



**DMC  
SUSTAINABILITY REPORT**

**2024**

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## Editorial Policy

The 2024 Sustainability Report has been published in PDF format to summarize DMC's sustainability activities in FY2023. 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 (coverage rate)

Company names used in this report are abbreviated as follows:

- DMC Co., Ltd. or DMC: DMC Co., Ltd. only
- "DMC" or "DMC Group": DMC Co., Ltd., DMC Iwaki Co., Ltd., and PT. DMC TEKNOLOGI INDONESIA
- Japan : DMC Co., Ltd. and DMC Iwaki Co., Ltd.
- PT.DMC TEKNOLOGI INDONESIA / Overseas : 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.

| Scope of Reporting by Category |                            | Net sales-based coverage ratio |       |      |
|--------------------------------|----------------------------|--------------------------------|-------|------|
| Japan                          | DMC Co., Ltd.              | 74.6%                          | 77.6% | 100% |
|                                | DMC Iwaki Co., Ltd.        | 3.0%                           |       |      |
| Overseas                       | PT.DMC TEKNOLOGI INDONESIA | 22.4%                          |       |      |

### Reporting Period

January 1, 2023 - December 31, 2023

(Some activities in this report include content before and after the reporting period.)

### Date of Issue

August 2024

(The next issue is scheduled for publication in August 2025.)

### Guidelines used as reference

- Global Sustainability Reporting Standards (GRI Standards) 2016/2018/2019/2020/2021
- ISO 26000

### 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, 2022)

Company Name: DMC Co., Ltd.  
Head Office: 11F Takanawa Sengakuji Ekimae Building, 2-18-10 Takanawa, Minato-ku, Tokyo 108-0074 JAPAN  
Date of Establishment: 1973  
Business Description: Design, manufacture, and sale of touchscreens and related products  
Capital: 75.6 million JPY  
Net Sales: 7,051 million JPY (Consolidated)  
Subsidiary: DMC Iwaki Co., Ltd.  
PT.DMC TEKNOLOGI INDONESIA  
Parent Company: USCO Corporation  
Number of Employees: 883 (Consolidated)\*1 166 (Non-consolidated)\*1  
\*Including full-time employees, dispatched employees (only in Indonesia), and part-time employees  
Client Companies: 205 companies\*2

\*1: As of December 31, 2023 \*2: As of March 31, 2024

## Message from the President

**We are putting every effort into sustainability initiatives in order to remain as a company that is trusted by society.**

President, DMC Co., Ltd.

*Tatsuya Sada*

### Where We Stand in Our Efforts to Reduce CO<sub>2</sub> and Achieve Carbon Neutrality

As a specialized touchscreen manufacturer, we are a company with global operations in Europe, North America, and Asia. The manufacturing of touchscreens, our main product, consumes a large amount of electricity. In order to achieve carbon neutrality by 2050, we are working to change to manufacturing processes with lower environmental impacts that can be expected to reduce CO<sub>2</sub> emissions. The wet etching process in particular, which uses solvents to form circuits on glass and film, requires large amounts of electricity and water, so we are working to switch to laser etching, which has a lower environmental impact.

After much trial and error, we were able to start full-scale operations in FY2023, and have begun shipping some products manufactured using this process.

In addition, a major event occurred in FY2023 with the merger of Seedsware, a Group company, which has had a positive impact on the promotion of sustainability.

In touchscreen manufacturing, there are some processes that require a high level of skill from workers. This necessitated that some work be left to specific individuals, creating a barrier to the standardization of quality. In some aspects, however, Seedsware had been a step ahead of the former DMC in terms of production management standardization. By incorporating Seedsware's quality control methods into the work processes

that are dependent on individual worker skill, we expect to be able to establish a manufacturing method that balances quality and environmental friendliness. On the other hand, in the field of touchscreen application products, which Seedsware had previously been in charge of, we have been able to establish new targets for CO<sub>2</sub> reduction. We are also making efforts to further focus on environmentally friendly product manufacturing, such as developing recycling techniques.



## Message from the President

### Promoting Sustainability Together with Our Customers

We will continue to promote environmental initiatives in our manufacturing processes, but we recognize that this will require the understanding and cooperation of our customers. In the industrial equipment field, stable operation is of utmost importance, and in turn reliability with minimal risk tends to be valued over advanced innovation. As the machines make the component parts for other products, industrial equipment has a significant impact on our society, and ensuring their stable operation is vital. Sometimes, however, what is needed is innovation and a change in one's thinking that results in significant reductions in CO<sub>2</sub> emissions, and gaining the understanding of customers therein is also essential. We see it as our mission is to respond to the needs of society by seeking cooperation through steady dialogue.

Another issue is the inevitable temporary increase in workload on actual employees when work content is changed. The only way to get employees to understand that such change has meaning to them is to motivate them by helping them recognize that the work they are doing is contributing to society. For this reason, I speak directly to employees at various meetings to tell them that the work we do today will reduce our environmental impact and help us meet what society demands of us.

Their work may simply be to do as they are instructed, but their job is to be aware that what they do directly ties into protecting the environment and contributing to society, and to try to find better ways to do it. Being aware of this leads to fresh motivation. Employees play the most important role in a company, and the awareness of each and every one serves as the driving force behind the promotion of sustainability. We share information about the sustainability initiatives of each of our businesses through our internal newsletter, and the messages from our employees published in it convey the

strength of their enthusiasm.

There must be no gap between a company's message of promoting sustainability and the reality on the ground. With great determination, we will push forward to fulfill our corporate responsibility and promote sustainability while minimizing the burden on the employees actually doing the work.

### Our Slow But Steady Sustainability Activities Have Received Recognition

Our sustainability efforts fully got underway starting in 2017 with the revision of our quality and environmental policies, as well as the review of our management policy. In the beginning, this initiative was launched in response to requests by customers in Europe, but as a result of our slow but steady efforts, we were honored by one of our customers in 2023 as a company that takes a proactive approach in the area of sustainability. The fact that our company, which is by no means a large one, was acclaimed for its efforts will serve as encouragement for the further promotion of sustainability.

