltage. They are easy to use and feature reliable operability. Operation with gloves or pen is possible.

Light-touch types of resistive touchscreens require significantly less input load compared with conventional types, and are capable of gesture operation input like smart phones.

In addition to a single-touch type, we offer a multi-touch type that expands the range of operability.



2 Capacitive touchscreens

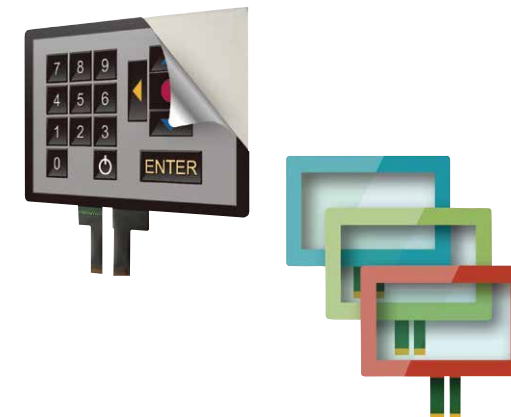
Capacitive touchscreens detect points touched by fingers utilizing capacitance-couplings generated between the fingers and panel.

DMC offers light-weight film and film structure types for consumer use as well as tough and weather-resistant glass and glass structure type for industrial use.



3 Providing solutions

Our factories are capable of bonding cover glass, film, and LCD to create customized touchscreens.

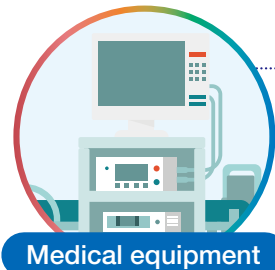


DMC products make everyday life better

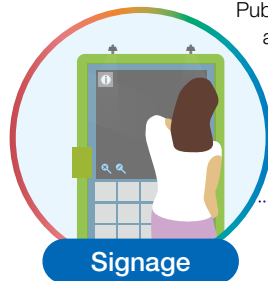
DMC Group helps to make everyone's life more secure, rich, and comfortable through the development of leading-edge products.

We envision the potential of touchscreens and offer the world a wide range of solutions.

DMC touchscreens are used in healthcare fields, such as treatment, diagnosis, analysis, and examination devices that feature antifouling and anti-bacterial films in order to keep the screen surface clean.



Public displays used for reception, advertising, and information signage feature high durability due to possibility of outdoor use. Number of touchscreens used in large signage exceeding 40 inches has been increasing.



Touchscreen for KIOSK use has been increasing in demand, as it contributes to user-friendliness of KIOSK, which serves children, the elderly and visitors from abroad.



DMC Group's experience, know-how and long history of producing touchscreens for industrial equipment has earned strong customer trust. DMC touchscreens feature stable longterm supply, long service life, and good value in response to a wide range of customer needs.



While not used as a drink server, touchscreens display advertisements, making design very important. Touchscreens in beverage dispenser feature stylish surface design with high transparency and design-printed cover glass so that they can be outstanding advertising displays.

Corporate Management and Sustainability

Management Vision

USCO Group Motto



With the USCO Group motto of “Toward an exciting future” as our guide, we strive to provide the most effective support to companies working to achieve their dreams.

Following this motto, DMC provides touchscreens with novel potential to create happiness and a brighter future for all.

DMC Corporate Philosophy

DMC strives to achieve sustainable growth while promoting happiness throughout society.

DMC considers its corporate philosophy the heart and soul of its business activities. Following this philosophy, all employees work together to contribute to the affluence and sustainability of the society we serve.

DMC Corporate Philosophy Structure

Action Agenda

Pursuing cooperation between Indonesia and Japan, DMC establishes trusting customer relationships and maintains stable profits.

Purposes

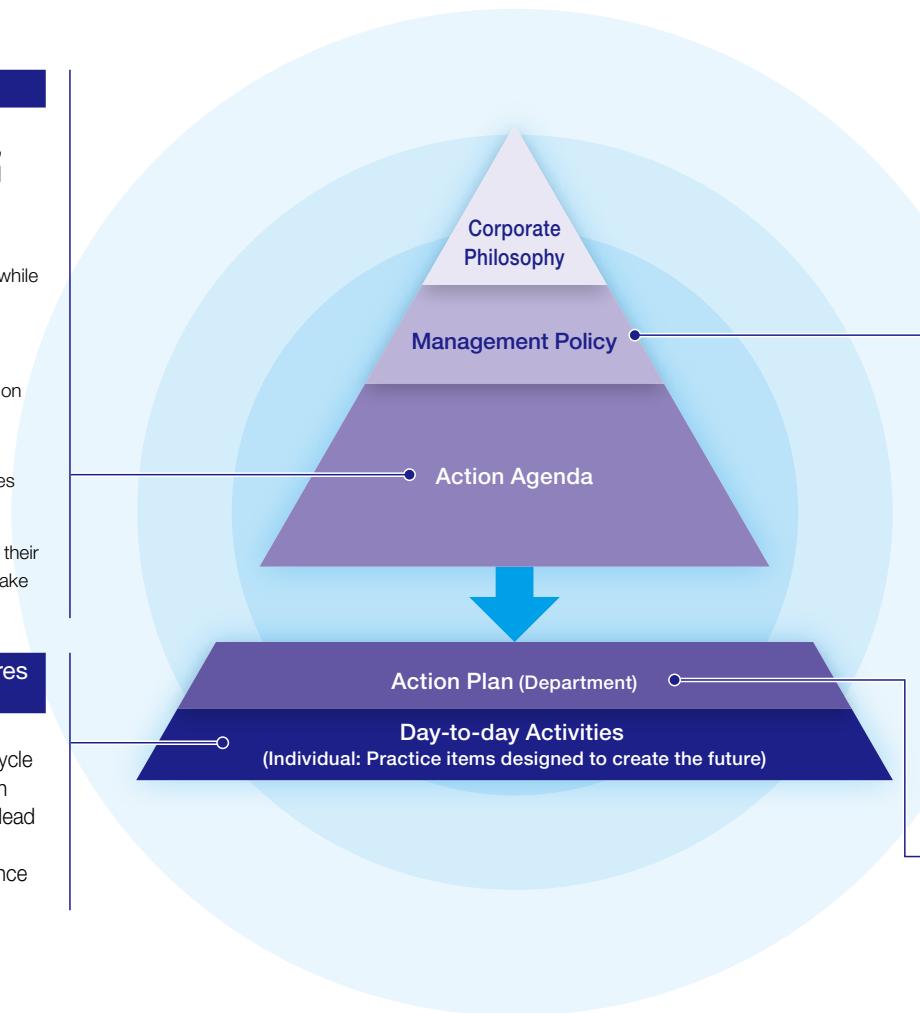
- Prioritizing employee happiness while contributing to regional society
- Promoting regional employment
- Investing profit into next-generation business

Goals

- All employees improve themselves while helping others to improve.
- Employees take responsibility for their current and future roles as they take effective action.

Daily Activities (Individual priority measures (based on the Challenge Sheet))

The Challenge Sheet aims to implement the PDCA cycle based on the three items of performance contribution goals, competencies (behavioral characteristics that lead to performance), and skills (that lead to performance goals), and is used to recognize and share performance results.



Management Policy

- (1) We promote fair, transparent and free competition and strive to ensure appropriate transactions in accordance with rules and principles.
- (2) We work on procurement, production and sales with social and environmental consideration that contribute to the realization of a sustainable society.
- (3) We provide customers with the best value to ensure mutual growth.
- (4) We respect the individuality of all employees as we provide a safe and secure working environment for mutual growth through sustainable business.
- (5) We respect the culture and customs of our neighbors around the world as we strive to contribute to the development of society through sustainable business growth.

Action Plan FY2022

- (1) To be a company that can be relied upon
- (2) To be a company that grows together with its partners (customers and suppliers = partners)
- (3) To deepen (evolve) the relationship with customers through our unique proposals and product development
- (4) To create an environment where employees are happy to work
- (5) To build a system that can meet the quality, cost, and delivery requirements overseas

DMC Sustainability

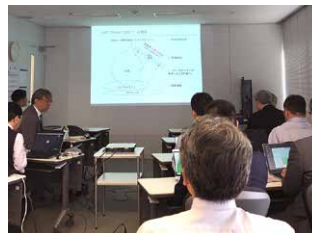
Sustainability Concept

DMC touchscreens are used in indicators, industrial-use monitors, machine tools, measurement devices as well as in KIOSK and other terminals. Recently, expanded use in public services includes medical devices, ticket machines, and digital signage, showing the important social responsibility that DMC has accepted. We recognize that providing products, solutions and other services, returning our business achievements to society, and sincerely performing business activities while assuring product safety and security, environmental conservation, compliance with laws and regulations, respect for human rights, and fair and equitable transactions lead to the fulfillment of our social responsibility. We also recognize that participating in regional activities is an extremely important social responsibility, and we are always on the lookout for more ways to be involved.

Sustainability Promotion System

In order to promote the sustainability efforts of various departments in a unified manner, we have established the Planning and Administration Office under the direct control of the President as a system in which top management is involved in and manages sustainability activities. DMC has also established a structure to discuss and report important sustainability matters at management meetings to promote uniform approaches for both management and sustainability. DMC leverages multidisciplinary cooperation with departments and divisions in charge of sustainability to ensure effective product safety and security, respect for human rights, labor practices, supply chain management, environmental conservation, and regional contribution. The Planning and Administration Office provides full support for these activities.

To promote sustainability activities within the company, in FY2021 we held CSR seminars with external lecturers to raise the understanding and awareness of the managers of each department, as well as workshops to promote carbon neutral initiatives. Employees in managerial positions recognized issues through the confirmation of progress in sustainability promotion at each division to increase the awareness of employees about sustainability activities.



Stakeholder Engagement

Stakeholder Engagement

DMC strives to communicate with stakeholders through a wide range of systems to ensure that it remains a company capable of contributing fully to the society we serve. We report opinions of our stakeholders to the top management and reflect them to management activities with stakeholder engagement as the top priority.

