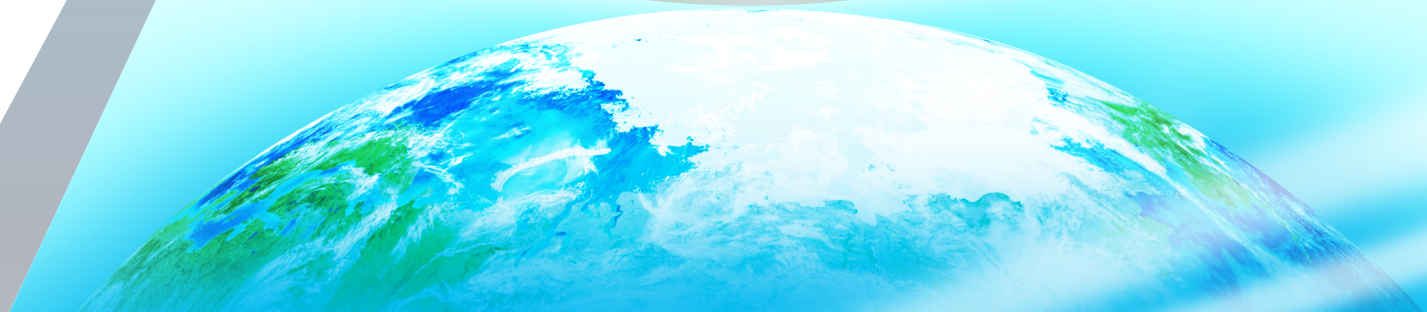


# CSR REPORT 2019

DMC Co., Ltd.  
CSR Report 2019

 **DMC Co., Ltd.**  
Interface with Touch



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## Editorial Policy

FY2018 DMC CSR activities have been published in PDF format (2019 CSR Report) to ensure availability to as many stakeholders as possible. We publish DMC CSR 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

### Reporting Period

January 1, 2018 – December 31, 2018 (Some activities in this report include content before and after the above period.)

### Date of Issue

August 2019 (The next issue is scheduled for publication in August 2020)

### Guidelines used as reference

Global Sustainability Reporting Standards (GRI Standards) 2016

### Issuing Department & Contact Information

DMC Co., Ltd. Management Section  
3-6-1 Hirano-cho, Chuo-ku, Osaka, 541-0046, Japan  
Aioi Nissay Dowa Insurance Midousuji-Bldg. 3F,

## Corporate Profile (As of December 31, 2018)

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:	4.858 million JPY (Consolidated)
Subsidiary:	PT. DMC TEKNOLOGI INDONESIA
Parent Company:	USCO Corporation
Number of employees:	811 (Consolidated) <sup>1</sup> 128 (Non-consolidated) <sup>1</sup>
	<sup>1</sup> Including full-time employees, dispatched employees (only in Indonesia), and part-time employees
Client Companies:	125 <sup>2</sup>

\*1: As of December 31, 2018 \*2: As of March 31, 2019



## DMC contributes to the realization of a sustainable society through high value-added business activities that promptly respond to social movements and needs.

### Giving shape to the unlimited possibilities of touchscreens

The wide range of functions that DMC touchscreens serve include factory and other industrial operations, digital signage and the activities of daily life to support user safety and convenience.

With the spread of IoT, touchscreens have become an increasingly important interface.

They are especially important in addressing social issues such as the decreasing labor force and increasing the convenience of inbound visitors .

DMC is committed to developing a wide range of solutions by giving shape to the unlimited possibilities of touchscreens and providing prompt responses to diverse social needs.

DMC has consistently pursued a business model that leverages the strengths of small-lot multi-production and stable long-term supply to ensure effective responses to customer needs. This has allowed DMC to maintain its position as a top runner in the ever-changing domestic industrial equipment market.

### Vision of Global Business Expansion

DMC has expanded its touchscreen business not only in the domestic market, but also in global markets centering on Europe and Asia.

Along with the slowing of orders received from overseas in 2018, DMC has hammered out more effective and strategic measures to enter overseas markets.

DMC offers products to distributors in Europe and to Japanese-affiliated companies in Asia.

We are promoting the installation of on-site offices and the expansion of sales routes via on-site distributors to increase the sensitivity of our antenna to catch the movements and needs of overseas markets and to expand our business.



## Message from the President

We opened an office in Italy in January 2019 while reinforcing personnel to realize closer communication with customers and respond to a wide variety of requests in North America.

In addition, we are working to enhance marketing activities in Asia.

Based on a visit to Asian countries at the beginning of 2019 to grasp the situation on the ground, we concluded that markets still have a high degree of trust in the quality of Japanese products and we could feel the great potential of on-site demand for DMC touchscreens.

DMC ensures a clear understanding of market environments and determines regions and timing to acquire shares in overseas markets.

### Cultivating human resources capable of considering the situation and acting for society

Human resource development is also important for the continuous provision of high value-added products to global markets.

As expressed in our corporate philosophy, we believe it is of great importance to increase employee awareness of the need to achieve sustainable growth while promoting happiness throughout society.

To realize our corporate philosophy and produce new value, individual employees are required not only to perform their assigned tasks, but also to consider how they can deliver better products to customers and end users, and then take action to advance this goal.



DMC production bases, the Shirakawa Factory in Fukushima and the Indonesia Factory, have employees from different countries with a wide range of languages, religions and cultures.

For several years, DMC has strived to enable both factories to maintain high value-added touchscreen production in the face of wide-ranging differences.

Although each approach is designed to achieve a specific goal such as providing business experience at factories in different countries, technical guidance, and interaction events for both factories, the accumulated result has been to successfully change employee awareness of the products and working environment.

Discussions among the employees have led to the achievement of higher goals, and this helps us to envision the possibilities of new solutions.

DMC continues developing human resources and increasing employee awareness as we continue growing together.

### Further progress in CSR activities using the completion of a new factory as a great opportunity

2019 marks four years since DMC instituted approaches to CSR in response to requests from society.

We've promoted CSR activities with the application of the PDCA cycle in accordance with DMC's mid- and long-term CSR policies. We are in the initial stage of recognizing the overall policies and framework of the structures.

The next step is to spread awareness of CSR throughout the company, connect day-to-day business activities to SDGs and acting to improve society and the environment.

New Shirakawa Factory will be completed in October 2019. This factory is built to improve productivity and reduce our environmental burden.

Using this as a great opportunity and with the help of every employee, DMC further promotes its CSR activities to fulfill its social responsibilities as a touchscreen manufacturer.

President, DMC Co., Ltd.

*Tetsuya Hada*



# Corporate Profile

## Global Business Structure (As of the end of July 2019)

DMC increases 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.