In recent years, we frequently receive inquiries and requests from customers in Japan as well as in Europe and the United States regarding our CO<sub>2</sub> reduction plans and initiatives to achieve carbon neutrality. I take pride in the fact that our early start in environmental initiatives is now producing results that are satisfactory to our customers in Japan. Corporations are also now coming under severe scrutiny as to whether they are doing business with companies that may be infringing on human rights. Naturally, we have established a policy of not doing business with suppliers that have issues with regard to respect for human rights. As we have a factory located in Indonesia, where there is a relatively high risk of human rights violations, we recognize the need to further strengthen our efforts to respect human rights, and we will continue to take action to address this issue.

### Doing Our Utmost for the Unwavering Trust of Our Customers

The mission of a company is to increase productivity, add value, make profit, and pay its employees. Being able to make profit is also proof of customer trust.

We have an aspiration to become a company whose value is recognized by society, and the idea of growing together with our customers is also a part of our corporate philosophy.

We have been in business as a specialized manufacturer for 50 years, and in order to maintain the unwavering trust of our customers for the next 50 years, we cannot afford to relax our commitment to sustainability. We will do our utmost to remain as a company trusted by society.



# Corporate Profile

## Global Business Structure (As of June 31, 2024)

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

### USCO Group Companies

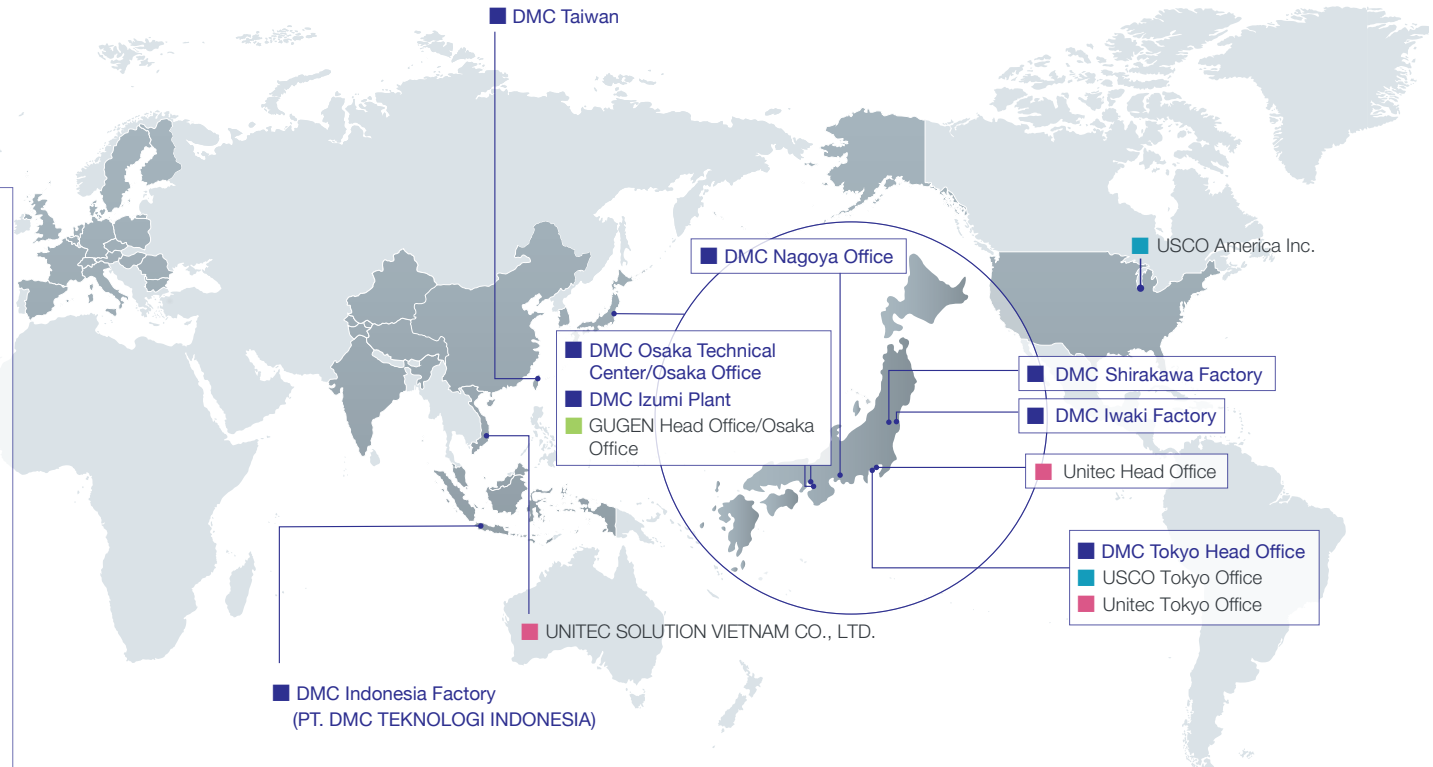
Through a consistent development system employed in cooperation with USCO Group companies, we provide user interface that meets customer needs.

<ICT & Interface Business Structure>



- USCO Corporation** Business support specializing in trucks and electronics
- DMC Co., Ltd.** Manufacturer specializing in the development, manufacture, and sale of touchscreens and application products
- Unitec Co., Ltd.** Design, development, and manufacture of software and hardware using digital technology
- GUGEN** Planning, development, design, and sale of industrial IoT equipment