Stakeholders	Details	Major Responsibilities and Issues	Means of Communication
Customers	DMC sells touchscreens to distributors and manufacturers around the world.	<ul style="list-style-type: none"> Manufacturing high-quality and safe products Disclosing product information Designing environmentally friendly products Stable supply of products and provision of support 	<ul style="list-style-type: none"> Communication from product development to supply Providing solutions Contact information Customer satisfaction surveys Direct visits by the President
Shareholders & Financial Institutions	DMC's sole shareholder is its parent company, USCO Corporation.	<ul style="list-style-type: none"> Improvement of corporate value Appropriate return of profits Timely and appropriate information disclosure 	<ul style="list-style-type: none"> Shareholders meeting / Financial settlement briefing Shareholder meeting reports
Suppliers	DMC strives to realize a sustainable society with suppliers manufacturing ingredients and parts that DMC procures for touchscreen production.	<ul style="list-style-type: none"> Stable ordering CSR promotion throughout the supply chain 	<ul style="list-style-type: none"> Factory audit Periodical discussions CSR procurement questionnaires Contact information
Employees	DMC has 703 employees in Japan and Indonesia.	<ul style="list-style-type: none"> Ensuring a safe and secure working environment Respect for human rights Respect for diversity Development and utilization of human resources 	<ul style="list-style-type: none"> Hotline Personnel affairs division Safety and Health Committee Labor Union (Indonesia) and periodical meetings Joint Japan-Indonesia interactions and other events
Regional Society	DMC business activities vitalize the areas we serve while respecting regional cultures and customs around the world.	<ul style="list-style-type: none"> Social contribution through business Through cooperation with local businesses Regional vitalization Respect for regional cultures and customs Protection of the regional environment Creation of employment 	<ul style="list-style-type: none"> Regional volunteer activities Interactions with local businesses Factory visits Support for restoration from disasters Contact information Internship system and school visits in the local communities
Supervisory authorities & Local governments	DMC understands the laws and regulations of each country where we conduct business. We also interact with regional governments to vitalize local areas.	<ul style="list-style-type: none"> Compliance to laws and regulations Cooperation to solve social issues Regional vitalization through cooperation with local governments 	<ul style="list-style-type: none"> Making proposals to solve social issues Information exchange with local governments

Approaches to Sustainable Development Goals (SDGs)

We are working to meet the demands and expectations of various stakeholders in relation to the SDGs.


Relationship between SDGs and DMC Business

Related Goals	DMC Approaches with SDGs
 <p>3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> Development and manufacture of medical-use touchscreens Employee health promotion (Mental health) Development of touchless functions
 <p>4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> Human resource cultivation (Support for employees wishing to acquire specialized knowledge, the provision of both group training at different levels and in-house training and seminars, and the cultivation of global human resources) Development and production of touchscreens for electronic blackboards used in correspondence education programs
 <p>5 GENDER EQUALITY Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> Promotion of diversity (Promotion of social participation by women)
 <p>8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> Work-life Balance (Approaches to ensuring appropriate working hours/ Support for child rearing and nursing care) Promotion of diversity (Continuation system/ Promotion of employment of individuals with disabilities) Prevention of industrial accidents through the promotion of 5S
 <p>10 REDUCED INEQUALITIES Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> Protecting human rights (In-house rooting of human rights policy/ Compliance with human rights policy) Development and manufacture of touchscreens responding to multi-language needs
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES Realize the development of comprehensive, safe, resilient and sustainable cities and living environments</p>	<ul style="list-style-type: none"> Contribution to communities using valuables produced in the process of appropriate waste management and effective use for welfare activities
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> Publication of Sustainability Report Reduction of waste Chemical substance management Development and manufacture of durable touchscreens with weather resistance CSR procurement (Implementation of procurement policy and guidelines, conducting questionnaires) Afforestation (Mangrove seedlings) Reduction in the use of paper Development and manufacture of touchscreens corresponding to touch pen operation to realize paperless meetings Promotion of paperless operations
 <p>13 CLIMATE ACTION Take urgent action to combat climate change and its impact</p>	<ul style="list-style-type: none"> Reduction of CO₂ emissions Environmental education (Holding seminars on quality control and environmental management systems) Water resource conservation Preparation for natural disasters caused by climate change through BCP
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> Compliance with domestic and foreign laws and customs Adherence to compliance Ensuring information security

VOICE

Promoting diversity by increasing the number of female managers through the Successor System, in which managers nurture their successors


Hikari Ono Personnel Department



Contribution to the SDGs

— Secret strategies to increase the number of female managers

Although the percentage of women in the overall workforce is not low, only a small number of women are in managerial positions. The reason for this is that there are not enough training opportunities for female employees, and an environment and culture in which women actively seek management positions has not been developed, resulting in a higher percentage of male managers. To address this issue, we began an initiative in FY2019 to designate successors for management employees, and to train the successor to allow them to act on management's behalf. We aim to create a system that can flexibly respond to changes in employees' life plans, such as temporary departures for child-rearing or other reasons.



— Gender equality throughout the industry

If female managers are not uncommon in a company, it will be a natural choice for women to pursue career advancement. Of course, it is up to the individual to choose whether or not to do so, but we believe that the company's responsibility is to make an effort to increase career options. Especially in the field of industrial equipment manufacturing, including our company, I feel it is still dominated by male workers. It is exciting to imagine when not only our company, but the industry as a whole, will no longer have a gender gap in its true sense.








Mid- and Long-term Sustainability Policies

In FY2021, we revised the CSR Mid- and Long-term Policies to the Mid- and Long-term Sustainability Policies. We aim to achieve our Mid- and Long-term Sustainability Policies by sharing the results, issues, and improvement measures for each fiscal year internally and implementing the PDCA cycle.

○ ... Goal achieved △ ... Partial progress × ... No progress

Fields	Items	Mid- and Long-term Policies	FY2021 Targets	Assessment	FY2021 Achievements	FY2022 Targets	Contribution to SDGs
Product Safety & Security	Product Safety & Security	Continual operation of quality management system	Reducing compensation for complaints by 27% compared with the previous year	×	Reducing compensation for complaints by 25% compared with the previous year	<ul style="list-style-type: none"> Reducing compensation for complaints by 13% compared with the previous year Improving understanding of ISO 9001 requirements (learning through content distribution throughout the entire company: 60 times or more per year) 	
Respect for Human Rights	Human Rights Protection	Establishment and operation of the system that develops human rights awareness	<ul style="list-style-type: none"> Continuation of human rights seminars for newly hired employees Holding nonregular moral seminars, and delivered education materials to increase awareness of human rights, harassment, and compliance (once a month) 	○	<ul style="list-style-type: none"> Implementing human rights and compliance seminars at the time of hiring Distributing educational materials to raise awareness of human rights, harassment, and compliance (11 times per year) Conducting moral seminars on human rights 	<ul style="list-style-type: none"> Continuation of human rights seminars for newly hired employees Holding nonregular moral seminars, and delivered education materials to increase awareness of human rights, harassment, and compliance 	
Labor Practices	Promotion of Diversity	DMC develops and utilizes a wide variety of human resources to reinforce diversity management.	<ul style="list-style-type: none"> Continual cultivation of female employees with leadership potential Continually holding seminars about knowledge and skills required for employees in managerial positions 	○	<ul style="list-style-type: none"> Continued improvement of knowledge and skills through management seminars (12 times per year) Formulation of the Action Plan in the Promotion of Women's Activities to increase the number of female managers (2024 target: the same ratio of female managers as male managers) 	<ul style="list-style-type: none"> Implementation of the Action Plan in the Promotion of Women's Activities Creation of a development plan for managerial candidates by rank Seminars on the promotion of women's activities (at least once a year) 	
	Work-life Balance	DMC strives to maintain a working environment that allows employees to maintain a good work-family balance.	<ul style="list-style-type: none"> Total overtime per employee: Average of ten hours or less per month Ratio of paid-holiday use: 80% 	△	<ul style="list-style-type: none"> Total overtime: Average 7 hours per month (Japan) Ratio of paid-holiday use: 53% 	<ul style="list-style-type: none"> Total overtime: Less than 10 hours per month on average in Japan Ratio of paid-holiday use: 60% 	
	Human Resource Cultivation	DMC develops the abilities of employees to develop human resources that support business activities.	Holding seminars for different categories of employees such as newly hired employees, general employees, leaders, and employees in managerial positions	○	<ul style="list-style-type: none"> Training sessions by rank (22 times annually with 226 participants) Interviews with all employees to improve employee satisfaction 	<ul style="list-style-type: none"> Seminars to develop the next generation of managers (including young employees and candidates: 25 times per year, a total of 200 people) 	
	Work Environment Safety	DMC promotes the health and safety of employees and conducts vigorous business management.	<ul style="list-style-type: none"> Health check rate: Maintaining 100% Influenza vaccination rate: 80% 	×	<ul style="list-style-type: none"> Health check rate: 100% Influenza vaccination rate: 17% 	Health check rate: 100%	
Sustainable supply chain management	CSR Procurement	DMC promotes supplier compliance with CSR procurement guidelines and expands application to new customers.	<ul style="list-style-type: none"> Rate of submission of a Confirmation of Consent to CSR Procurement Guidelines from existing suppliers: 80% or more Making requests to new suppliers to submit a Confirmation of Consent to said CSR Procurement Guidelines 	△	<ul style="list-style-type: none"> Rate of submission of a Confirmation of Consent to CSR Procurement Guidelines from existing suppliers: 80% (based on procurement amount) Not implemented for new suppliers 	<ul style="list-style-type: none"> Making requests to new suppliers to submit a Confirmation of Consent to said CSR Procurement Guidelines Conducting CSR procurement questionnaire survey (revised in FY2022) 	