<Electronics Business Structure>



**USCO Corporation** Business support specializing in truck and electronics

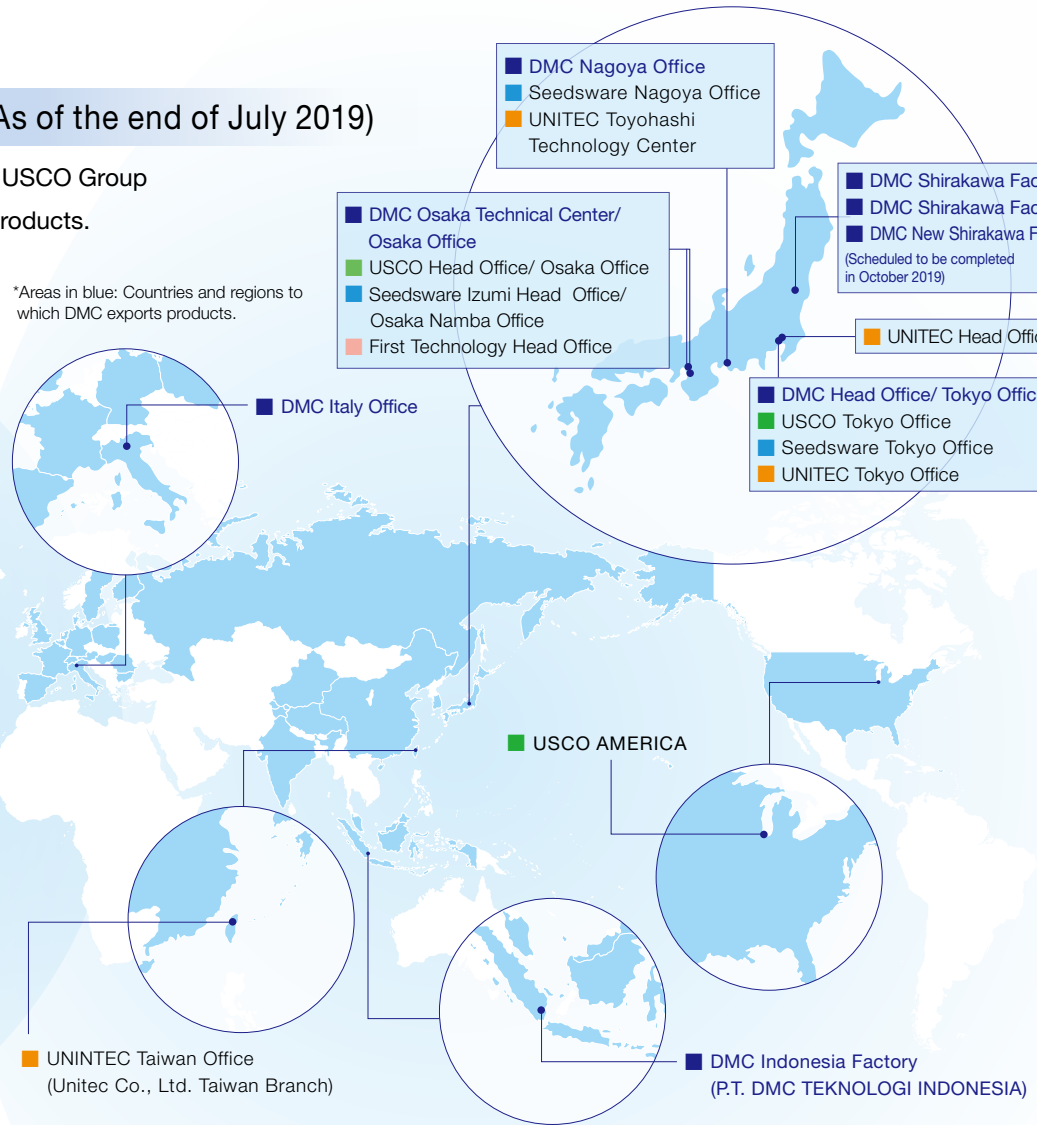
**DMC Co., Ltd.** Development, manufacture, and sale of touchscreens

**Seedsware Corporation** Development, manufacture, and sale of touchscreen application products

**Unitec Co., Ltd.** Design, development, and manufacture of software and hardware using digital technology

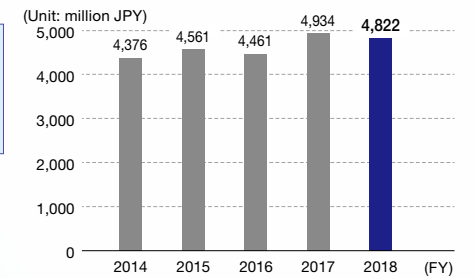
**First Technology** Providing IT consulting system solutions

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

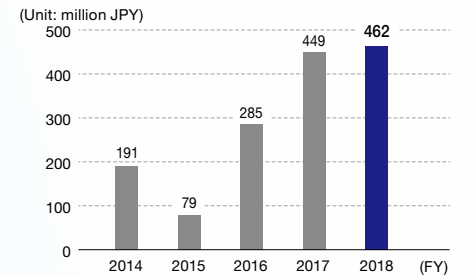


## Financial Information (DMC Co., Ltd.)

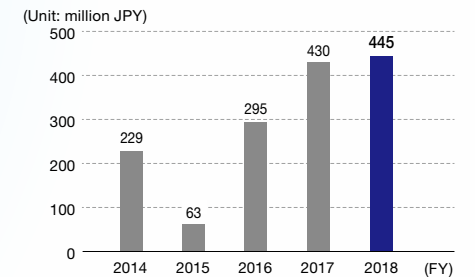
### Net Sales



### Operating Income



### Ordinary Income



## DMC Products & Services

### DMC Products

DMC grows with its many associates through the manufacture and sale of touchscreens and the provision of support.

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.

1

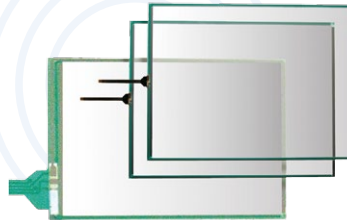
### Resistive Touchscreens

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.

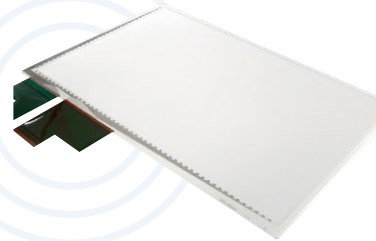


2

### 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

We have factories capable of bonding cover glass, film, and LCD to touchscreens as customization.

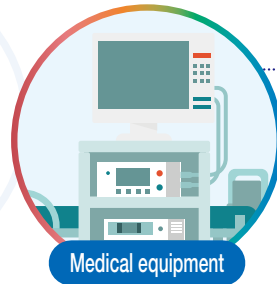


## DMC products make everyday life better

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.

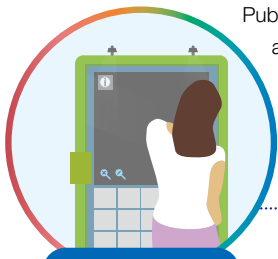
DMC touchscreens are used in healthcare fields, such as treatment, diagnosis, analysis, and examination devices that feature antifouling and anti-bacterial films in order to keep the screen surface clean.



Medical equipment

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.