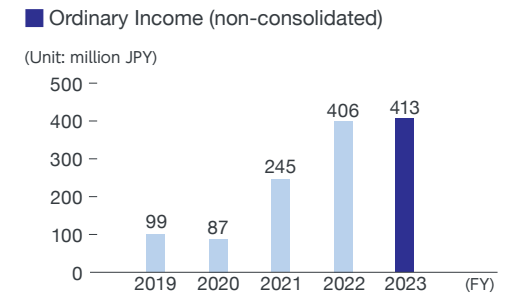
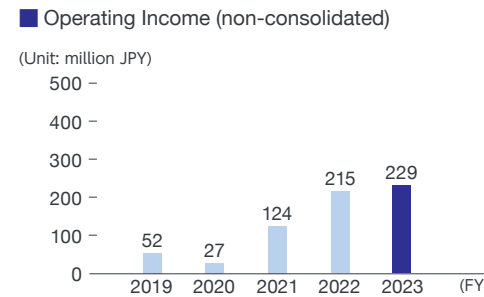
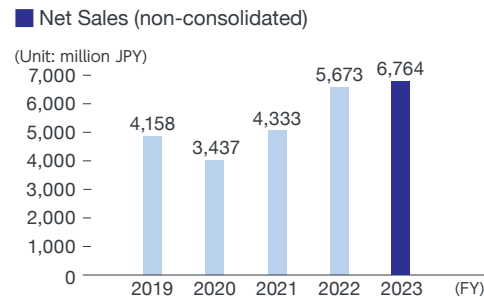
\*Seedsware Corporation merged with DMC Co., Ltd. in January 2023.



\* Shaded areas are countries and regions to which DMC exports products.

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

Net sales in FY2023 increased 19.2% over the previous year due to the merger with Seedsware, despite a decrease in orders received as companies shifted from securing inventory to reducing inventory. Operating income and ordinary income remained flat year on year due to higher costs.





# DMC 50 Years of History

Established in 1973 as a manufacturer and distributor of artwork materials for printed circuit board production. We started manufacturing and selling touchscreen devices in 1991, and now we are expanding our business globally as a specialized manufacturer of touchscreens.

## Business Activities

## Sustainability Activities



Established as a company that manufactures and sells artwork materials for printed circuit boards with capital of eight million yen

**1996**  
Established PT. DMC TEKNOLOGI INDONESIA as a joint venture in Indonesia



**1999**  
Opened Shirakawa Factory in Natsunashi, Shirakawa City, Fukushima Prefecture

**2011**  
Headquarters factory (now closed) and Shirakawa Factory were damaged by the Great East Japan Earthquake

**2019**  
Expanded Shirakawa Factory the second and opened Factory the third (Shirakawa Factory)



Opened Italy Office in Milan, Italy

**2021**  
Established DMC Iwaki Co., Ltd. as a production subsidiary



Transferred the touchscreen manufacturing department from NKK SWITCHES CO., LTD. and opened the new Iwaki Factory in Iwaki City, Fukushima Prefecture

**2022**  
Established DMC Taiwan in Taipei City



Merged with Seedware Corporation and launched sales under the unified DUSH brand

**2023**

2020s

**2022**  
Established mid-term environmental targets

2010s

**2017**  
Formulated quality and environmental policies  
Published the first CSR report along with a review of management policy



Introduced recycling system for water-intensive processes at the Indonesia Factory

**2018**  
Formulated the CSR Mid- and Long-term Policies through FY2020

Formulated the DMC Human Rights Policy, policy for work environment safety, and DMC Supply Chain CSR Procurement Guidelines

Delivered relief supplies to and conducted site inspections in areas affected by the earthquake and tsunami in Sulawesi, Indonesia

**2019**  
Formulated the BCP response manual

Completed the New Shirakawa Factory, featuring more energy-efficient equipment than ever before

Appointed first female manager

Cooperated in the collection of empty contact lens cases as part of the "eyecity eco project" (still ongoing)

2000s

**2001**  
Acquired ISO 9001 certification

**2005**  
Acquired ISO 14001 certification

1990s

1973

## Corporate Profile

### DMC Products & Services

#### DMC Products

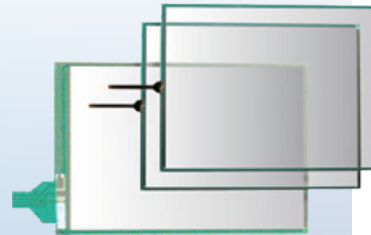
In addition to more than 200 types of standard touchscreens, DMC has provided more than 2,000 customized products to customers.

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.

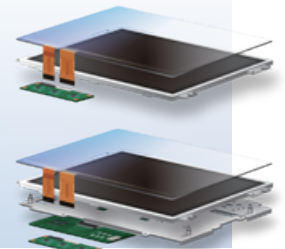
#### Resistive touchscreens

Resistive touchscreens identify touch position through input detection based on the pressure of a finger or pen, etc. They can be operated with any input medium, even a hand wearing a glove, and feature excellent and reliable operability. In addition, light-touch type resistive touch screen, which require less input load than conventional resistive films, achieve light, smartphone-like gesture operation. We also offer multi-touch types which offer a wide range of operation as well as high noise tolerance.



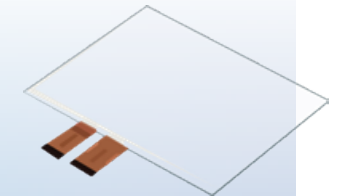
#### Touchscreen modules

We offer simple module products consisting of various touchscreen sensors, controllers, and LCDs (liquid crystal displays), as well as products that combine these with HDMI inputs and video boards, etc. We also provide cover glass and various functional films (such as anti-viral, anti-bacterial, and anti-reflective).



#### Capacitive touchscreens

Capacitive touchscreens detect points touched by fingers utilizing capacitance-couplings generated between the fingers and panel. DMC offers tough and weather-resistant glass and glass construction type for industrial use.



#### Touchless gesture units

The main unit is equipped with a gesture sensor that detects hand movements away from the screen. Detecting the direction of the movement of a hand held over the unit allows a screen to be operated through gesture alone without touching the screen. Our first touch-free product, touchless gesture units are used in environments where gloves are worn, such as with food and beverage equipment and medical devices.



#### Touchscreen application products

We develop, design, and manufacture unit products such as touch monitors, touchscreen displays, and embedded panel controllers. We also provide a variety of application tools to support the development and deployment of touchscreen products.