Contents	Message from the President	Corporate Profile	Corporate Management & Sustainability	Product Safety & Security	Respect for Human Rights	Labor Practices	Sustainable Supply Chain Management	Environmental Conservation	Contribution to Regional Society	Governance	GRI Sustainability Reporting Guidelines	ISO26000 Comparison Table
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Fields	Items	Mid- and Long-term Policies	FY2021 Targets	Assessment	FY2021 Achievements	FY2022 Targets	Contribution to SDGs
Environmental Conservation	Environmental Conservation	<ul style="list-style-type: none"> DMC achieves carbon neutrality by 2050 and reduces CO₂ emissions in FY2025 by 26.6% compared to FY2018 (DMC, Indonesia Factory, and Iwaki Factory) DMC effectively uses energy and resources and contributes to environmental conservation through recycling and the reduction of waste. 	<ul style="list-style-type: none"> Reduction of CO₂ emissions (Compared with the previous year) Collection of recyclable precious metals to reduce waste Collecting confidential documents and recycling to create regenerated pulp Reducing loss caused by design errors by 58% compared with the previous year 	○	<ul style="list-style-type: none"> Reduction of CO₂ emissions: Scope 1 (55% reduction from the previous fiscal year) Scope 2 (22% reduction from the previous fiscal year) Study on the introduction of CO₂-free electricity Continued collection of recycled precious metals Amount of paper collected for recycling: 510 kg Reducing loss caused by design errors by 93% compared with the previous year 	<ul style="list-style-type: none"> Reduction of CO₂ emissions (base year: FY2018) Scope 1 (55% decrease from base year) Scope 2 (10% decrease from base year) Contracts for CO₂-free electricity (Shirakawa Factory, Iwaki Factory) Reviewing air conditioning-related operations and considering / implementing equipment upgrades to reduce electricity consumption 	 
Regional Contribution	Contribution to Regional Society	DMC contributes to the realization of a better society through social contribution activities as a company that continuously strives to maintain the trust of stakeholders.	<ul style="list-style-type: none"> Recycling activities through the collection of empty contact lens cases Accepting students from two high schools in Fukushima Prefecture into an internship program Cleaning local communities (April - November) Cleaning around the Shirakawa Factory Participation in Shirakawa Youth Association (volunteer activities, etc.) Returning part of profits from recycling to local communities 	○	<ul style="list-style-type: none"> Recycling activities through the collection of empty contact lens cases Accepting students from two high schools in Fukushima Prefecture into an internship program Cleaning the Shirakawa area (April - November) Support for disaster victims through recycling monies and fundraising activities Participation in Shirakawa Youth Association (volunteer activities, etc.) 	<ul style="list-style-type: none"> Recycling activities through the collection of empty contact lens cases Accepting students in Fukushima Prefecture into an internship program Expanding area for community cleanups (Tokyo, Osaka) (once a month) Continued support for natural disasters 	  
Management Structure	Corporate Governance	DMC ensures transparency and fairness in its business activities, continues sustainable growth and increases corporate value.	Promoting transparent management through the provision of opportunities to communicate with stakeholders (employees, partners, local residents, shareholders, etc.) more than the previous year	○	<ul style="list-style-type: none"> Shareholders: Regular report meetings by the President, monthly reports Employees: Monthly report meetings by the President (twice a year during pandemic) Business partners: Held meetings with important business partners Local communities: Industrial park meetings, etc. not held due to the pandemic 	Promoting transparent management through the provision of opportunities to communicate with stakeholders (employees, partners, local residents, shareholders, etc.) more than the previous year	
	Compliance	DMC understands and follows both domestic and overseas laws, regulations, and customs, and it take action with a spirit of high corporate ethics.	<ul style="list-style-type: none"> Seminars regarding compliance: Four times a year Attendance rate: 80% 	△	<ul style="list-style-type: none"> Seminars regarding compliance: Two times a year Attendance rate: 100% 	Compliance seminars (for managers) (twice a year)	—
	Information Security	DMC establishes an information management system and promotes appropriate management of information assets based on its basic policy.	—	—	—	Verification and preparation of management systems for ISO 27001 certification	
	Sustainability Management	DMC promotes Sustainability management responding to the needs of and requests from stakeholders and society.	Review of Mid- and Long-term Sustainability Policies and promotion of the achievement of targets	○	<ul style="list-style-type: none"> Review of Mid- and Long-term Sustainability Policies and promotion of the achievement of targets Setting CO₂ emission reduction targets 	Review of Mid- and Long-term Sustainability Policies and promotion of the achievement of targets	—

Product Safety & Security

DMC offers high-quality, safe and secure products to customers and end users.

Product Safety & Security

With “Customer Satisfaction,” “Quality and Environment First,” and “Trust and Reassurance” as mottos, leading touchscreen manufacturer DMC established and operates an ISO9001 certified quality management system that provides products in accordance with its quality and environmental policies.

Quality & Environmental Policies

DMC has established quality and environmental policies that express our corporate philosophy of “achieving sustainable growth while promoting happiness throughout society.”

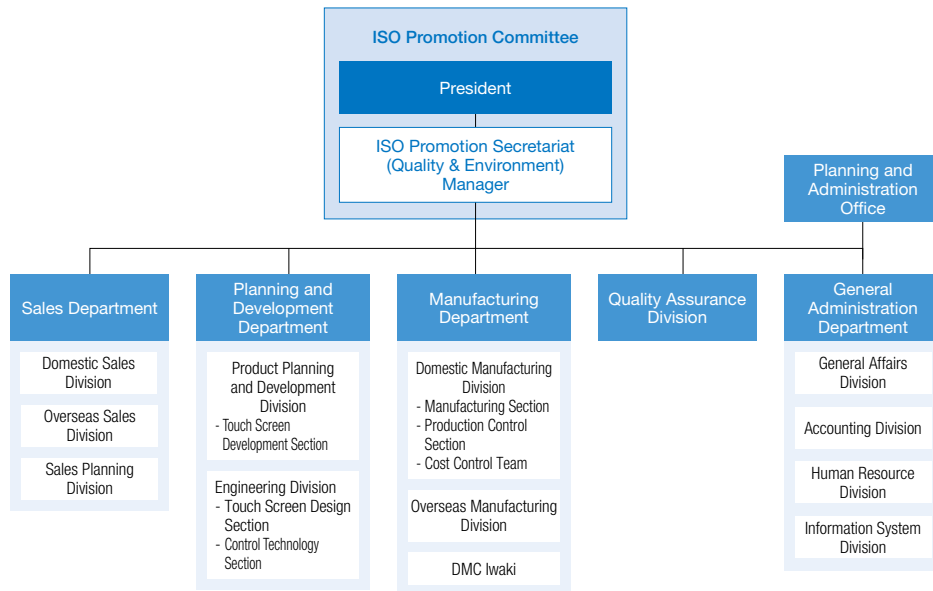
1. We will provide high-quality products to all our markets, products that satisfy customer requirements, laws, and regulatory requirements.
2. We will measure and analyze the response of the customers and regions we serve to continuously improve our products, processes and systems.
3. We seek to reduce our environmental footprint through our commitment to preventing pollution, reducing waste and saving resources.

President. Tatsuya Sada

Quality & Environmental Management System

DMC’s quality assurance system aims to meet customer expectations for safe, high-quality products and services. We conduct yearly management reviews to examine and evaluate the state of our quality management system in line with our quality and environment policies and quality targets to ensure constant improvement. DMC shares progress in target achievement and product quality issues at Quality and Environment Council meetings held once per month, and promotes the PDCA cycle to ensure that all employees understand quality and environment policies and achieve ISO targets established by each division. In addition, Shirakawa Factory, Shirakawa Factory, Indonesia Factory, Tokyo Office, Osaka Office, and Nagoya Service Office acquired ISO certification for the design, development and production of touchscreens. ISO certification coverage of production sites: 100%. The Iwaki Factory, which began operations in October 2021, is also working to obtain ISO 9001 certification.

Quality & Environmental Management System Diagram



QMS/EMS Application Range: Shirakawa Factory, Tokyo Office, Osaka Office, Nagoya Service Office

Approaches to product quality improvement

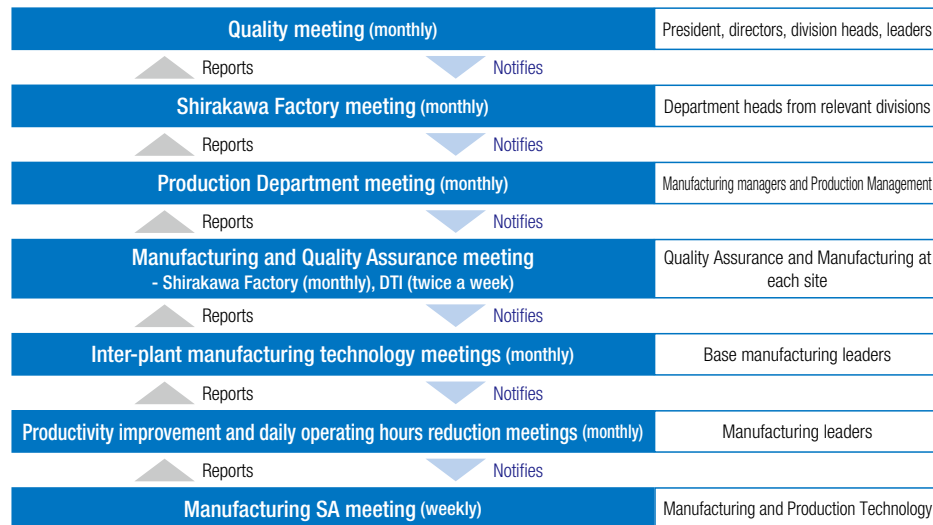
We are taking various initiatives to provide higher quality products. The strength of our Group is that we have the technology, know-how, and systems that can precisely respond to the sophisticated and diverse quality requirements of our customers. As such, we have built a system that allows us to make the most of these strengths.

Monthly New Product Strategy Meeting

A product strategy meeting is held regularly (once/month) with the President and representatives from the Planning and Development Division, Sales Division, and Manufacturing Division, so that customer needs can be analyzed and reflected in our products.

Quality Improvement Activities

With the aim of improving production technology and productivity, we conduct quality improvement activities starting from the analysis of events that occur daily at the manufacturing site.



Communication Between Engineering Staff and Customers

It is important for us to accurately understand customer requests and consider detailed specifications for products. Therefore, personnel in charge of engineering visit customers with the personnel in charge of sales to have direct communication with customers.

Quality Assurance Patrols

DMC ensures the execution of improvement plans to address complaints about products and defects in the manufacturing process through QA patrols* to prevent defects from recurring. Although the number of complaints in FY2021 increased 6% from the previous year (number of units shipped subject to complaints increased 27% from the previous year), there were no serious product accidents.

*QA: Quality Assurance

Improvement of Customer Satisfaction

DMC Sales Division conducts a customer satisfaction survey with 20 items in six categories (sales, sales promotion, delivery, quality, technical capability, and competitiveness) once a year targeting its major sales agents, and shares the results as customer voices among the relevant departments and divisions. This allows us to identify issues and improve products with the goal of maintaining customer trust. In FY2021, DMC distributed questionnaires to 12 sales agents (10 in Japan, and 2 overseas), and the response rate was 100%.

Ensuring Product Safety

Proper Chemical Substances Management

DMC performs proper chemical substances management from design to disposal to ensure the safety of our products.

We use chemical substances for our products in accordance with the laws and regulations specified by each country and promote the reduction of hazardous chemical substances that may affect people and the environment. We assess the safety of all our products to ensure that hazardous chemical substances restricted by the RoHS Directive, including lead, mercury, cadmium, and hexavalent chromium are not contained in or attached to our products, or to ensure that the amount of those substances contained in or attached to our products is less than what is stipulated by laws and regulations. We reduce or cease use of the substances that we determine cause risk to ensure product safety.