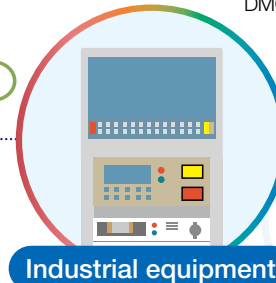


Signage

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.



KIOSK



Industrial equipment

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.




Beverage dispenser

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 & CSR

## Management Vision

**USCO Group Motto**



もっとワクワクする明日へ  
Challenge Today for an Exciting Tomorrow

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

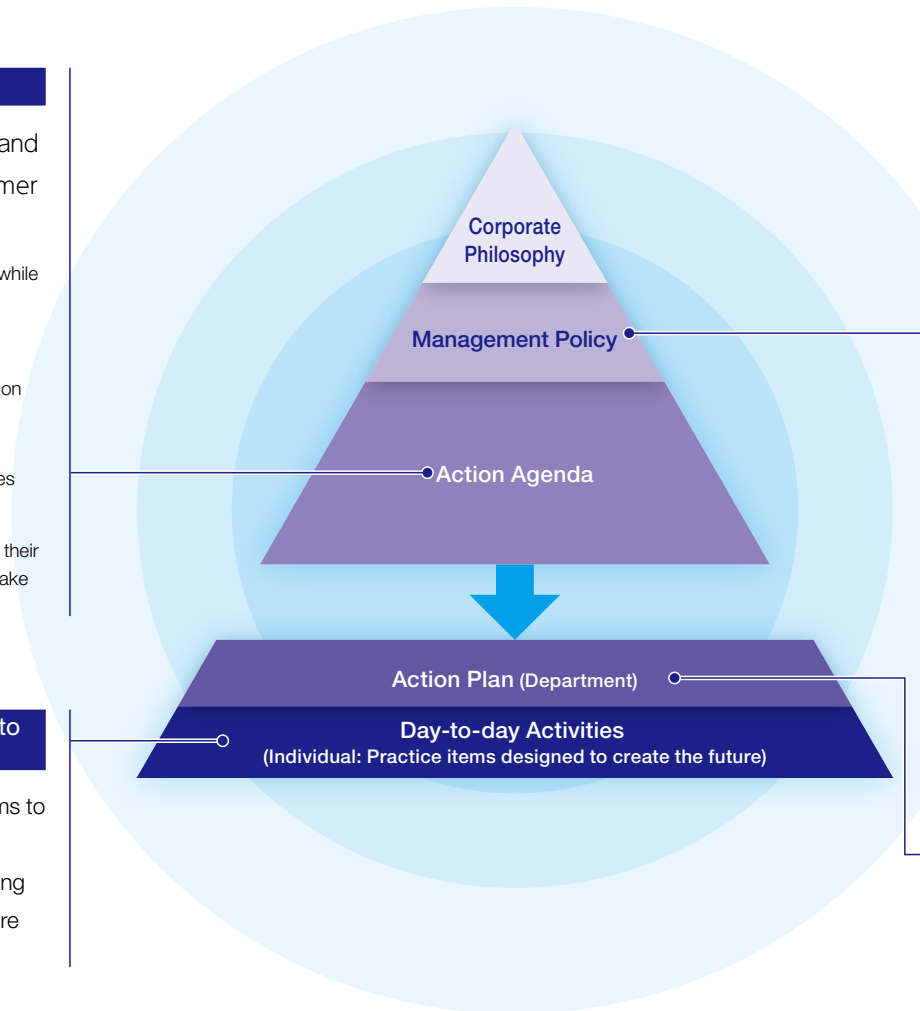
#### Goals

- 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 (Practice items designed to create the future)

We list day-to-day work attitudes in Practice Items to Create the Future.

All employees recite them together at the morning assembly to increase their awareness and ensure that they are put into practice.



### 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 FY2019

To follow our dreams for the future!  
Ensuring high profitability that remains stable against external environments.

## DMC CSR

### CSR 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.

### CSR Promotion Structure

DMC has established a CSR promotion structure centering on its CSR Secretariat to uniformly promote a wide range of approaches by individual departments and divisions.

The CSR Secretariat is directed by the president to ensure that top management is directly involved in the operation of CSR activities.

DMC has also established a structure to discuss and report important CSR matters at management meetings to promote uniform approaches for both management and CSR.

To promote effective activities, DMC leverages multidisciplinary cooperation with departments and divisions in charge of CSR, including product quality, environment, human rights protection, procurement and social contribution, and the CSR Secretariat supports these activities.

DMC held seminars regarding CSR movements in other companies and issues in DMC approaches to CSR activities provided by external lecturers targeting the managers of individual departments and divisions.



## 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"> <li>Manufacturing high-quality and safe products</li> <li>Disclosing product information</li> <li>Designing environmentally friendly products</li> <li>Stable supply of products and provision of support</li> </ul>	<ul style="list-style-type: none"> <li>Communication from product development to supply</li> <li>Providing solutions</li> <li>Contact information</li> <li>Customer satisfaction surveys</li> <li>Direct visits by the President</li> </ul>
Shareholders & Financial Institutions	DMC has seven shareholders. The parent company owns 88.83% of its shares.	<ul style="list-style-type: none"> <li>Improvement of corporate value</li> <li>Appropriate return of profits</li> <li>Timely and appropriate information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders meeting / Financial settlement briefing</li> <li>Shareholder meeting reports</li> </ul>
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"> <li>Stable ordering</li> <li>CSR promotion throughout the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Factory audit</li> <li>Periodical discussions</li> <li>CSR procurement questionnaires</li> <li>Contact information</li> </ul>
Employees	DMC has 811 employees in Japan and Indonesia.	<ul style="list-style-type: none"> <li>Ensuring a safe and secure working environment</li> <li>Respect for human rights</li> <li>Respect for diversity</li> <li>Development and utilization of human resources</li> </ul>	<ul style="list-style-type: none"> <li>Hotline</li> <li>Personnel affairs division</li> <li>Safety and Health Committee</li> <li>Labor Union (Indonesia) and periodical meetings</li> <li>Joint Japan-Indonesia interactions and other events</li> </ul>
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"> <li>Social contribution through business</li> <li>Through cooperation with local businesses</li> <li>Regional vitalization</li> <li>Respect for regional cultures and customs</li> <li>Protection of the regional environment</li> <li>Creation of employment</li> </ul>	<ul style="list-style-type: none"> <li>Regional volunteer activities</li> <li>Interactions with local businesses</li> <li>Factory visits</li> <li>Support for restoration from disasters</li> <li>Contact information</li> <li>Internship system and school visits in the local communities</li> </ul>
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"> <li>Compliance to laws and regulations</li> <li>Cooperation to solve social issues</li> <li>Regional vitalization through cooperation with local governments</li> </ul>	<ul style="list-style-type: none"> <li>Making proposals to solve social issues</li> <li>Information exchange with local governments</li> </ul>

## Approaches to Sustainable Development Goals (SDGs)

To fulfill its social responsibility through business, DMC maintains close communications with its customers and other stakeholders to understand their needs and requests, and to identify social issues.

We then promote approaches to sustainable development goals (SDGs) adopted by the United Nations.