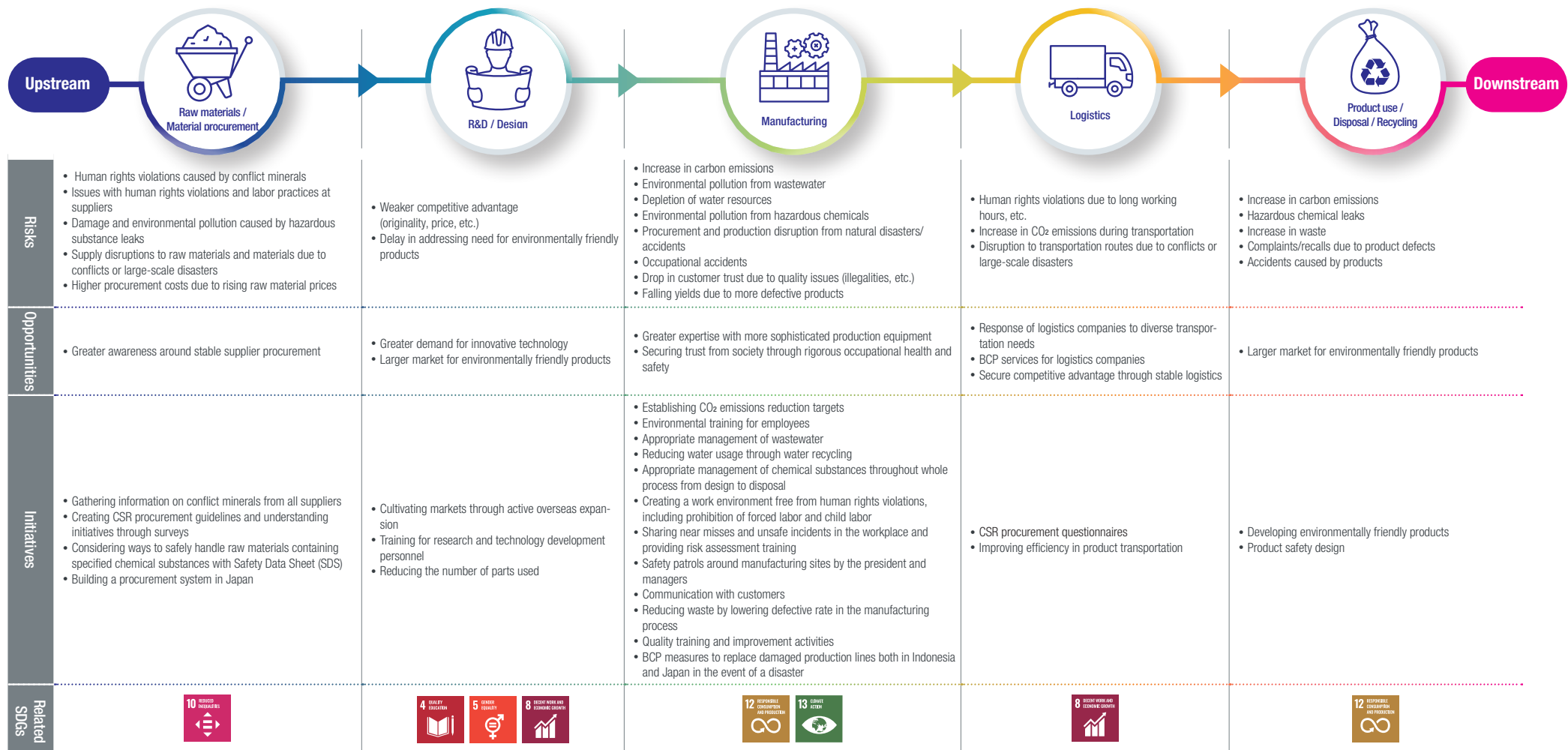




## Corporate Profile

### Value Chain

The DMC Group aims to identify risks and opportunities in the value chain and minimize those risks while maximizing opportunities.





## Corporate Profile

### 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.



#### KIOSK

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.

#### Beverage dispenser

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.

#### Medical equipment

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.

#### EV charger

Electric vehicle charging stations are equipped with touchscreens with guidance for easy user operation. For outdoor and semi-outdoor applications, projected capacitive systems may be used due to their superior resistance to UV rays and other weather elements.

#### Signage

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.

#### Industrial equipment

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

# Corporate Management & Sustainability

## Management Vision



USCO Group engages in electronics-related business for industrial applications

- DMC Co., Ltd.
- Unitec Co., Ltd.
- GUGEN, Inc.
- DMC Iwaki Co., Ltd.
- USCO America Inc.
- PT.DMC TEKNOLOGI INDONESIA

Our corporate group consists of the above six companies and five other truck-related companies.

**DMC / DMC Iwaki**

### Corporate Philosophy

**Growing together with our customers by taking on challenges with passion and pride, and pursuing an “exciting tomorrow” with happiness and sustainability both physically and spiritually**

DMC is a member of the USCO Group, whose motto is “Challenging Today for an Exciting Tomorrow,” and following this philosophy, all employees work together to contribute to the affluence and sustainability of the society.

## Corporate Management & Sustainability

### DMC's Management Philosophy Structure





## Corporate Management & Sustainability

### 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 a Standards Management Office within the General Administration Department 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.