We obtain a Material Safety Data Sheet (MSDS) that describes the danger and toxicity, and precautions of chemical substances and raw ingredients containing specific chemical substances to ensure safe handling until disposal.

The Quality Assurance Division plays a central role in the proper management of chemical substances and acquires the most up-to-date information and movements to ensure a prompt response to revisions in a wide range of laws and regulations regarding chemical substances.

Product Safety Design

In each process of development, design, and manufacturing, we take measures to ensure the safety of our products during their use.

In recent years, new scribing machines have been introduced to prevent damage and injury from the edges of glass sheets.

 [Hazardous Substances in Standard Products](https://www.dmccoltd.com/english/support/chemicals-management/)
<https://www.dmccoltd.com/english/support/chemicals-management/>

Training on Quality

In order to continue to create products with quality and safety that satisfy our customers, training and workshops take place in each department throughout the year. In an effort to limit the spread of the coronavirus, only the following internal training sessions took place in FY2021.

Main Quality Training

Department	Training Topics	Training Topics
Quality Assurance Division	External training in environmental studies, analysis, and evaluation testing	Quality Assurance Division staff
	In-house training on topics such as evaluation testing equipment and analysis equipment	
	In-house training on topics such as the environment and green procurement	
Manufacturing Division	In-house training on topics such as new and special processes	Manufacturing Division staff

Respect for Human Rights

DMC considers it our responsibility to respect the rights and individuality of all stakeholders throughout all group companies.

Human Rights Protection

Human rights issues related to global business activities have come more to the forefront in recent years, and this has accelerated the promotion of protections in international frameworks. In line with the corporate philosophy of promoting happiness throughout society, DMC has strived to expand its business globally. In response to global issues related to human rights, DMC established its Human Rights Policy in 2017 in accordance with the UN Guiding Principles on Business and Human Rights. We place a priority on respecting the human rights of all employees and other stakeholders under the International Bill of Human Rights, and the Declaration on Fundamental Principles and Rights at Work by the International Labor Organization (ILO).

Specifically, we established our Procurement Policy and CSR Procurement Guidelines to promote thorough understanding of human rights protection among all suppliers as well as to guide appropriate actions against the potential impact of our business activities on human rights and eliminate behaviors that violate human rights, including forced labor and child labor.

Human Rights Policy

In accordance with the corporate philosophy of “achieving sustainable growth while promoting happiness throughout society,” DMC strives to realize a sustainable society through its business while taking account of social and environmental issues. In order to do so, we place a priority on our responsibility to protect human rights.

[Corporate responsibility to protect human rights]

We understand the significance of our corporate responsibility to promote the protection of human rights, to protect stakeholders' rights and individuality, and to provide a safe, secure and comfortable working environment.

The DMC Human Rights Policy conforms to the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work by the International Labor Organization (ILO).

Responsibility for human rights protection applies to all executives and employees at DMC and its affiliated companies. We also require all our suppliers and business partners to protect human rights. If human rights are violated, we take prompt and appropriate action.

[Fulfillment of our responsibility to protect human rights]

DMC promotes human rights protections in accordance with the Guiding Principles on Business and Human Rights specified by the United Nations.

DMC has established human rights due diligence processes to identify DMC business that impacts human rights and strives to reduce or prevents human rights violations. DMC continues examining the effects of such measures to respond to the potential or actual influence on and risk of human rights efficiently.

In the event that DMC business activities cause a negative impact on human rights, either directly or indirectly, it shall strive to address the issue immediately through appropriate action.

DMC follows the laws and regulations of the regions where it conducts business activities.

In the event that there is a contradiction among internationally adopted human rights conventions and laws and regulations in individual countries and regions, DMC strives to follow international principles of human rights protection.

DMC provides appropriate education and enlightenment to implement this basic policy into its business activities.

We also discuss responses to potential and actual impact on human rights with stakeholders.

DMC discloses the progress and results of its approaches to human rights protection on its website and reports.

Supplementary Provisions Regarding Labor

[Prohibition of Forced Labor and Child Labor]

DMC respects the free will of all employees and prohibits forced labor. DMC provides employment conditions in advance in the language that the relevant employee prefers. DMC does not require any employee to surrender his/her passport, official ID card, or work permit.

[Appropriate Working Hours]

DMC does not ask any employee to work in excess of the maximum weekly working hours specified by local laws and regulations. DMC provides each employee at least one holiday per week.

[Securing Rights of Employees]

DMC respects the individual employee's freedom of association, freedom to join or not join the union, right to collective bargaining and peaceful assembly in accordance with local laws and regulations. DMC promotes direct communication between individual employees and top management without fear of discrimination, revenge, threat, or harassment. DMC prohibits the illegal firing of any employee.

Fair and Equitable Recruitment

We recruit individuals based on their aptitude and abilities without regard to nationality, ethnicity, thinking or beliefs, religion, physical disability, gender, gender identity, or sexual preference to provide job opportunities for a wide variety of people. We also have systems in place to provide fair wages and benefits in consideration of human rights.

Prohibition of Forced Labor and Child Labor

When recruiting individuals, we confirm age to prevent child labor. At our DMC factory in Indonesia, which has a high risk of child labor, we require all employees to submit documents to confirm their age. In addition, DMC prohibits forced labor, secures appropriate working hours, and develops a work environment based on respect for the culture in each location. At the Shirakawa Factory, we built a prayer room equipped with space for ritual ablution and provide prayer times for Muslim employees.

Prevention of Discrimination and Harassment

DMC respects the personality of individual employees and strives to prevent discrimination or harassment. We are focusing on education, such as conducting self-checks and training on harassment, for managers and those in higher positions who especially need the right knowledge and skills to respond appropriately. In addition, since January 2021, we have been sending out monthly e-mails to all employees with lectures on our corporate philosophy and moral improvement, as well as implementing questionnaire surveys to understand in-house conditions. Results were also sent to all employees. In FY2021, we conducted face-to-face moral training, which was attended by 60% of all employees, especially those working at the plants, to deepen their understanding.



Installation of a Human Rights Reporting & Consultation Desk

DMC has established a whistleblowing desk to provide appropriate and prompt responses to reports and consultations regarding human rights to prevent the risk of violations. In June 2020, we also established an external consultation desk, which received three consultations during the year. When receiving a report or consultation at the whistleblowing desk, we interview related persons, check the facts, and establish a disciplinary committee if necessary to decide how to proceed.

Training on Human Rights

In addition to human rights and compliance training for new employees, we conduct study sessions on social issues related to human rights and domestic and international trends for management including department managers.

Labor Practices

DMC strives to maintain appropriate labor practices and provide a safe, secure and comfortable working environment to enable all employees to adequately exert their abilities through work.

Human resource data (As of December 2021)

Number of employees

(Unit: person)

		FY2019	FY2020	FY2021
Japan	Male	79	84	87
	Female	58	61	98
	Subtotal	137	145	185
Indonesia	Male	285	260	449
	Female	338	298	267
	Subtotal	623	558	716
Total		760	703	901

Average number of years of service

(Unit: year)

		FY2019	FY2020	FY2021
Japan	Male	10.0	10.6	10.1
	Female	9.0	9.0	5.5
	Subtotal	9.6	9.9	7.7
Indonesia	Male	7.7	8.4	7.6
	Female	8.0	7.9	8.8
	Subtotal	7.9	8.6	8.2

Number of individuals in managerial positions

(Unit: person)

		FY2019	FY2020	FY2021
Japan	Male	16	25	26
	Female	1	1	1
	Subtotal	17	26	27
Indonesia	Male	39	35	22
	Female	7	7	6
	Subtotal	46	42	28

Number Hired (non-consolidated)

(Unit: person)

		FY2019	FY2020	FY2021
New graduates	Male	2	5	1
	Female	4	5	2
	Subtotal	6	10	3
Mid-career recruits	Male	3	1	1
	Female	2	0	5
	Subtotal	5	1	6

Turnover rates

(%)

		FY2019	FY2020	FY2021
Japan	Male	7.8	5.9	1.3
	Female	14.3	4.9	8.2
	Subtotal	8.8	5.5	4.3

Average age

(Unit: age)

		FY2019	FY2020	FY2021
Japan	Male	41.7	41.3	41.3
	Female	39.8	38.7	42.1
	Subtotal	40.9	40.2	41.8
Indonesia	Male	28.5	30.5	28.2
	Female	27.0	29.4	29.8
	Subtotal	27.4	29.5	29.0

Ratio of female employees

(%)

		FY2019	FY2020	FY2021
Japan		42.3	42.1	53.0
Indonesia		54.3	53.4	37.3

Promotion of Diversity

Basic Concept

DMC aims to promote diversity by developing a corporate climate that respects and accepts the individuality of each employee. DMC also places a priority on mutual understanding to be a company where all employees, including females, non-Japanese, seniors, and the disabled can work with peace of mind. We also believe that such a corporate climate allows us to produce new and flexible ideas that meet diverse customer needs and secure excellent human resources.

Promotion of Women's Empowerment

DMC promotes women's empowerment and proactively recruits female employees. We recruit based on standards that apply regardless of gender, and provide support for career formation through our human resource development programs regardless of gender through the assignment of the right person to the right place. In accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, firstly we set a target in FY2021 to increase the ratio of executive positions in female employees from the current 40% to 60%, the same as male employees, and we are making every effort to achieve this target.

Employment Continuation System (Reemployment System)

DMC has a reemployment system that allows employees with accumulated experience and knowledge to exert their abilities after retirement. Retiring employees who satisfy the requirements and express a desire to do so are eligible to continue working up to the age of 65. The reemployment rate in FY2021 was 100%. Losing senior employees with accumulated knowledge and experience due to retirement is a significant loss for DMC, a company whose business requires advanced skill to maintain its competitiveness. DMC fully utilizes senior employees as important human resources capable of educating and training younger generations to improve the company's capability in the engineering business.

Reemployment Rate

(%)

		FY2019	FY2020	FY2021
Male		100	100	100
Female		Not applicable	100	100

Promoting the Employment of Individuals with Disabilities

DMC respects the right of individuals with disabilities to work, and actively recruits from this valuable pool of human resources. The employment rate of persons with disabilities in FY2021 was 0.70% (non-consolidated) and 1.08% (non-consolidated + Shirakawa + Iwaki). We will continue our efforts to improve this employment rate.

Work-life Balance

Basic Concept

DMC improves in-house systems to allow all employees to choose their own way of working in an environment that ensures a good work-life balance according to family situation. DMC also works to increase the productivity and satisfaction of employees through work-style reform.

Approaches to Appropriate Working Hours

DMC ensures appropriate working hours for employees and prevents overwork in accordance with the Rules of Employment specifying appropriate working hours, overtime and holiday work, and the Labor-Management Agreement.