### •What are SDGs?

The SDGs comprise 17 goals and 169 targets set by the United Nations in September 2015 in “Transforming our World: the 2030 Agenda for Sustainable Development.”

Under the leadership of the United Nations, many countries have pledged their cooperation to address social and economic development issues such as poverty, gender equality, and social justice within the 15 years from 2015 to 2030 with the hope of realizing a world in which no one is left behind.



## Relationship between SDGs and DMC Business

We compare major DMC approaches with SDGs.

Related Goals	DMC Approaches with SDGs
<p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p>Ensure healthy lives and promote well-being for all at all ages</p> <ul style="list-style-type: none"> <li>Development and manufacture of medical-use touchscreens</li> </ul>
<p><b>4 QUALITY EDUCATION</b></p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> <li>Global human resource development (Support to obtain specialized knowledge/ Different training for different groups)</li> <li>Development and production of touchscreens for electronic blackboards used in correspondence education programs</li> </ul>
<p><b>5 GENDER EQUALITY</b></p>	<p>Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> <li>Promotion of diversity (Promotion of social participation by women)</li> </ul>
<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> <li>Work-life Balance (Approaches to ensuring appropriate working hours/ Support for child rearing and nursing care)</li> <li>Promotion of diversity (Continuation system/ Promotion of employment of individuals with disabilities)</li> </ul>
<p><b>10 REDUCED INEQUALITIES</b></p>	<p>Reduce inequality within and among countries</p> <ul style="list-style-type: none"> <li>Protecting human rights (In-house rooting of human rights policy/ Compliance with human rights policy)</li> <li>Development and manufacture of touchscreens responding to multi-language needs</li> </ul>
<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> <li>Publication of CSR Report</li> <li>Reduction of waste</li> <li>Chemical substance management</li> <li>Development and manufacture of durable touchscreens with weather resistance</li> <li>Water resource conservation</li> <li>Afforestation (Mangrove seedlings)</li> <li>Reduction in the use of paper</li> <li>Development and manufacture of touchscreens corresponding to touch pen operation to realize paperless meetings</li> </ul>
<p><b>13 CLIMATE ACTION</b></p>	<p>Take urgent action to combat climate change and its impact</p> <ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions</li> <li>Environmental education (Holding seminars on quality control and environmental management systems)</li> </ul>

## CSR Mid- and Long-term Policies

DMC established FY2018 CSR Mid- and Long-term Policies to promote CSR activities.

We share annual goals, issues, and improvement plans among all employees and implement the PDCA cycle aiming to achieve goals.

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

Fields	CSR Items	Mid- and Long-term Policies	FY2018 Targets	Assessment	FY2018 Achievements	FY2019 Targets
Product Safety & Security	Product Safety & Security	Continual operation of quality management system	<ul style="list-style-type: none"> <li>Quality management assessment by a third party</li> </ul>	○	<ul style="list-style-type: none"> <li>Quality management assessment by a third party</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of quality management assessment by a third party</li> </ul>
Respect for Human Rights	Human Rights Protection	Establishment and operation of the system that develops human rights awareness	<ul style="list-style-type: none"> <li>Establishment and thorough spreading of the human rights policy to employees</li> <li>Thorough spreading and appropriate operation of internal report system (hotline)</li> </ul>	○	<ul style="list-style-type: none"> <li>Disclosing human rights policy on the website (CSR Report)</li> <li>Thorough spread of the human rights policy to employees</li> </ul>	<ul style="list-style-type: none"> <li>Holding seminars for newly hired employees</li> </ul>
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"> <li>Aiming to improve the ratio of female managers</li> <li>Aiming to improve the female employee recruitment ratio</li> </ul>	○	<ul style="list-style-type: none"> <li>Establishment of plan for basic seminars for managers</li> <li>Female employee recruitment ratio: 50%</li> </ul>	<ul style="list-style-type: none"> <li>Holding basic seminars for managers and seminars for women's empowerment</li> </ul>
	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"> <li>Improving beneficial systems for employees and promoting their use</li> <li>Maintaining the ratio of paid-holiday use at 50% or greater</li> <li>Reducing the average total overtime working hours to within 15 hours per month</li> </ul>	○	<ul style="list-style-type: none"> <li>Promoting the revision of working hours and taking paid-holidays assessment by a third party</li> <li>Total overtime working hours: Average of 8 hours per month</li> <li>Working hours: 8 hours/ day</li> <li>Ratio of paid-holiday use: 72%</li> </ul>	<ul style="list-style-type: none"> <li>Total overtime working hours: Average of 8 hours or less per month</li> <li>Ratio paid-holiday use: 80%</li> </ul>
	Human Resource Cultivation	DMC develops the abilities of employees to develop human resources that support business activities.	<ul style="list-style-type: none"> <li>DMC continues providing human resource development seminars while improving the content.</li> </ul>	△	<ul style="list-style-type: none"> <li>Holding external seminars (Programs for leaders, interviews, and employees in managerial positions).</li> </ul>	<ul style="list-style-type: none"> <li>Holding seminars for both new and current employees in managerial positions, and training to improve language ability (English).</li> </ul>
	Work Environment Safety	DMC promotes the health and safety of employees and conducts vigorous business management.	<ul style="list-style-type: none"> <li>Health check rate: Achieved 100%</li> </ul>	○	<ul style="list-style-type: none"> <li>Health check rate: Achieved 100%</li> </ul>	<ul style="list-style-type: none"> <li>Health check rate: Maintaining 100%</li> </ul>
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"> <li>Establishment of CSR guidelines</li> <li>Asking customers to cooperate with CSR procurement</li> <li>Providing CSR supplier questionnaires</li> </ul>	○	<ul style="list-style-type: none"> <li>Establishment of CSR guidelines</li> <li>Asking customers to cooperate for CSR procurement</li> <li>Providing CSR supplier questionnaires(Questionnaire response rate: 76%)</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of CSR Guidelines</li> <li>Cooperating with customers for their CSR procurement</li> <li>Validation and review of CSR supplier questionnaires</li> </ul>