#### 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</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>  | <ul style="list-style-type: none"> <li>• Developing and manufacturing medical-use touchscreens</li> <li>• Developing touch-free functionality</li> <li>• Promoting employee health (mental health)</li> <li>• Installing and training on AEDs</li> </ul>   |
|  <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>  | <ul style="list-style-type: none"> <li>• Developing human resources (support for acquiring specialized knowledge, training by level in the Group, in-house training, global human resource development)</li> </ul>   |
|  <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>   | <ul style="list-style-type: none"> <li>• Promoting diversity (promotion of women's activities, etc.)</li> </ul>  |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</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>• Promoting a good work-life balance (ensuring appropriate working hours, support for childcare and nursing care)</li> <li>• Promotion of diversity (continuation system / promotion of employment of individuals with disabilities)</li> <li>• Preventing occupational accidents through the 5S methodology</li> </ul>   |
|  <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p>   | <ul style="list-style-type: none"> <li>• Respecting human rights (making human rights policy known throughout the Group, compliance with human rights policy)</li> <li>• Developing and manufacturing multi-language compatible touchscreens</li> </ul>  |
|  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Realize the development of comprehensive, safe, resilient and sustainable cities and living environments</p>  | <ul style="list-style-type: none"> <li>• Effective use of valuable materials generated in the process of proper waste disposal for welfare activities and contributing to the community</li> </ul>   |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>  | <ul style="list-style-type: none"> <li>• Publication of Sustainability Report</li> <li>• Reducing waste</li> <li>• Chemical substance management</li> <li>• Developing and manufacturing durable, weather-resistant touchscreens</li> <li>• CSR procurement (implementing procurement policy and guidelines, conducting surveys)</li> <li>• Afforestation (mangrove saplings, etc.)</li> </ul>               |
|  <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impact</p>  | <ul style="list-style-type: none"> <li>• Reducing CO<sub>2</sub> emissions (reducing electricity usage, etc.)</li> <li>• Introducing CO<sub>2</sub>-free electricity</li> <li>• Environmental education (seminars on quality control and environmental management systems)</li> <li>• Water resource conservation</li> <li>• Preparing for natural disasters caused by climate change through BCP</li> </ul> |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>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"> <li>• Compliance with domestic and foreign laws and customs</li> <li>• Adherence to compliance</li> <li>• Building an information security management system</li> </ul>   |

## Corporate Management & Sustainability

### 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.

Stakeholder engagement is overseen by the departments that have close relationships with stakeholders. The feedback we receive from stakeholders through engagement is also reported to management to be reflected in, and determine the direction of, our business activities.

| Stakeholders                                | Details   | Means of Communication  | Major Responsibilities and Issues   |
|---|---|---|---|
| Customers                                   | DMC sells touchscreens to distributors and manufacturers around the world.  | <ul style="list-style-type: none"> <li>• Communication from product development to supply (as needed)</li> <li>• Providing solutions (as needed)</li> <li>• Inquiry desk (as needed)</li> <li>• Customer satisfaction survey (once a year)</li> <li>• Direct visits by the President (as needed)</li> </ul>   | <ul style="list-style-type: none"> <li>• Manufacturing high-quality and safe products</li> <li>• Disclosing product information appropriately</li> <li>• Designing environmentally friendly products</li> <li>• Stable supply of products and support</li> </ul>                                    |
| Shareholders & Financial Institutions       | DMC's sole shareholder is its parent company, USCO Corporation.   | <ul style="list-style-type: none"> <li>• Shareholders meeting / Financial results briefings (once a year)</li> <li>• Shareholder reports (twice a year)</li> </ul>  | <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>  |
| 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>• Factory audit (once a year)</li> <li>• Periodical discussions</li> <li>• CSR procurement questionnaires (once every 3 years)</li> <li>• Inquiry desk (as needed)</li> </ul>  | <ul style="list-style-type: none"> <li>• Stable ordering</li> <li>• CSR promotion throughout the supply chain</li> <li>• Respect for human rights</li> </ul>  |
| Employees                                   | DMC has 900 employees in Japan and Indonesia.   | <ul style="list-style-type: none"> <li>• Hotline (as needed)</li> <li>• Personnel affairs division (as needed)</li> <li>• Health and Safety Committee (once a month)</li> <li>• Regular meetings between employee representative (Indonesia factory only) and company (once a year)</li> <li>• Events such as joint exchange meetings between Japan and Indonesia</li> </ul>  | <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>   |
| 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>• Local volunteer activities (at least once a year, at least 10 participating employees)</li> <li>• Interactions with local businesses (as needed)</li> <li>• Factory visits (as needed)</li> <li>• Support for restoration from disasters</li> <li>• Inquiry desk (as needed)</li> <li>• Internship system and school visits in local communities (once a year)</li> <li>• Community cleaning (at least 5 times a year in each area)</li> </ul> | <ul style="list-style-type: none"> <li>• Social contribution through business</li> <li>• Regional vitalization through cooperation with local businesses</li> <li>• Respect for local cultures and customs</li> <li>• Protection of the local environment</li> <li>• Employment creation</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>• Making proposals to solve social issues (as needed)</li> <li>• Information exchange with local governments (as needed)</li> </ul>  | <ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Cooperation to solve social issues</li> <li>• Regional vitalization through cooperation with local governments</li> </ul>  |









|          |                            |                   |  |                           |                          |                 |                                     |                            |                                  |            |                             |                        |
|----------|----------------------------|-------------------|--|---------------------------|--------------------------|-----------------|-------------------------------------|----------------------------|----------------------------------|------------|-----------------------------|------------------------|
| Contents | Message from the President | Corporate Profile | <b>Corporate Management &amp; Sustainability</b> | Product Safety & Security | Respect for Human Rights | Labor Practices | Sustainable Supply Chain Management | Environmental Conservation | Contribution to Regional Society | Governance | GRI Standards Content Index | ISO26000 Content Index |
|----------|----------------------------|-------------------|--|---------------------------|--------------------------|-----------------|-------------------------------------|----------------------------|----------------------------------|------------|-----------------------------|------------------------|

## Corporate Management & Sustainability

### DMC Group Mid- and Long-term Sustainability Policies








Although we achieved many of our goals, following on from FY2022, we again did not succeed in reducing losses due to complaints in FY2023. In addition to profit, there is the environmental impact of increased waste due to production losses, and we will strive to make improvements in FY2024 to achieve our goals.