Overtime and holiday work are monitored each month by divisions, and we notify individual employees whose actual working hours are close to exceeding the limit to prevent excessive overtime work. Moreover, in consideration of the health of employees, the Indonesia Factory has set a daily overtime limit of no more than 3 hours with data managed by department on a daily basis. At the end of each workday, the head of each department checks to ensure that the overtime limit has not been exceeded.

Regarding overtime work, we ensure fair and proper payment in accordance with the Salary Regulations.

Average monthly overtime working hours per employee in FY2021 was 7 hours, which achieved the FY2021 target (ten hours or less). The rate of paid holiday use was low in both FY2020 and FY2021 due to the rapid increase in orders.

Rate of Annual Paid Holiday Use (%)

		FY2019	FY2020	FY2021
Japan	Male	72.2	48.4	48.0
	Female	82.9	57.6	62.2
	Subtotal	76.5	52.2	53.0
Indonesia	Male	73.4	75.6	86.2
	Female	76.5	77.8	81.5
	Subtotal	75.6	76.9	89.2

Average Monthly Overtime Hours (per person) (hours)

		FY2020	FY2021
Japan	Male	8.0	10.3
	Female	6.2	5.0
	Subtotal	7.2	7.0
Indonesia	Male	5.3	16.0
	Female	5.7	12.0
	Subtotal	5.6	14.0

Implementation of a Remote Working System

USCO Group flexibly responds to workstyles for the purpose of preventing COVID-19 infection and ensuring safety. Where possible, DMC offices continue implementing flex-time and remote work. Such systems are, however, impossible at factories, where the physical presence of employees is essential for operations.

In addition, regarding the implementation of diverse workstyles after COVID-19, we will fully examine identified issues and points to be improved, and discuss the rules, scope, application and approval methods as well as the appropriateness of full-scale implementation.

Support for Child Rearing and Nursing Care

DMC has childcare leave, nursing care leave, and childcare time systems to ensure that employees caring for children and family members requiring care can continue working during different life stages.

We believe that helping employees to continue working leads to increased corporate value through the retention of competent individuals with valuable experience. Therefore, division managers have meetings with employees who are taking care of children or family members requiring nursing care to better understand the employees' situations and promote the use of support systems. In FY2021, one female employee took childcare leave.

Employee Satisfaction Surveys

The Indonesia Factory conducts an annual employee satisfaction survey in an effort to improve the working environment. All employees, including temporary employees, are asked to respond to the survey in the form of a questionnaire in five categories: functions of the general affairs and human resources departments, management policies and strategies of the company's management team, the state and operation of the company organization, leadership, and the work environment. The results are fed back to all employees, and KPIs are established for items that receive poor evaluations in order to make improvements while implementing the PDCA cycle.

Human Resource Development

Basic Concept

DMC believes in individual potential and works on the improvement of in-house education systems aiming to help employees exercise their abilities and improve themselves.

Management Systems & Operations

USCO Group sets the goal of contributing to society through the persistent growth of companies keeping in mind the hopes, dreams and happiness of our employees and their families. To cultivate the spirit required to realize this goal and improve the capabilities and careers of employees, DMC continues its development of a wide range of systems and tools to cultivate human resources that support its business activities.

In addition to our annual education and training plans for individual employees, we have also established a framework that allows individual managers to monitor the actual state of education and training as well as the effectiveness of their employees. The eligibility of fulltime employees for promotions and pay raises is evaluated on an annual basis by both the personnel affairs division and their respective division managers.

In addition, we also conduct company information sessions and school visits to secure human resources specialized in engineering that will play important roles in the future of the DMC Group. At our Indonesia Factory, we have also formulated our own annual plan and are focusing on human resource development based on business and regional characteristics.

Support to Help Employees Acquire Specialized Knowledge

The production of DMC touchscreens requires advanced knowledge and skills. To continue providing high-quality products, we ensure support that helps employees to acquire certifications specified by laws and regulations.

From FY2018 to FY2020, DMC created manuals for all divisions to standardize and exchange business activities that tend to depend upon individual knowledge and skills. In FY2021, DMC continued improving business activities and revising manuals as needed.

Training for groups at different levels

DMC Group periodically provides training for groups at different levels through seminars common to all USCO Group companies. These include Seminar for Executives, Seminar for Managers, Seminar for Evaluators, Basic Seminar for Managers, and Global Human Resource Cultivation Seminar for New Employees. In FY2021, the following training was conducted at DMC (non-consolidated) and the Indonesia Factory.

Overview of Rank-based Training (Non-consolidated)

Name of the Training	Description	Hours of Training per Employee
Management Training	Management and leadership training for managers.	12
Training Review for New Managers	Review of the beginner-level management course conducted in FY2020.	1
Mentor Training	A mentor system was introduced to strengthen internal connections among new employees. Conducted training for the three employees who would become mentors to ensure that they understood the mentoring process and its significance, etc.	1
Global Human Resource Cultivation Seminar for New Employees	Training for new graduates and new employees, focusing on the mindset and manners as working members of society.	6
Leadership Training	Acquiring knowledge of leadership through self-directed group work for management candidates.	6
Young Leadership Training	Leadership training for young employees up to the fourth year of employment, learning not only about leadership but also about followership.	3
Study Meeting for Evaluators	To acquire know-how on setting goals, evaluation, and interviewing for managers who have subordinates for the first time.	2
Compliance Seminars	Training for general employees on harassment and morals.	2

■ Training at the Indonesia Factory (FY2021)

Name of the Training	Participants	Description	Training Hours	Number of Participants
Time management	SPV, Leader Operator	How to make the most of your time by prioritizing work.	2 hours	20
How to build the team	Dept head, SPV, Leader	What is a team and how do you build an effective one.	2 hours	25
Problem solving	SPV & Leader	Actions to be taken when a problem occurs, how to give instructions on solutions, and monitoring methods.	2 hours	20
Asset management	Dept Head, SPV, Leader	How to properly maintain and manage all owned assets such as buildings and facilities.	1.5 hours	15
Effective communication	Leader & Operator	Communication to maximize results and fulfill responsibilities.	2 hours	15

Human Resource Development for Global Business

DMC enhances human resources through a system that allows employees to experience business outside Japan, a practical skills training system at a factory in Indonesia for Indonesia Factory employees, and a system that dispatches Japanese engineers to provide training to employees at the Indonesia Factory. DMC also holds events at the Indonesia Factory to promote cross-cultural communication. These approaches are designed to develop a corporate climate that allows all employees to exchange opinions about quality improvement, etc. with the goal of manufacturing products with consistent quality based on the same standards in both Japan and Indonesia.

DMC also established a language training system that provides English lessons in Japan and Japanese lessons in Indonesia to promote smooth communication between the Head Office and the Indonesia Factory.

■ Language Training Overview

Location	Description
Head Office (Tokyo Office), Osaka Office, Shirakawa Factory	Providing periodic English lessons at each base. The curriculum consists of listening, reading and writing programs for business.
Indonesia Factory	Setting the time to learn Japanese twice a week targeting executive trainees and individuals planning to participate in technical training in Japan. This training was cancelled in FY2021 due to the impacts from the pandemic and flooding.

Work Environment Safety

Basic Concept

Based on the idea that human resources are treasures for the company, DMC strives to ensure a work climate that prioritizes the safety and health of employees to create a work environment in which all the employees can fulfill their potential and find satisfaction.

Management Systems & Operations

To establish a safety and sanitation management system in accordance with the Industrial Safety and Health Act, DMC facilitates the assignment of Safety and Health Managers, improvement of the safety and health promotion system, the submission of proposals for improving safety and sanitation, education for safety and sanitation, and measures to improve health status. DMC holds monthly Safety and Sanitation Committee meetings to discuss basic measures to prevent risk and health impairment. The company's industrial physician attends Safety and Sanitation Committee meetings to provide advice and instruction on improvement of the working environment and employee health, and conducts inspections at each office. In the event that the state of operations and sanitation presents a risk to health, the industrial physician has the authority to immediately take the necessary measures to correct insufficiencies. The Indonesia Factory has established a Safety Management Committee to ensure safety and hygiene for all employees working at the plant. Operations personnel also prepare safety technical reports and report to their superiors every three months.

Approaches to the Prevention of Labor Accidents

The DMC Group safety and sanitation management system strives to prevent labor accidents. We have also started new programs: Gathering slogans for safety and health from employees to increase their awareness of health and sanitation management both at work and home, and to prevent industrial accidents; Holding safety seminars for newly hired employees; Sharing minor incident cases among Safety and Health Committee members; and Holding seminars for risk assessment at work. Risk assessment allows us to identify potential danger or toxicity at work and it helps prevent and reduce those risks. During the 5S safety patrol, we carry out periodical inspections to check dangerous or unsafe sections, and the areas where minor incidents have occurred, and issue a Request for Improvement aiming to address such problems immediately.

In addition, the President and managers conduct regular patrols of manufacturing sites in the Shirakawa Factory and in the Indonesia Factory to raise the safety awareness of employees working on site.

There were no labor accidents in FY2021 (consolidated).

Labor Accident Frequency & Severity Rate (consolidated)

	FY2019	FY2020	FY2021
Labor Accident Frequency Rate*1	0.0	0.0	0.0
Labor Accident Severity Rate*2	0.0000	0.0000	0.0000
Industrial Accident Frequency Rate (Electronics)	0.50	0.52	0.58
Industrial Accident Severity Rate (Electronics)	0.01	0.05	0.01

*1 Labor Accident Frequency Rate: Number of deaths and injuries in labor accidents per 1 million actual working hours. It shows the frequency of labor accidents.

*2 Labor Accident Severity Rate: Number of workdays lost per 1,000 actual working hours. It shows the severity of accidents.

Employee Health Promotion

DMC places a priority on creating a work environment that allows individual employees to maintain physical and psychological health to ensure the ability to continue working with vigor and satisfaction. Health checkups are conducted annually (twice a year for employees working at plants), and if any issues are picked up, employees are able to get a consultation and advice from an industrial physician. A consultation system is also in place for employees to make use of. The health check rate in FY2021 was 100% throughout the DMC Group.

Mental Health

DMC provides employee stress checks specified by the Industrial Safety and Health Act. We assess the stress level of individual employees, a physician provides guidance, and DMC takes measures for better employment to ensure the mental health of all employees. Since FY2021, the Personnel Department has taken the lead in conducting interviews with all employees twice a year as a measure to prevent any mental health problems. These consultations take the form of a relaxed talk about anything from problems and areas for improvement, to future career goals, and direct supervisors. The results of the interviews are grouped into the five categories of company, work, supervisors, systems, and organization, and are used to enhance management and leadership training.