Fields	CSR Items	Mid- and Long-term Policies	FY2018 Targets	Assessment	FY2018 Achievements	FY2019 Targets
Environmental Conservation	Environmental Conservation	DMC effectively uses energy and resources and contributes to environmental conservation through recycling and the reduction of waste.	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (Compared with the previous year)</li> </ul>	△	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions: Increased by 2.6% from the previous year</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (Compared with the previous year)</li> </ul>
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"> <li>Participation in social contribution activities</li> <li>Organizing social contribution activities</li> <li>Promoting forest conservation activities including afforestation, etc. (Overseas)</li> </ul>	○	<ul style="list-style-type: none"> <li>Participation in social contribution activities</li> <li>Organizing social contribution activities</li> <li>Promoting forest conservation activities including afforestation, etc. (Overseas)</li> </ul>	<ul style="list-style-type: none"> <li>Participation in social contribution activities</li> <li>Organizing social contribution activities</li> <li>Promoting forest conservation activities including afforestation, etc. (Overseas)</li> </ul>
Management Structure	Corporate Governance	DMC ensures transparency and fairness in its business activities, continues sustainable growth and increases corporate value.	<ul style="list-style-type: none"> <li>Holding meetings with stakeholders (once per month)</li> </ul>	△	Creating opportunities to communicate with stakeholders (employees, partners, local residents, shareholders, etc.) by top management	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"> <li>Holding seminars regarding compliance</li> <li>Understanding participation rate of seminars regarding compliance</li> <li>Making approaches to the prevention of bribery and corruption</li> </ul>	△	<ul style="list-style-type: none"> <li>Seminars regarding compliance: 3 times a year</li> <li>Participation rate of seminars regarding compliance: 33.5%</li> </ul>	<ul style="list-style-type: none"> <li>Seminars regarding compliance: 4 times a year</li> <li>Participation rate of seminars regarding compliance: 50%</li> </ul>
	CSR Management	DMC promotes CSR management responding to the needs of and requests from stakeholders and society.	<ul style="list-style-type: none"> <li>Publication and improvement of CSR Report</li> </ul>	○	<ul style="list-style-type: none"> <li>Establishment of CSR mid-term policies</li> </ul>	<ul style="list-style-type: none"> <li>Review of CSR mid-term policies</li> </ul>



## Product Safety & Security

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

### Product Safety & Security

Our mottos are “Customer Satisfaction, Quality and Environment First” and “Trust and Reassurance.” As a leading touchscreen manufacturer, DMC quality and environmental policies reassure and deepen trust with customers in accordance with our quality and environmental standards through an ISO9001 certified quality management system.

#### 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.

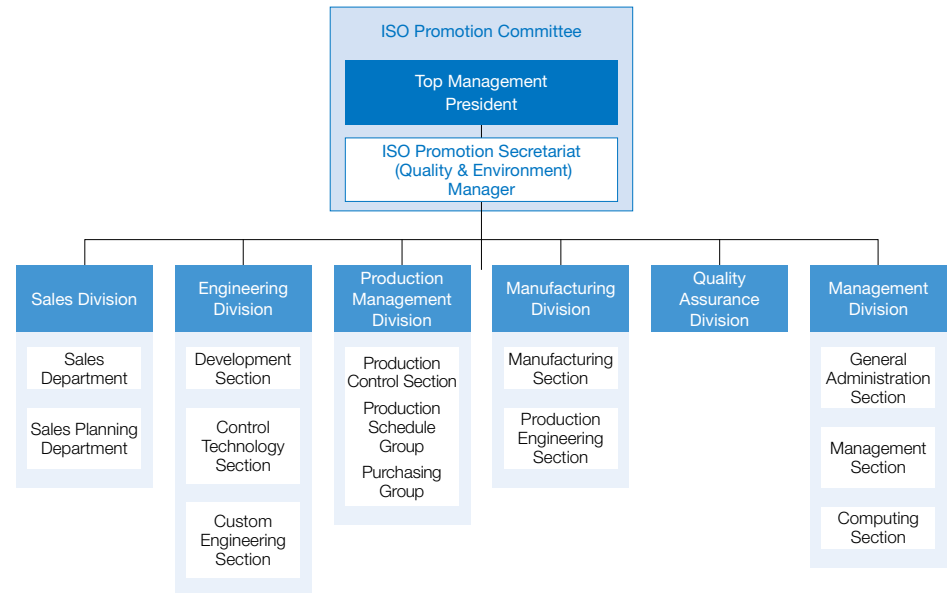
We conduct a yearly review to examine and evaluate the state of our quality management system in line with our quality policy and targets to ensure constant improvement.

Yearly audits are conducted by certified internal auditors.

DMC promotes the sharing of product quality issues at periodic quality meetings (once a week in Japan/ twice a week in Indonesia) and applies the PDCA cycle to ensure that all employees understand quality and environmental policies and achieve action plans established by each division.

In addition, Shirakawa Factory, Shirakawa Factory II, Indonesia Factory, Tokyo Office, Osaka Office, and Nagoya Service Office acquired ISO certification for the design, development and production of touchscreens. The rate of certification by production bases of DMC Group is 100%.

#### Quality & Environmental Management System Diagram



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

## Approaches to product quality improvement

DMC holds periodic product strategy meetings with the participation of the President, representatives of Sales & Planning Department, Sales Department, Engineering Division, Production Division, and Quality Assurance Division.

An important DMC Group strength is to have technology, know-how, and systems that can precisely respond to a wide range of customer requests.

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.

DMC established a system to send information about customer complaints such as defects to related departments and divisions to share while responsible departments and divisions analyze the causes of such complaints and develop improvement measures. We also conduct a customer satisfaction survey once a year to identify and improve our weak points. Such approaches have allowed us to reduce complaints by 23% in FY2018 compared with the previous year.

## Ensuring Product Safety

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

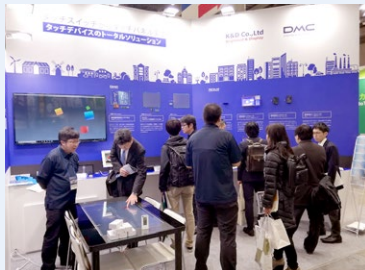
We use chemical substances for our products in accordance with the laws and regulations specified by each country and promote the reduction of hazardous chemical substances that may affect people and the environment. We assess the safety of all our products to ensure that hazardous chemical substances 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 Safety Data Sheet (SDS) 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.

### TOPIC Participation in Exhibitions

DMC exhibited touchscreens at the 22nd Embedded System Expo Spring (ESEC Spring) held in April 2019. We actively participate in exhibitions considering them to be opportunities for us not only to let people know about our products and technology, but also to communicate with manufacturers and acquire information such as market needs.





## 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

DMC protects the human rights of all employees and stakeholders as a company engaged in global business. We have established a human rights policy to guide appropriate action regarding the potential impact of our business activities on human rights, and we provide seminars to promote thorough understanding and compliance.

### Sharing the Human Rights Policy throughout the company

DMC provides seminars regarding human rights, associated social issues and movements both at home and abroad for individuals in managerial positions such as division managers for the thorough sharing of the Human Rights Policy throughout all group companies.

### Compliance with Human Rights Policy

DMC has established a consultation desk to provide appropriate and prompt responses to reports and consultations regarding human rights to prevent the risk of violations. We thoroughly observe the confidentiality of individuals and prohibit the inappropriate handling of information.

In addition, we recruit individuals based on their aptitude and abilities regardless of nationality, ethnicity, thinking or beliefs, religion, physical disability, gender, gender identity, or sexual preference. 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, we prohibit forced labor.

Having many non-Japanese employees working at the Indonesia Factory, DMC has established a shift system considering local customs. For example, we provide prayer times for Muslim employees.

#### 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 prevent 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.