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

| Fields                              | Items                      | Mid- and Long-term Policies  | FY2023 Targets   | Assessment | FY2023 Achievements   | FY2024 Targets   | Contribution to SDGs  |
|-------------------------------------|----------------------------|--|--|------------|---|--|---|
| Sustainability Management           | Stakeholder engagement     | 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   | △          | Implemented review of Mid- and Long-term Sustainability Policies and promotion of the achievement of targets  | Conduct awareness tests of sustainability activities<br>• Tets: 90% or higher test rate in Japan<br>• CSR training: At least 30 people (purchasing and sales divisions)  | —   |
| Product Safety & Security           | Product Safety & Security  | Continual operation of quality management system   | <ul style="list-style-type: none"> <li>Reduce compensation for complaints by 10% compared with the previous year</li> <li>Reduce loss rate in domestic production by 5% compared with the previous year</li> </ul>                       | ×          | <ul style="list-style-type: none"> <li>Increased losses due to complaints by 57% compared to the previous year</li> <li>Reduced loss rate in domestic production by 2.5% compared to the previous year</li> </ul>   | Reduce losses due to complaints for touchscreens by 45% compared to the previous year  |    |
|                                     |                            |  | Improve understanding of ISO management (learning through content distribution over 20 times a year)   | ○          | Conducted learning through content distribution 33 times (ISO 9001, ISO 14001)  | Launch new manufacturing method for touchscreens (laser etching, etc.); reduce solvents, power consumption, etc.   |   |
| Respect for Human Rights            | Human Rights Protection    | Establishment and operation of the system that develops human rights awareness                               | Human rights and compliance seminars upon joining the company (including mid-career employees): Provide to all new employees   | ○          | Global Human Resource Cultivation Seminar for New Employees (conducted human rights seminars for newly hired employees)   | All newly hired employees subject to human rights and compliance training  |    |
|                                     |                            |  | Harassment seminars for executives and managers: Provide to all executives and managers  | △          | Conducted human rights training, including with regard to harassment, for managers and supervisors (assistant managers and above), and communication training for section staff   | Conduct harassment training for at least 70 managers and supervisors (assistant managers to department managers) (9 times)   |   |
|                                     |                            |  | —  | —          | —   | Revise Human Rights Policy (code of conduct)   |   |
| 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>Promote female employee development plan (appointment of female managers: 1 or more)</li> <li>Change the Action Plan for the Promotion of Women's Activities (notification submission)</li> </ul> | ○          | <ul style="list-style-type: none"> <li>Conducted questionnaire surveys targeting female employees to understand their awareness of career advancement</li> <li>Shared the development plan for female employees who are candidates for promotion with them and their superiors</li> </ul> | Identify issues for review of the overall personnel system, including female employees: Consider development of system for promotions, etc.  |    |
|                                     |                            |  | Implement Basic Seminar for Female Managers (interview, at least once a year)  | ○          | Conducted women's empowerment seminars for female employees (twice)   | Increase opportunities for women to participate in training for higher level positions to promote opportunities for women's active participation and advancement in the workplace: Conduct training for managers and supervisors at the assistant manager level and above                              |   |
|                                     | 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>Continued reduction in total overtime working hours: Japan average of 8 hours or less per month</li> <li>Ratio of paid-holiday use: Japan 85% or over, Overseas 85% or over</li> </ul>            | ○          | <ul style="list-style-type: none"> <li>Total overtime working hours: Japan average 8.6 hours per month</li> <li>Ratio of paid-holiday use: Japan 103%, Overseas 88%</li> </ul>  | <ul style="list-style-type: none"> <li>Continue reducing total overtime working hours: Japan average of 8 hours or less, overseas average of 8 hours or less per month</li> <li>Continue to promote paid-holiday use—Ratio of paid-holiday use: Japan 90% or higher, overseas 90% or higher</li> </ul> |    |
|                                     | Human Resource Cultivation | DMC develops the abilities of employees to develop human resources that support business activities          | Seminars for managers (at least once a year)   | ○          | Conducted training for managers and supervisors once  | Conduct training to strengthen team skills through improved communication for all employees  |    |
|                                     | Work Environment Safety    | DMC promotes the health and safety of employees and conducts vigorous business management                    | Health check rate: 100%  | ○          | Health check rate: 100%   | Health check rate: Japan 100%, overseas 100%   |   |
| Sustainable supply chain management | CSR Procurement            | DMC promotes supplier compliance with CSR procurement guidelines and expands application to new customers    | Use a CSR Procurement Guidelines Agreement   | ○          | Started reviewing internal procedures   | Expand consent to CSR Guidelines among suppliers   |    |
|                                     |                            |  | Conduct CSR survey   | ○          | Provided supplier questionnaires to 53 companies (91% coverage)   | <ul style="list-style-type: none"> <li>Review management of CSR Procurement Guidelines</li> <li>Review evaluation of new and continuing transactions</li> </ul>  |   |