Sustainable Supply Chain Management

DMC Group establishes cooperative relationships with suppliers throughout the world and pursues CSR procurement in consideration of the environment and the community to realize a sustainable society

CSR Procurement

The DMC Group established its Procurement Policy to specify our mission to purchase materials and services in consideration of the environment and society. We also established the CSR Procurement Guidelines to promote appropriate procurement throughout our supply chain with a priority on consideration for the environment and society by thoroughly familiarizing suppliers and partner companies with our commitment to realizing a sustainable society. We also provide questionnaires regarding CSR procurement to suppliers to supervise their approaches.

So that we can respond to significant changes in social demands moving forward, we plan to appropriately review the contents of the CSR Procurement Guidelines and questionnaires to ensure that all supplier companies are well informed and conduct internal training.

Management System & Operation

Procurement is managed by the Procurement Group and supervised by the Production Management Department Manager. When we consider new business transactions, the selection of partners is based on our Procurement Policy. In the primary assessment, each division assesses engineering capability, reliability, hazardous substances contained in materials and material performance in accordance with the evaluation and selection criteria specified by DMC Group. In the secondary assessment, the Purchase Group assesses the stability of supply, price, and CSR procurement questionnaire results to determine supplier qualifications. Existing suppliers are assessed over a wide range, including compliance, response to defects, and CSR approaches, to determine their continuing eligibility. We determine whether or not to continue

transactions based on various aspects, including legal compliance, response to defects, and the status of CSR initiatives. The evaluation and selection criteria are also reviewed accordingly and spread to all employees to establish a system that ensures proper judgment throughout all group companies.

Procurement Policy

DMC follows the laws and regulations specified by each country, social norms, and corporate ethics, and conducts fair procurement activities to fulfill our social responsibility taking into account human rights, the global environment, and labor safety as we establish cooperative and trusting relationships with our employees and businesses for mutual growth.

1. Compliance with Laws, Regulations and Social Norms
DMC conducts procurement activities in accordance with laws, regulations and social norms both at home and abroad.
2. Fair and Equitable Business Transactions based on Economic Rationality
DMC thoroughly evaluates economic rationality such as quality, reliability, price, delivery date, and procurement period to conduct fair, equitable and transparent business transactions.
3. Ensuring Quality and Safety
DMC strives to maintain and improve quality and safety with suppliers to provide valuable products.
4. Human Rights Protection
DMC procurement activities respect human rights in accordance with our Human Rights Policy.
5. Environmental Conservation
DMC strives to manufacture products containing fewer hazardous substances and conducts activities considering environmental conservation.

Request for agreements with our CSR Procurement Guidelines

We ask our suppliers to sign a Confirmation of Consent to our CSR Procurement Guidelines to ensure their implementation and compliance with the Guidelines. As of February 2022, we have acquired agreements from 35 existing supplier companies. In addition, from FY2022, new suppliers are now required to submit an agreement before conducting business.


Questionnaire on CSR Procurement

DMC works with its suppliers on procurement in consideration of the environment and regional society in accordance with the Procurement Policy and CSR Procurement Guidelines. DMC has monitored major CSR approaches by its suppliers and promotes activities through its CSR Procurement questionnaire based on the items shown on the right, aiming for the further promotion of CSR activities throughout our supply chain.

Questionnaire Items

1. Labor
2. Safe and Sanitation
3. Environment
4. Ethics
5. Management System

In FY2020, we did not conduct CSR procurement questionnaires due to COVID-19. However, to further promote CSR procurement approaches, in FY2021, we updated our CSR Procurement Guidelines and requested our major suppliers to agree to the Guidelines (agreement to the Confirmation of Consent). We continue working on the realization of a sustainable society with our suppliers in accordance with the CSR Procurement Guidelines.

 **Reference: DMC's CSR Procurement Guidelines**
https://www.dmccoltd.com/files/sustainability/DMC-CSR-Procurement-Guidelines_2021_en.pdf

Response to Conflict Minerals

Basic Concept

DMC is committed to not using conflict minerals, minerals mined under conditions in which armed conflict, human rights abuse or environmental destruction occur, to prevent funds from flowing to armed groups. We procure the tin and gold used as raw materials in the manufacture of DMC touchscreens from conflict-free smelters such as CFSI*. If we find that our product contains conflict minerals, we take prompt corrective measures.

* CFSI: International conflict-free sourcing initiative

Management System & Operation

Tin and gold are essential to the manufacture of touchscreens. DMC established a system under the supervision of the Director & Production Management Division Manager designed to prevent the use of conflict minerals. We gather information on conflict minerals from all suppliers and require tin and gold to be procured from smelters whose products are certified conflict-free. We surveyed our 106 suppliers using the Conflict Mineral Reporting Template (CMRT) developed by the Responsible Business Alliance (RBA) and Global e-Sustainability Initiative (GeSI). The response rate was 98.1% in FY2021. Currently, no minerals have been identified as a source of funding for armed groups. Currently, no minerals have been identified as a source of funding for armed groups.

Environmental Conservation

DMC recognizes environmental issues as significant and promotes environmentally friendly approaches in its business activities.

Environmental Conservation

The Group has obtained ISO 14001 certification for its Shirakawa Factory in Japan and its factory in Indonesia (ISO certification coverage of production sites: 100%), and is in the process of obtaining ISO 14001 certification for its Iwaki Factory, which began operations in October 2021. Our environmental management system was established to unify company management and environmental activities, implement environmental action plans into our business activities, and take a wide range of approaches in accordance with our Quality and Environmental Policies.

We strive to increase individual employee awareness of energy saving and contribute to the prevention of global warming throughout the company. We work together to reduce electricity consumption in offices, energy consumption in sales and production activities, and fuel consumption in employee commutes to decrease environmental load and increase environmental conservation.

Environmental Management System

DMC Group strongly believes that business activities and environmental conservation should be part of the same decision-making process. We implement our environmental management system into each business activity process to promote its environmental management.

Chaired by the President, the DMC Group ISO Promotion Committee was established as the highest organ of decision making for environmental management. The ISO Promotion Secretariat handles the management of factories, divisions, and business bases under the supervision

of the ISO Promotion Committee. Each division establishes Quality and Environmental Plans and reports progress and results at monthly Quality and Environmental Conferences that the President attends to ensure the effective application of the PDCA cycle.

▶ See page 13 Quality & Environmental Management System Diagram

Internal Audit

The Group conducts annual audits by certified internal auditors to confirm conformance with ISO 14001 and the effective functioning of the environmental management system.

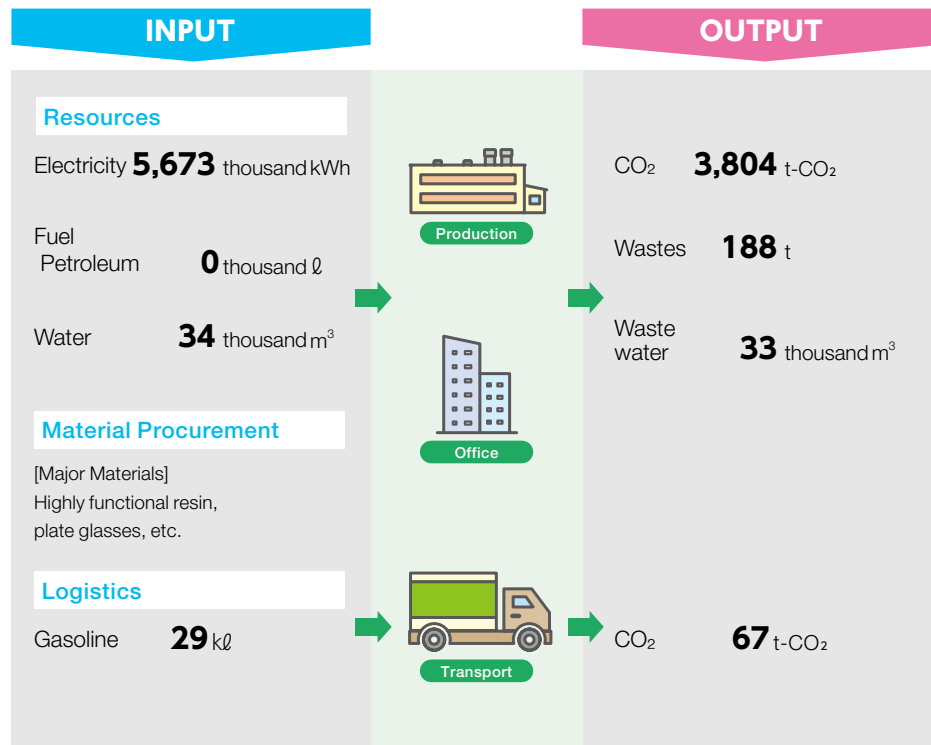
DMC holds meetings before and after audits to clarify priority items, confirm the content identified out by auditors with the related divisions and departments while the ISO Promotion Secretariat shares issues to promote improvement throughout the DMC Group, and handles progress management of the issues until the next meeting aiming to improve the quality of internal audits and environmental activities performed by the DMC Group.

In-house Education

DMC Group considers human resource development critical to the promotion of its environmental management activities. To this end we have established a curriculum to provide individual employee education based on specialization and level.

DMC specifies that all division managers provide opportunities for employees to recognize and learn quality and ISO policies in order to maximize business results through the linkage of division and individual targets. The above-mentioned content is described in specific formats, including the influence of unachieved goals on business, and all content is managed by the ISO Promotion Secretariat. The eligibility of fulltime employees for promotions and pay raises is evaluated on an annual basis by both the personnel affairs division and their respective division managers.

Material Balance



(Figures represent the total of Japan and Indonesia)

Response to Climate Change

Basic Concept

In the face of climate change, DMC considers the reduction of CO₂ emissions that contribute to increasing temperatures as our corporate responsibility and works toward this in all phases of the production and delivery of touchscreens through the effective use of energy and other approaches.

Establishment of CO₂ Emission Reduction targets

The Group aims to reduce CO₂ emissions at our company, Indonesia Factory, Shirakawa Factory, and Iwaki Factory by 26.6% by FY2025 as an interim target toward achieving carbon neutrality in 2050 (with FY2018 as the base year). We will continue to strengthen energy conservation measures to promote CO₂ reductions.