## 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

#### Number of employees

(Unit: person)

		2016	2017	2018
Japan	Male	76	74	77
	Female	51	47	51
	Subtotal	127	121	128
Indonesia	Male	280	316	314
	Female	441	417	369
	Subtotal	721	733	683
Total		848	854	811

#### Number Hired (non-consolidated)

(Unit: person)

		2016	2017	2018
New graduates	Male	0	0	4
	Female	0	0	3
	Subtotal	0	0	7
Mid-career recruits	Male	15	7	5
	Female	2	1	5
	Subtotal	17	8	10

#### Average number of years of service

(Unit: year)

		2016	2017	2018
Japan	Male	9.0	8.7	9.3
	Female	7.6	8.2	8.5
Indonesia	Male	8.0	7.8	7.7
	Female	6.0	6.0	6.1

#### Average age

(Unit: age)

		2016	2017	2018
Japan	Male	41.0	40.0	40.9
	Female	41.0	41.5	40.4
Indonesia	Male	27.0	26.8	26.7
	Female	24.5	24.8	25.0

#### Number of individuals in managerial positions

(Unit: person)

		2016	2017	2018
Japan	Male	13	15	16
	Female	0	0	0
	Subtotal	13	15	16
Indonesia	Male	45	37	33
	Female	5	6	5
	Subtotal	50	43	38

#### Ratio of female employees

(%)

	2016	2017	2018
Japan	40.2	38.8	39.8
Indonesia	61.2	56.9	54.0

## 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. As a result of these policies, an outstanding female employee was appointed to a managerial position for the first time in April 2019.

### VOICE

#### Always Striving to Enable Employees to Fulfill Themselves Both in Life and Work

Hikari Ono, Human Resource Group, Management Section

We proactively recruit female employees and evaluate individuals in a fair manner regardless of gender. DMC strives to ensure that all employees are respected, feel free to choose their lifestyle, and are able to fulfill themselves both in life and work. Individuals have different desires. Some wish to continue their careers after marrying and having children, and others wish to remain single. DMC supports employees' dreams by ensuring that their options remain available and achievable. Having and raising children are no longer the sole responsibility of women. As a company, it is important for us to change systems to match diversity. We continue providing support that ensures female employees are free to choose their careers and able to make their dreams come true regardless of changes in their private lives.



## 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. 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 utilizes senior employees to educate younger employees to improve the company's capability in the engineering business.

## 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 individuals with disabilities in 2018 was 0.81% (non-consolidated). We continue working to improve the employment rate of the disabled.

Employment Rate of Individual with Disabilities (non-consolidated basis as of June 1 each year) (%)

2016	2017	2018
1.03	1.01	0.81

## Work-life Balance

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.

## Approaches to Appropriate Working Hours

DMC ensures fair labor conditions for employees through employment and salary regulations specifying appropriate working hours, breaks, overtime, holiday work, salary and so forth in

accordance with laws and regulations. Overtime and holiday work limits are determined through labor-management agreements negotiated with employee representatives. Overtime and holiday work are monitored each month by divisions, and we inform individual employees whose actual working hours are close to exceeding the limit to prevent excessive overtime work. In FY2018, we changed in-house systems to reduce scheduled working hours and significantly improved the rate of annual paid holiday use.

Rate of Annual Paid Holiday Use (%)

		FY2016	FY2017	FY2018
Japan	Male	66	66	65
	Female	79	85	100
Indonesia	Male	53	55	76
	Female	42	57	77

## 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.

Childcare & Nursing Care Support Systems

System	Description
Childcare leave	Employees caring for children under one year of age are eligible for childcare leave. In addition, employees caring for children under three years of age are eligible for the short working hour system for childcare.
Nursing care leave	Employees caring for family members are eligible for nursing care leave or the short working hour system.

## 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

DMC continues organizing systems and tools to improve compliance, employee capabilities and awareness of human rights protections, and develops human resources that support DMC business activities. We establish annual plans for education and training to provide employees with opportunities to improve their knowledge and skills under the supervision of their division manager. We create a framework that helps individual employees manage their targets and improve their skills.

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.

### • 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. This includes forklift operator training.

In FY2017 and FY2018, DMC created manuals for all divisions to standardize and hand down business activities that depend upon individual knowledge and skills.

### • Training for Groups at Different Levels

DMC provides periodic group training at different levels to promote interaction and the development of human resources.

We conducted training for target setting in March and April 2018. Through TV conferencing, approximately 50 employees participated in the seminars.

## Group Training Overview (FY2018)

Name of the Training	Subjects	Description
Evaluator Training	Individuals in Charge of Personnel Evaluation	This training is provided to ensure proper performance ratings. Using case studies, we share evaluation points for use throughout the company among participants.
Target Setting Training	Employees (excluding Managers)	This training is provided to develop employee skill in setting next-term targets utilizing the “target setting, PDCA, and growth” cycle. Participants share evaluation points. This training focuses on specific guidelines and points used to set FY2018 targets.

### • Human Resource Development for Global Business

Expanding business on a global scale through factories in Indonesia and Japan, DMC enhances human resources through a system that allows employees to experience business outside Japan, a practical skills training system at a factory in Japan 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. The attendance rate was about 35% (as of the end of FY2018).
Indonesia Factory	Setting the time to learn Japanese twice a week targeting executive trainees and individuals planning to participate in technical training in Japan.

## 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. In addition, DMC conducts annual health checks to maintain employee health. The health check rate in FY2018 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.

### • Hotline

DMC operates a hotline to accept reports and provide consultations for a wide range of problems that occur at the workplace. This hotline is designed to ensure the early detection of problems and to facilitate prompt and effective resolutions. 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. There were three reports or consultations in FY2018.

## Approaches to the Prevention of Labor Accidents

The DMC Group safety and sanitation management system strives to prevent labor accidents. We provide a wide range of training, including safety instruction for new graduates, the sharing of minor incidents, and training for risk assessment. Risk assessment helps identify potential risks and hazards at the workplace and removes or reduces them.

In addition, the President and responsible personnel conduct periodical inspections at both Shirakawa Factory and Indonesia Factory to increase the safety awareness of on-site employees.

There were no labor accidents in 2018.

### Labor Accident Frequency & Severity Rate (DMC CO.,Ltd.)

	FY2016	FY2017	FY2018
Labor Accident Frequency Rate*1	4.8	0.0	0.0
Labor Accident Severity Rate*2	0.0047	0.0000	0.0000
Industrial Accident Frequency Rate (Electronics)	0.38	0.34	0.63
Industrial Accident Severity Rate (Electronics)	0.01	0.03	0.07

\*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.





## Sustainable Supply Chain Management

DMC 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. DMC CSR Procurement Guidelines promote appropriate procurement throughout our supply chain by thoroughly familiarizing suppliers with our commitment to the realization of a sustainable society. We also provide questionnaires regarding CSR procurement to suppliers to supervise their approaches.

### 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. 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.

### Questionnaire on CSR Procurement

DMC works with suppliers on procurement in consideration of the environment and regional society in accordance with the Procurement Policy and CSR Procurement Guidelines. We monitor supplier CSR approaches and promote their activities through the provision of a CSR procurement questionnaire. The questionnaire includes the items shown on the right. The collection rate for the 2018 questionnaire was 76%. We are planning to extend the subjects of the questionnaire and work on the realization of a sustainable society with our supplier companies.