## Corporate Management & Sustainability

| Fields                     | Items  | Mid- and Long-term Policies  | FY2023 Targets   | Assessment   | FY2023 Achievements   | FY2024 Targets  | Contribution to SDGs  |
|----------------------------|--|--|--|--|---|---|---|
| Environmental Conservation | Environmental Conservation   | Achieve carbon neutrality by 2050, reduce CO <sub>2</sub> emissions by 40.0% by 2025 (compared to 2018 levels)   | Reduce CO <sub>2</sub> emissions<br>Scope 1 (55% decrease from base year)<br>Scope 2 (15% decrease from base year)                             | ○  | Reduced CO <sub>2</sub> emissions<br>Scope 1 (57% decrease from base year)<br>Scope 2 (36% decrease from base year)<br><br>Revised reduction target for CO <sub>2</sub> emissions relative to base year (from 26.6% to 40.0%)*<br>* Including reductions due to CO <sub>2</sub> -free electricity | Reduce CO <sub>2</sub> emissions<br>Reduce electricity consumption<br>• Japan (Improve air conditioning operation methods)<br>• Overseas (Improve production facilities)<br><br>Scope 1 (60% decrease from base year)<br>Scope 2 (36% decrease from base year)  |    |
|                            |  |  | Decide policy for factories that are yet to use CO <sub>2</sub> -free electricity  | ○  | Introduced CO <sub>2</sub> -free electricity at Shirakawa and Iwaki factories from January 2023   | Consider continued use and expansion of CO <sub>2</sub> -free electricity   |   |
|                            |  |  | Conduct operational tests at Shirakawa Factory resulting in a 20% reduction compared to previous year  | △  | Conducted operational tests at a domestic model factory resulting in a 20% reduction compared to previous year  | • Set Scope 3 target<br>• Consider reduction of Category 1, which has a high Scope 3 component ratio; promote reduction of Category 1 (mainly parts procurement)  |   |
|                            |  | Contribute to environmental conservation through efficient energy use, effective resource utilization, and the reduction and recycling of waste                            | —  | —  | —   | Reduce waste amount by improving loss rate (Loss rate: 2 point improvement compared with the previous year, domestic and overseas combined)   |    |
| 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 | Expand the collection of contact lens cases, pull tabs, and plastic bottle caps to a Group-wide activity                                       | ○  | • Recycling through the collection of contact lenses at all Group companies in Japan<br>• Collected pull tabs and plastic bottle caps to provide children's vaccine support via Japan Committee, Vaccines for the World's Children through a local NPO (Shirakawa Factory)                        | • Collect contact lens cases<br>• Collect pull tabs and plastic bottle caps; continue to promote as a company-wide activity   |    |
|                            |  |  | Continue to accept students on internship program in Fukushima Prefecture (3 students, 1 school)   | ○  | Accepted seven students from two high schools in Fukushima Prefecture into an internship program  | Continue to accept students on internship program in Fukushima Prefecture (at least 2 schools and 2 students)   |   |
|                            |  |  | Continue to promote local community cleanups: Domestic bases (at least 5 times a year)   | ○  | Cleaning at Shirakawa Factory (7 times), Iwaki Factory (5 times), Tokyo Head Office (10 times), Osaka Office (4 times)  | Continue to promote local community cleanups  |   |
|                            |  |  | Continue to provide support for natural disasters (at least once a year)   | ○  | • Indonesia Factory: Support for victims of volcanic eruption<br>• Fundraising activities for UNHCR's Ukrainian Refugee Support   | Continue to provide support regarding natural disasters   |   |
| Governance                 | Corporate Governance   | DMC ensures transparency and fairness in its business activities, continues sustainable growth and increases corporate value   | Continue to promote transparent management through the provision of opportunities to communicate with stakeholders more than the previous year | ○  | • Shareholders: Twice a year reporting session by the President<br>• Financial institutions: Report visit by the President at least once a year   | Continue to promote transparent management through the provision of opportunities to communicate with stakeholders more than the previous year<br>• Shareholders: Continue to hold twice a year reporting sessions by the President<br>• Financial institutions: Continue to hold report visits by the President at least once a year |    |
|                            |  |  | Employees: Continue to provide monthly reports through monthly Group-wide morning meetings by the President, etc.                              | ○  | Employees: Monthly reports through monthly Group-wide morning meetings by the President, etc.   | Employees: Continue to provide monthly reports through monthly Group-wide morning meetings by the President, etc.   |   |
|                            | Compliance   | DMC understands and follows both domestic and overseas laws, regulations, and customs, and it take action with a spirit of high corporate ethics                           | • Provide seminars on the Subcontract Act (62% coverage)*<br>• Invoice system seminars (100% coverage)*<br>• CSR procurement (8% coverage)*    | △  | • Subcontract Act: 101 permanent employees in Japan (61% coverage)<br>• Invoice system: 103 permanent employees in Japan (62% coverage)<br>• CSR procurement: 5 purchasing division employees in Japan (45% coverage)   | • CSR procurement training<br>• CSR procurement: 20 or more employees (Purchasing Division: 45% coverage or more; Sales Division 88% coverage or more)  | —   |
|                            |  |  | Review BCP Manual in accordance with the integration   | ×  | Prioritized items to be developed prior to BCP Manual review  | • BCP Manual revision (scheduled for September)<br>• Anti-Bribery Regulations establishment (scheduled for September)   |   |
| Information Security       | DMC establishes an information management system and promotes appropriate management of information assets based on its basic policy | In-house risk verification and preparation of manuals for ISO 27001 certification  | △  | • Implemented educational activities for employees<br>• Reviewed related internal regulations<br>• Moved forward with preparations to meet ISO 27001 certification standards | • Web-based security training<br>• Establish an environment suitable for ISO 27001 certification<br>• Training participants: 200 employees or more<br>• Complete environmental improvements in the first half of the year   |    |   |

\*For permanent employees in Japan

# Product Safety & Security

DMC strives to create high-quality, safe and secure products that we can provide to our 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 ISO 9001 certified quality management system that provides products in accordance with its quality and environmental policies.

### Quality & Environmental Policies (Device Business)

Based on our management philosophy of growing together with our customers by taking on challenges with passion and pride, and pursuing an “exciting tomorrow” with happiness and sustainability both physically and spiritually, we have set out the following quality and environmental policies.

1. We will provide high-quality products around the world 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.

Tatsuya Sada, President

### Quality Policy (Unit Business)

- We will strive to raise awareness of quality, adhere to internal standards, and pursue quality work (people, organization, systems, and work).
- We will strive to pursue highly reliable and safe products that fully meet customer requirements (products).
- We will strive to constantly build and improve a quality system that conforms to international standards.
- We will carry out environmentally friendly corporate activities and contribute to local communities.

### Environmental Policy (Unit Business)

DMC Co., Ltd. will implement initiatives to prevent pollution and protect the environment with a sustainable future in mind. We will also strive to continuously improve our environmental management system to enhance our environmental performance. Specific policies are set forth below.

1. Engage in energy and resource conservation
2. Reduce the use of environmental pollutants
3. Comply with national and local environmental regulations, international environmental standards that we deem necessary, and other requirements set forth by our company
4. Separate and dispose of limited resources so that they can be reused
5. Provide products and services that contribute to the realization of a sustainable society

We will establish environmental goals and targets in line with this Environmental Policy, review them periodically, and strive for continuous improvement.