SCOPE 3 Emissions

DMC Group calculated greenhouse gases emitted in all its business activities in accordance with SCOPE 3, the recognized standard for the calculation and reporting of greenhouse gas emissions throughout the supply chain. Clarifying emissions throughout our supply chain and identifying the potential for reducing emissions will lead to CO₂ reduction and contribute to the fight against global warming.

FY2021 CO₂ Emissions by Scope & Category (t-CO₂)

Scope & Category		Emissions
SCOPE 1		67
SCOPE 2		3,804
SCOPE 3		15,384
Category 1	Purchased Goods and Services	12,107
Category 2	Capital Goods	458
Category 3	Fuel- and Energy-related Activities (not included in scope 1 or 2)	403
Category 4	Transportation and Delivery (Upstream)	1,365
Category 5	Waste Generated in Operations	6
Category 6	Business Travel	47
Category 7	Employee Commuting	214
Category 11	Use of Sold Products	784

* Figures represent the total of Japan and Indonesia

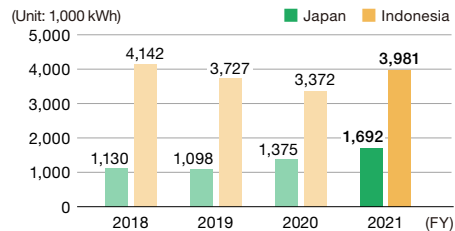
Ministry of the Environment
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/

Management System & Operation

General Administration Section takes charge of company-wide improvement activities. We conducted energy-saving campaigns, shifted to LED lighting, implemented highly efficient PC monitors and other devices, and shifted business vehicles to eco-friendly vehicles throughout the company. We are also continuously working to improve the efficiency of energy use in our production processes. At the Shirakawa Factory, we installed equipment that can adjust humidity and temperature by block in manufacturing areas and automatic turn-off lights using motion sensors in common areas, and continued with the Cool Biz campaign to limit the use of air conditioners. However, in FY2021, electricity consumption increased by approximately 17% due to longer production uptime than in the previous year as a result of a significant increase in demand with the supply shortage of materials.

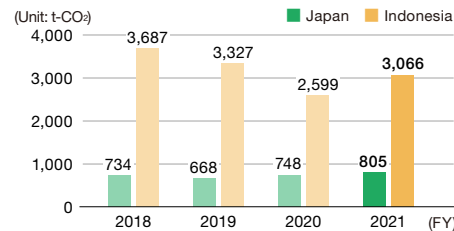
We therefore put our air conditioning systems on a timer and stopped using mercury lamps at night from March 2022, which is expected to reduce monthly electricity consumption by more than 10%.

Power Usage



* Including results from the Iwaki Factory from FY2021

CO₂ emissions (in production)



* Including results from the Iwaki Factory from FY2021

Approaches to Waste Reduction

Basic Concept

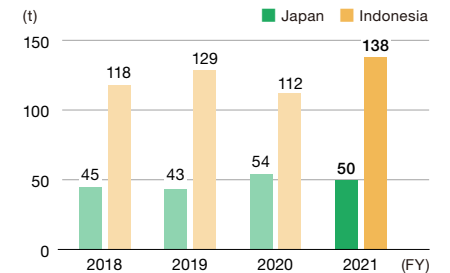
DMC will make effective use of resources to create a sustainable, recycling-oriented society, and will set and work toward waste reduction and recycling targets.

Management System & Operation

DMC issues an industrial waste management manifest to monitor waste discharged from its factories and offices. We utilize an exclusive database to ensure uniform control over the management of disposal service providers and the industrial waste management manifest to continuously monitor the status of waste disposal. Because reducing the defect rate in production directly leads to waste reduction, efforts that DMC make for the improvement of production processes include the establishment of structures to maintain the best quality.

We also striving to reduce the amount of waste by recovering and selling waste precious metals generated in the manufacturing process as valuable resources.

Volume of Waste Disposal



Approaches to Paper Reduction at DMC

DMC Group digitalizes and shares documents, and manages decision-making processes, order sheets, and work hours by computer to reduce paper.

We continue working on reducing paper while improving our business processes.

Water Resource Conservation

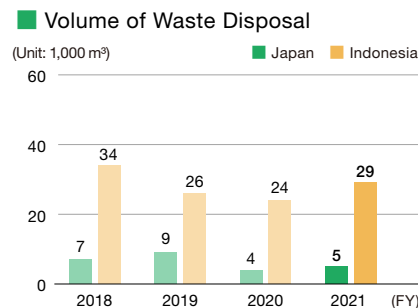
Basic Concept

Infrastructure improvement has been delayed due to an increase in population and demand for water resources that have accompanied economic growth. This has accelerated water shortages and pollution, which has had a significant impact on our lives and environment. DMC considers the effective use of water in manufacturing and the conservation of water resources.

Management System & Operation

DMC Group established an integrated management system for water and environmental quality to promote water resource conservation. We also apply the PDCA management cycle to improve environmental management. We select wastewater treatment plants and outsource the neutralization of wastewater discharged at our plants to reduce environmental load. The Indonesia Factory has introduced and is operating a recycling system for water-intensive processes in order to make effective use of precious water resources. The factory continues its efforts to reduce water consumption.

Moreover, our factories in Japan and Indonesia treat wastewater appropriately in accordance with laws and regulations. Regular BOD tests are conducted, and the results are submitted to public institutions together with a certificate of inspection confirming there are no problems.




Reducing the Discharge of Chemical Substances

Management System & Operation

DMC works to reduce the use of chemical substances that may directly influence the environment through its production processes. No discharge or transfer of PRTR substances were detected in the fiscal year.

Third-Party Assurance



Independent Assurance Statement

September 13, 2022

Mr. Tatsuya Sada
President
DMC Co., Ltd.


1. Purpose
We, Sustainability Accounting Co., Ltd., have been engaged by DMC Co., Ltd. (hereinafter "the Company") to provide limited assurance on the CO₂ emissions of the Company and PT. DMC TEKNOLOGI INDONESIA in FY2021, which are 67t-CO₂ (Scope1), 3,804t-CO₂ (Scope2) and 15.4 kt-CO₂ (Scope3). The purpose of this process is to express our conclusion on whether the CO₂ emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO₂ emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed
We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and 3410 (ISAE3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO₂ emissions were calculated in accordance with the Company's standards.

3. Conclusion
Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO₂ emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Contribution to Regional Society

DMC is involved in the vitalization of regional society, the restoration of areas damaged by natural disasters, and social contribution activities centering on the cultivation of the next generation to realize a sustainable society.

Contribution to Regional Society

DMC has factories in Japan and Indonesia with a head office in Tokyo and business bases in Osaka. Based on recognition of the importance of deepening communication with residents in the community and establishing favorable relationships for the further expansion of our business, we promote cooperation with local governments and companies to contribute to the development of regional society and fulfill our responsibility as a corporate citizen.

Social Contribution Activities in Japan

In order to pass on the lessons of the Great East Japan Earthquake and the Fukushima Daiichi Nuclear Power Plant accident to future generations, a volunteer project has been underway since 2011 to plant 99,000 cherry trees on a mountain in Tairanakabeya, Iwaki City, Fukushima Prefecture. The number 99 means eternity in Chinese and it is hoped the project will create the world's most famous cherry blossom viewing spot. As a result of the relationship with our factory in Hamadori, Fukushima Prefecture, 12 employees participated in the tree-planting event held in April 2022.



Photos of the tree-planting event in April 2022

In addition, we continue to engage in community-based activities, such as monthly community cleanups and fundraising for volunteer activities to support those affected by the torrential rainstorms that happened in August 2021.

In addition, since 2019, DMC has participated in the “eyecity eco project” organized by HOYA CORPORATION’s Eye Care Company to collect empty contact lens cases. Empty cases collected by DMC are recycled into polypropylene at recycling plants and are then used to produce a wide variety of products. Furthermore, the profit from recycled products are donated to the Japan Eye Bank Association. In FY2021, approximately 4.63 kg of empty cases were collected.



Monthly cleanup activities around the Shirakawa Factory

Social Contribution Activities in Indonesia

The flooding that occurred in February 2021 affected our Indonesia Factory as well as our employees residing in the region. We raised approximately 300,000 yen through a fundraising campaign to support employees working at the factory in the affected area. We also conducted a fundraising campaign to support victims of the December 2021 Mt. Semeru eruption (Java, Indonesia) and sent 1,269,000 yen directly to 455 families affected by the volcanic eruption.



A residential area buried in volcanic ash



An evacuation shelter



Distributing food to those affected by the disaster

Governance

In accordance with the Management Policy, DMC strives to establish environments and systems that enable our corporate governance to function effectively.

Corporate Governance

Based on our management policy, we are striving to create a corporate culture that respects the rights and interests of all stakeholders, including shareholders, customers, business partners, and employees, and to build a solid management system by establishing a framework for effective corporate governance to maximize corporate value over the medium to long term.

Governance System

The DMC Board of Directors has responsibility for making business management decisions through active discussions and reinforcement of supervisory functions over the Company’s management activities. The Board of Directors is composed of five Directors, and Board Meetings are held to address important matters regarding monthly management activities and to report the state of business execution.

DMC also holds Management Meetings with the participation of Directors, external advisors, and other appropriate individuals to reinforce prompt decision making, supervisory, and business execution functions. At Management Meetings, members thoroughly discuss basic measures regarding business, management policy, management plans and other important issues submitted by divisions and departments prior to Board Meetings, which enhances the optimization of decision making.

In addition, Group Company Meetings of USCO, the parent company of DMC, are held with the participation of top management of each group company to report the state of business performance of each group company, discuss and make decisions regarding business strategy and operation as USCO Group.

Audit System

DMC Group audits are conducted by a part-time auditor and an external accountant to validate the adequacy of the financial information. Shareholder supervision rights are enhanced for supervision of the execution of business by the Board of Directors in accordance with laws and regulations. Shareholders have the right to request the convocation of a Board of Directors Meeting in the event that a director acts outside the scope of the purpose of the Board of Directors, and to express their opinions at the Board of Directors Meeting.

Compliance

With 40% of its total production taking place in global markets, compliance with both domestic and overseas laws, regulations and social norms is the top DMC priority in all business activities. DMC strives to ensure compliance throughout the organization.

In FY2021, no serious violations of laws and regulations were reported.

Prevention of Bribery

Basic Concept

DMC recognizes bribery and corruption as serious risk factors that have the potential to significantly damage the reputation of the company, and is committed to preventing illegal acts as well as scandals due to a lack of awareness.