#### Questionnaire Items

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

## 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 Systems & Operations

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 survey our 96 suppliers using the Conflict Mineral Reporting Template (CMRT) developed by RBA and GeSI. The response rate was 92.7%, producing a high-degree of confidence that conflict minerals were not used in FY2018.

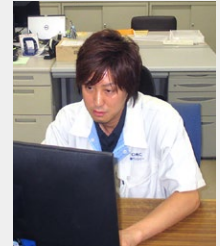
## VOICE

**DMC Places a Priority on Cooperation with Partner Companies to Provide High-quality, Safe, and Secure Products.**

Hiroki Kobayashi, Production Schedule Group, Production Control Section, Production Management Division

DMC outsources the assembly of specific touchscreens and attachment to liquid crystal displays to partner companies; and we require our partner companies to maintain not only the finest technological capabilities, but also a clear awareness of the high product quality standards demanded by DMC.

DMC exercises its strength in the manufacture of customized products through its small-lot multi-production system, which requires a strong commitment to information sharing. We visit partner companies periodically, and we provide seminars and guidance to ensure consistent quality in all our products. In addition, DMC monitors inspection data for each product. When we identify problems in quality, we thoroughly examine the processes, determine the fundamental cause of defects and provide guidance to partner companies for improvement through the establishment of permanent measures. We continue to deepen our cooperative relationships with partner companies to ensure high-quality, safe and secure products, and enhance our approaches to partner companies to promote environmental consideration and labor safety to realize a sustainable society throughout our supply chain.





## Environmental Conservation

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

### Environmental Conservation

DMC Group has acquired ISO14001 certification for its domestic factories and its Indonesia Factory, and the company conducts environmental activities with the participation of all employees. 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 the use of electricity in offices, energy in sales and production activities, and fuel in employee commutes to decrease our 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 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

DMC carries out annual internal audits for the environment, through which skillful internal auditors confirm conformance to ISO14001 standards and the effective implementation of its 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.

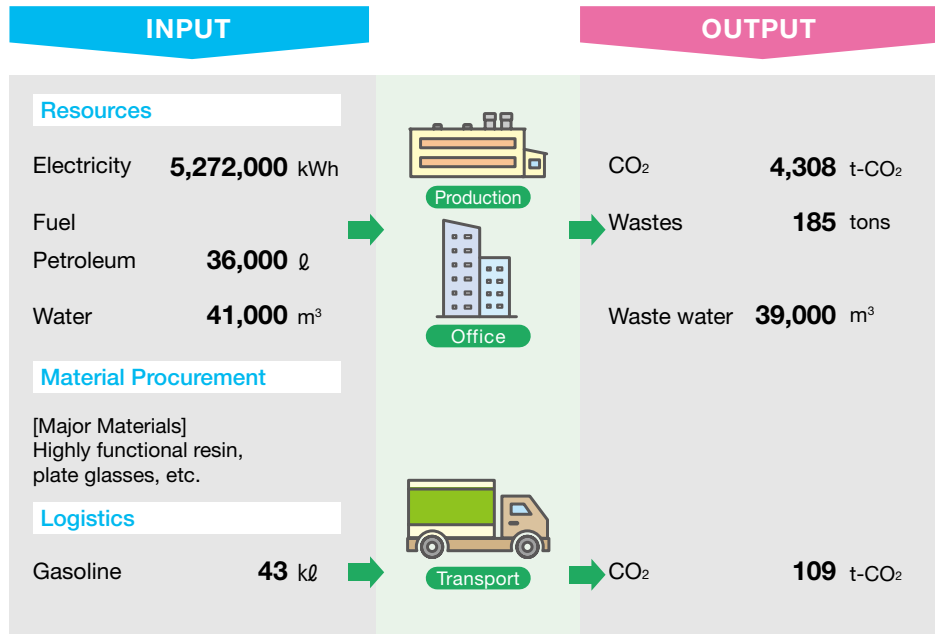
### In-house Education

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.

Through a wide variety of seminars and study groups for English, QC test preparation, basic theory and practice regarding materials and construction methods, and other themes in each division, DMC promotes the acquisition of specialized knowledge on the environment and global response capabilities.

## Material Balance



\* Figures represent the total of Japan and Indonesia

## Response to Climate Change

### Basic Concept

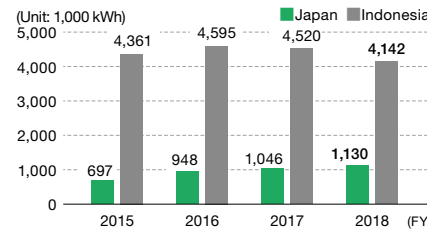
In the face of climate change, DMC considers the reduction of CO<sub>2</sub> emissions that contribute to increasing temperatures as our corporate responsibility and works toward this in all phases of the production and delivery of touchscreens through the effective use of energy and other approaches.

## Management System & Operation

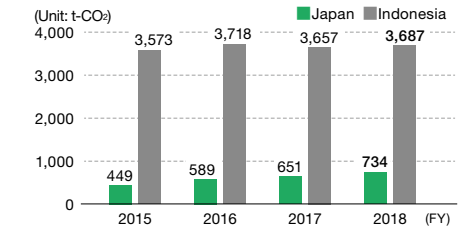
General Administration Section takes charge of company-wide improvement activities. Even after

shifting to LED lighting and eco-friendly vehicles, and implementing highly-efficient PC monitors and other devices throughout the company, DMC continues to promote energy-saving and improved energy efficiency in all phases of the manufacturing process. DMC proactively invests in environmental protection. This policy is seen, for example, in the installation of highly energy-efficient equipment in the New Shirakawa Factory scheduled to be completed in October 2019.

### Power Usage



### CO<sub>2</sub> emissions (in production)



## SCOPE 3 Calculation Starts

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 CO<sub>2</sub> reduction and contribute to the fight against global warming.

Source: Official website of the Ministry of the Environment  
[https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/supply\\_chain.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/supply_chain.html)

### FY2018 CO<sub>2</sub> Emissions by Scope & Category

Scope & Category	Emissions (t-CO <sub>2</sub> )	
SCOPE 1	190	
SCOPE 2	4,230	
SCOPE 3	14,560	
Category 1	Purchased Goods and Services	11,927
Category 2	Capital Goods	192
Category 3	Fuel- and Energy-related Activities (not included in scope 1 or 2)	187
Category 4	Transportation and Delivery (Upstream)	978
Category 5	Waste Generated in Operations	5
Category 6	Business Travel	179
Category 7	Employee Commuting (Only in Japan)	100
Category 11	Use of Sold Products	992

\* Figures represent the total of Japan and Indonesia

## Approaches to Waste Reduction

### Basic Concept

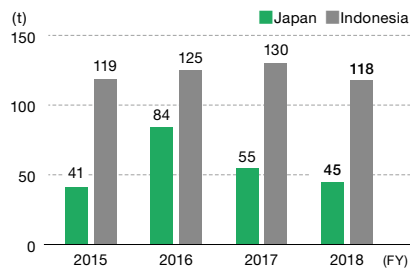
DMC strives to realize a sustainable recycling-oriented society through the effective utilization of resources, and the reduction and recycling of waste following predetermined targets.