In accordance with the Basic Policy on Gifts and Entertainment, DMC prohibits not only inappropriate compensation for public servants and representatives of private companies, including gifts, entertainment, and benefits, for the purpose of gaining or maintaining business, but also the promise, offer, or approval of such inappropriate compensation. DMC also established a system that specifies standards and approval processes for expenses regarding dining with business partners, and continues providing business partner management, education, and enlightenment activities for the executives and employees. Specifically, we require advance application for and detailed reporting after the use of customer-related entertainment expenses to prevent bribery and corruption. Any violation of these rules triggers the implementation of corrective measures and strict action against violators.

Whistle-blower system (Hotline)

DMC Group has established an Internal Reporting Desk to enhance the prevention and early detection of violations against laws and regulations, and acts of dishonesty as well as to increase its reliability in society. DMC confirms the content of reports and consultations, takes corrective action and provides guidance. We also provide follow-up support to confirm that employees are not treated unfairly in order to provide appropriate protections. We received two reports and consultations in FY2021.

To establish a framework to accept reports and provide consultations for violations of compliance and harassment policy in business activities, we established Consultation Service Centers at Human Affairs & General Administration Departments at DMC and General Administration Departments at USCO.

At our Indonesia Factory, we have established a communication forum* and have developed our own reporting system based on the reporting process stipulated in our company regulations. In addition to serving as a whistleblower system, it is also used as a forum for communication among employees and with management.

* The Communication Forum is held monthly with 50 to 60 employee representatives coming together for a breakfast meeting (bread and drinks are provided). In addition to the head of the department in charge reporting on the current status of the company, other managers provide information that needs to be shared and a question-and-answer session is held.

Compliance Seminars

DMC strives to increase employee awareness of compliance through seminars. In FY2021, outside lecturers were invited as part of the CSR training sessions with training on the important topic of compliance provided to managers of each department. At the Indonesia Factory, compliance is promoted through monthly DTI monthly reporting meetings to confirm that the compliance targets set by the Corporate Management System Division are being met.

Information Security

Basic Concept

DMC recognizes the importance of personal and other information received from our customers. In line with this, we have established a system to control such information and work to increase employee awareness and knowledge of the appropriate handling thereof to enhance the management system.

DMC has established “Information Management Regulations” and “Personal Information Protection and Management Regulations” for appropriate information management. We assign an Information System Manager and Personal Information Protection Manager in accordance with the regulations described above to ensure appropriate management and initiate measures for security. We also strive to increase employee awareness and knowledge of information management through in-house education. In addition, we dispose of media that contain information requiring the management specified by the above-mentioned regulations after physical destruction to prevent the risk of information leak. Thorough information management over subcontractors includes the requirement for recycling subcontractors to issue certificates of completion after data destruction.

We have been strengthening our networks, including security, in line with the longer duration and increase of people working from home during the pandemic. In fiscal 2021, we declared a one-star rating on the Security Action information security system conducted by the Information-technology Promotion Agency (IPA), a public institution of the Ministry of Economy, Trade and Industry, and carried out activities to raise awareness both inside and outside the company.

In addition, we enhanced information security by installing a fingerprint authentication system for entry to and exit from the Indonesia Factory to prevent unauthorized entry and information leakage.

Risk Management

Risk Management System

DMC places a priority on risk management to accurately recognize risks that may have a significant influence on corporate value and business continuity, and strives to minimize damage by such risks.

Every year, each division manager clarifies both internal and external issues to identify and evaluate risks associated with such issues. Measures for risk assessment and effectiveness are appropriately managed through monitoring in accordance with the management plan and targets set for each risk. Top management assesses appropriateness, validity, and effectiveness quarterly and shares its assessment with each division manager to realize effective risk management. At the Indonesia Factory, we identify potential risks and report on the progress of measures to deal with the identified risks at a meeting attended by all divisions once a month in an effort to prevent the risks from materializing.

Measures against COVID-19

In response to the global spread of COVID-19, DMC strives to ensure infection control to protect the health of its employees and their families and to continue stable business activities.

In Japan, DMC takes preventive measures against COVID-19, including the wearing of masks, sanitizing, the implementation of remote work and flex-time systems, temperature checks when each employee arrives at the company in the morning, action history books, health surveys for guests, and a set response to infected individuals in accordance with guidelines provided by the government. In Indonesia, we implement thorough infection control in accordance with rules issued by the Ministry of Industry of Indonesia, and manage the health status of all employees using the Messenger app. Employees that commute to work use transportation provided by DMC in principle, and remote work is implemented when possible. We perform appropriate risk management in preparation for further spread of the infection using other approaches such as distributing health management flows for employees and their families when they feel sick.

Approaches to the Business Continuity Plan (BCP)

DMC Group established a BCP in preparation for emergencies to ensure the safety of human life and the continuation of business activities. When a large disaster occurs, we must continue to provide supplies to customers, which we believe leads to the promotion of employment and vitalization of the local economy. We place a priority on business continuity to prevent disruption of our supply chain.

For emergencies, we have established an organizational structure headed by the president and subleaders assigned to perform external response, restoration, financial management and logistics support. This structure is capable of receiving top-down instructions and securing information management.

In FY2021, in response to the flooding disaster in Indonesia, we reaffirmed the importance of formulating and operating a BCP. As such, we are working to strengthen our supply chains, including decentralizing our suppliers and reviewing our purchasing routes, preparing comprehensive manuals that take into account earthquakes and fires at all of our factories.

We continue expanding the system of settlement, maintenance and revision of the BCP through periodical BCP education and training, and opinion exchange. We continue to improve our response to the BCP through opinion exchange with other companies and create effective business plans and structures for application in cooperation with our business partners, others in the industry and local communities.

Global Sustainability Reporting Standards (GRI Standards) Content Index

Sustainability Report 2022 is prepared in reference to the GRI Sustainability Reporting Standards 2016/2018/2019/2020 and contains Standard Disclosures.

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303-2	Management of water discharge- related impacts											—
303-3	Water withdrawal											26
303-4	Water discharge											26
303-5	Water consumption											27
GRI 304: Biodiversity												
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas											—
304-2	Significant impacts of activities, products, and services on biodiversity											—
304-3	Habitats protected or restored											—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations											—
GRI 305: Emissions												
305-1	Direct (Scope 1) GHG emissions											25-26
305-2	Energy indirect (Scope 2) GHG emissions											25-26
305-3	Other indirect (Scope 3) GHG emissions											25-26
305-4	GHG emissions intensity											—
305-5	Reduction of GHG emissions											25-26
305-6	Emissions of ozone-depleting substances (ODS)											—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions											—
GRI 306: Waste												
306-1	Waste generation and significant waste-related impacts											27
306-2	Management of significant waste-related impacts											27
306-3	Waste generated											27
306-4	Waste diverted from disposal											—
306-5	Waste directed to disposal											—
GRI 307: Environmental Compliance												
307-1	Non-compliance with environmental laws and regulations											No violation
GRI 308: Supplier Environmental Assessment												
308-1	New suppliers that were screened using environmental criteria											—
308-2	Negative environmental impacts in the supply chain and actions taken											—
GRI 401: Employment												
401-1	New employee hires and employee turnover											18
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees											—
401-3	Parental leave											19
GRI 402: Labor/Management Relations												
402-1	Minimum notice periods regarding operational changes											21
GRI 403: Occupational Health and Safety												
403-1	Occupational health and safety management system											21-22
403-2	Hazard identification, risk assessment, and incident investigation											21-22
403-3	Occupational health services											—
403-4	Worker participation, consultation, and communication on occupational health and safety											21-22
403-5	Worker training on occupational health and safety											21-22
403-6	Promotion of worker health											21-22
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships											21-22
403-8	Workers covered by an occupational health and safety management system											—
403-9	Work-related injuries											—
403-10	Work-related ill health											—
GRI 404: Training and Education												
404-1	Average hours of training per year per employee											—
404-2	Programs for upgrading employee skills and transition assistance programs											19-22
404-3	Percentage of employees receiving regular performance and career development reviews											—
GRI 405: Diversity and Equal Opportunity												
405-1	Diversity of governance bodies and employees											18
405-2	Ratio of basic salary and remuneration of women to men											—
GRI 406: Non-discrimination												
406-1	Incidents of discrimination and corrective actions taken											Not applicable
GRI 407: Freedom of Association and Collective Bargaining												
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk											—
GRI 408: Child Labor												
408-1	Operations and suppliers at significant risk for incidents of child labor											Not applicable
GRI- 409: Forced or Compulsory Labor												
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor											Not applicable
GRI 410: Security Practices												
410-1	Security personnel trained in human rights policies or procedures											—
GRI 411: Rights of Indigenous Peoples												
411-1	Incidents of violations involving rights of indigenous peoples											—
GRI 412: Human Rights Assessment												
412-1	Operations that have been subject to human rights reviews or impact assessments											—
412-2	Employee training on human rights policies or procedures											—
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening											—
GRI 413: Local Communities												
413-1	Operations with local community engagement, impact assessments, and development programs											29
413-2	Operations with significant actual and potential negative impacts on local communities											—
GRI 414: Supplier Social Assessment												
414-1	New suppliers that were screened using social criteria											—
414-2	Negative social impacts in the supply chain and actions taken											—
GRI 415: Public Policy												
415-1	Political contributions											—
GRI 416: Customer Health and Safety												
416-1	Assessment of the health and safety impacts of product and service categories											—
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services											No violation
GRI 417: Marketing and Labeling												
417-1	Requirements for product and service information and labeling											24-25
417-2	Incidents of non-compliance concerning product and service information and labeling											No violation
417-3	Incidents of non-compliance concerning marketing communications											No violation
GRI 418: Customer Privacy												
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data											Not applicable
GRI 419: Socioeconomic Compliance												
419-1	Non-compliance with laws and regulations in the social and economic area											No violation Not applicable

ISO 26000 Comparison Table

In this report, DMC sustainability activities can be classified on the core subjects of ISO26000 as follows.

Core Subjects	Issues	References
Organizational governance	Organizational governance	2-3, 9, 30-32
Human Rights	<ol style="list-style-type: none"> 1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social and cultural rights 8. Fundamental principles and rights at work 	2-3, 16-24
Labor practices	<ol style="list-style-type: none"> 1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace 	2-3, 16-22
The environment	<ol style="list-style-type: none"> 1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity and restoration of natural habitats 	2-3, 25-27

Core Subjects	Issues	References
Fair operating practices	<ol style="list-style-type: none"> 1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights 	23-24, 30
Consumer issues	<ol style="list-style-type: none"> 1. Fair marketing, factual and unbiased information and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness 	13-15, 23-24, 31
Community involvement and development	<ol style="list-style-type: none"> 1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment 	9, 18-22, 29