### 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.

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 use.

We also thoroughly reduce copy paper waste. We continue working on reducing paper while improving our business processes.

## Water Resource Conservation

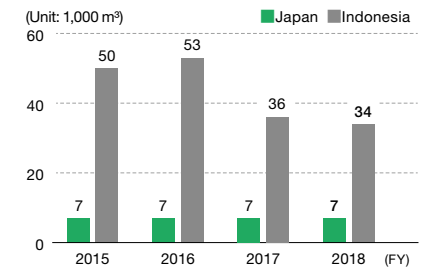
### Basic Concept

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. To ensure the effective use of precious water resources, we implemented a recycling system into processes requiring large amounts of water in Indonesia in FY2017, which resulted in a more than 30% reduction in water usage.

Volume of Water Usage



## 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.





VOICE

Realizing Further Environmental Load Reduction at the New Shirakawa Factory

Atsushi Nakagawa, General Manager, Manufacturing Division

DMC considers environmental conservation at factories the responsibility of a manufacturer. We have been promoting environmental activities such as responses to climate changes, waste reduction, water resource conservation, and chemical substance management in all our business activities

Because Fukushima Prefecture, where DMC's Shirakawa Factory, is a major rice production area, Fukushima Prefecture sets unique standards for industrial wastewater that are more strict than national standards to conserve water quality. DMC has placed efforts into the neutralization of wastewater. At the New Shirakawa Factory scheduled to start operation at the end of 2019, neutralization tanks that were conventionally buried under the ground are placed above ground to promote easy detection of defects and enhance water resource conservation.

In addition, the New Shirakawa Factory is certified for conformity to energy saving standards such as the implementation of LED equipment, motion sensors, and special windows that can maintain room environment regardless of outdoor conditions.

DMC continues promoting investment in environmentally friendly equipment and process improvement to conserve the environment.



Third-Party Assurance



Independent Assurance Statement

August 27, 2019

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 CO<sub>2</sub> emissions of the Company and PT. DMC TEKNOLOGI INDONESIA in FY2018, which are 190t-CO<sub>2</sub> (Scope1), 4,230t-CO<sub>2</sub> (Scope2) and 15 thousand t-CO<sub>2</sub> (Scope3). The purpose of this task is to carry out our assurance procedures and express our conclusion on whether the CO<sub>2</sub> emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO<sub>2</sub> emissions. Our responsibility is to independently 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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

DMC has initiated internship programs for students in local communities to contribute to the creation of employment, and these programs continue in FY2018. DMC Group participates in council meetings held among companies at Shin-Shirakawa Business Park, where our Shirakawa Factory is located, to increase cooperation and the exchange of information as well as deepen interactions such as participation in events hosted by other companies.



Interns listening intently

In addition, DMC participates in the “eyecity eco project” organized by HOYA CORPORATION Eye Care Company to collect empty cases of contact lens from 2019. Empty cases collected by DMC are recycled into reclaimed polypropylene at recycling plants and used to produce a wide variety of

recycled products. Furthermore, the profit from recycled products is donated to the Japan Eye Bank Association.

In addition, DMC also contributes to regional vitalization through a wide range of approaches including co-sponsorship of local firework festivals.

### Social Contribution Activities in Indonesia

The Indonesia Factory conducts annual support activities for orphans and widows. In FY2018, we invited about 100 children from a childcare facility near the factory for the event immediately after a religious fast and presented them with daily necessities and food items.

An earthquake and tsunami hit Sulawesi Island, Indonesia in September 2018 (approximately 1,700 km away from the current factory) and caused heavy casualties. DMC employees agreed to provide support. Four representatives visited Sulawesi Island in February 2019 and presented relief supplies directly to the victims.

DMC also donated lockers and other equipment to elementary and junior high schools, and introduced its business activities while teaching 5S activities to provide students with the opportunity to learn about the importance of keeping things tidy and in order. In addition to this, we planted trees and cleaned up the town around the factory as a part of our environmental conservation activities. We continue working on a wide range of social contributions aiming to coexist with regional society.



Donating relief goods



Participants in an afforestation project



Afforestation



## Management Structure

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

## Corporate Governance

DMC Management Policy: (1) We promote fair, transparent and free competition while ensuring 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 work environment for mutual growth through sustainable business; and (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. In accordance with this policy, DMC strives to establish environments and systems that enable our corporate governance to function effectively to cultivate a corporate climate that respects the rights and benefits of our stakeholders and to reinforce a wide range of in-house systems.

## Governance System

The DMC Board of Directors has responsibility for business management decisions. Composed of four Directors, the Board makes management decisions based on the results of frank discussion and reinforces its supervising functions for management. Board Meetings are held to address important matters regarding management and report the state of business performance. Group Company Meetings are held to report the state of business performance of each

company, discuss and make decisions regarding business operation as USCO Group.

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

## Audit System

DMC Group audits are conducted by a part-time auditor and an external accountant. Shareholder supervision rights are enhanced to allow demands for the convocation of Board of Directors Meeting in the event that a director acts outside the scope of the purpose of the company as well as for the purpose of expressing opinions. Shareholders supervise director behaviors to confirm that business is performed in accordance with laws, regulations and the articles of incorporation.

## Compliance

### 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.

DMC Group prohibits not only the inappropriate compensation of public servants and representatives of private companies for the purpose of gaining or maintaining business, but also the promise or approval of such inappropriate compensation. DMC also maintains standards for expenses regarding dining and other entertainment with business partners as well as the approval processes for such expenses, the management of business partners, and education and enlightenment activities for company 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.

## Internal Reporting System

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 promote the improvement of its reliability in society. No reports were received in FY2018, and no violations against laws and regulations were reported.

## Compliance Seminars

DMC strives to increase employee awareness of compliance through seminars. In FY2018, we held seminars focusing on the Subcontract Act and CSR approaches with the participation of 43 individuals, including employees in managerial positions.

## 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 necessary 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.

In FY2018, we reinforced in-house computer network information management to improve information security. In FY2019, we are planning to change security software to ensure a higher security level. 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.

### Approaches to the Business Continuity Plan (BCP)

DMC 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.

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.

Simplified manuals created in FY2018 include estimations of damage for emergencies, advanced measures for the selection and provision of priority products, emergency systems, an education plan and standards for reconsideration of the plan.

In FY2019 and after, BCP Promotion members will play a central role in creating BCP formats with the responsible divisions and departments, and expanding the simplified manuals to systematic manuals based on specific measures and BCP cycle theory.

We continue expanding the system of settlement, maintenance and revision of the BCP through periodical BCP education and training, and opinion exchange. We will also improve approaches to the BCP through opinion exchange with other companies, and will cooperate with companies in our supply chain, counterparts and regional communities to create an effective BCP and operation system.





## GRI Standard Contents Index

CSR Report 2019 is prepared in reference to the GRI Sustainability Reporting Standards and contains Standard Disclosures.

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