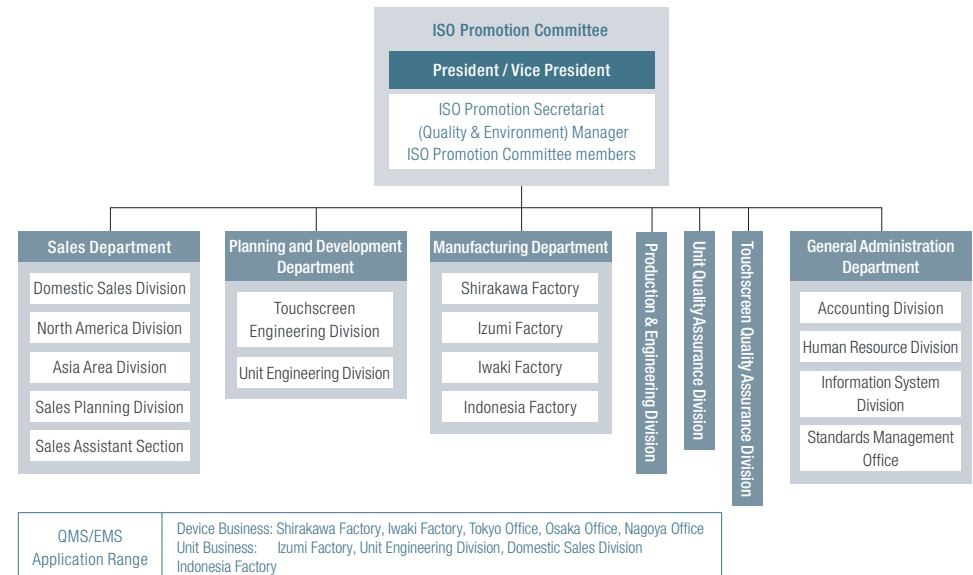
We will make this Environmental Policy known to all employees and all those who work for our company, and will also make it available to the general public.

Susumu Wada, Executive Vice President

## Quality management system

DMC has built a quality assurance system with the aims of accurately grasping the quality expected by customers and providing 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 environmental policies as well as quality targets to ensure constant improvement. Yearly audits are conducted by certified internal auditors. DMC shares progress in target achievement and product quality issues at Quality and Environment Council meetings (Device Business) and ISO meetings (Unit Business) held once per month, and promotes the PDCA cycle to ensure that all employees understand quality and environmental policies and achieve ISO targets established by each division. In addition, ISO certification has been obtained for both the Device Business and Unit Business, and the Iwaki Factory obtained ISO 9001 certification in August 2023, maintaining our 100% certification coverage rate at our production sites.

### Quality & Environmental Management System Diagram



## Product Safety & Security

### 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

Product strategy meetings are held regularly (once/month) with the President, Vice President and representatives from the Planning and Development, Sales, and Manufacturing departments, in a system that allows us to analyze customer needs and reflect them in our products.

#### Quality Improvement Activities

With the aim of improving production technology and productivity, we work to ensure stable productivity and quality by conducting initiatives that originate from operations that occur daily at the manufacturing site, and by promoting the standardization of production processes and quality activities that originate from defects such as complaints.

Regarding these, related departments implement initiatives by topic and report to the next meeting with important topics communicated down as instructions from the higher-level meeting.

#### ● Domestic Device Business

|   |  |
|---|--|
| Quality & environment meeting (monthly) | Conduct reviews and investigations based on progress reports by theme, quality status reports by factory, software-related status reports, monthly reports related to complaints, and monthly reports on quality and environmental targets |
|   | President, Manufacturing Department manager, and the respective personnel in charge of the Device Business   |

▲ Reports ▼ Instructs

|  |   |
|--|---|
| Manufacturing Department meeting (monthly) | Share instructions and information from Management Meetings, as well as each factory's status (figures), issues, and progress, so that this can be mutually leveraged |
|  | President, Vice President, Manufacturing Department manager, each factory head, and appointees  |

▲ Reports ▼ Instructs

|                                     |   |
|-------------------------------------|---|
| Shirakawa Factory meeting (monthly) | Share company policies and status (figures), as well as issues, progress, and information from each division at the Shirakawa Factory |
|                                     | Shirakawa Factory internal division managers  |

▲ Reports ▼ Instructs

|   |  |
|---|--|
| Shirakawa Factory internal meetings (monthly) | Trace the progress of divisional ISO targets, and share divisional topics as well as issues and information from Management Meetings |
|   | Shirakawa Factory manufacturing process head   |

▲ Reports ▼ Instructs

|                                       |   |
|---------------------------------------|---|
| Quality improvement meeting (monthly) | Quality improvement theme progress and discussion |
|                                       | Manufacturing and production engineering          |

#### ● Unit Business

|  |   |
|--|---|
| Manufacturing Department meeting (monthly) | Share instructions and information from Management Meetings, as well as each factory's status (figures), issues, and progress, so that this can be mutually leveraged |
|  | President, Vice President, Manufacturing Department manager, each factory head, and appointees  |

▲ Reports ▼ Instructs

|                           |  |
|---------------------------|--|
| Quality meeting (monthly) | Report the status of critical defects (market and in-process) and trace the achievement of quality targets (results of each division's activities) |
|                           | Vice President, Quality Assurance Division manager, and representatives of each division   |

▲ Reports ▼ Instructs

|                       |  |
|-----------------------|--|
| ISO meeting (monthly) | Maintain and improve ISO (quality and environment) systems by promoting management reviews and reporting and deliberating on the status of improvements to problems and issues in the ISO systems. |
|                       | Vice President, Manager, and representatives of each division  |

▲ Reports ▼ Instructs

|                        |  |
|------------------------|--|
| ISO Committee (weekly) | ISO meeting working group                                |
|                        | Manager and personnel in charge of ISO for each division |



## Product Safety & Security

### 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

Losses due to complaints in FY2023 increased by 57% compared to the previous year (net sales subject to complaints decreased 20% from the previous year). This was a 75% increase compared to the FY2023 goal of reducing the amount of losses due to complaints by 10% compared to the previous year.

This was primarily due to the occurrence of careless mistakes in large-scale projects and an inability to eliminate an increase in re-inspection costs.

In FY2023, there were no serious product accidents, such as major injury or equipment damage, involving customers or within the company.

\*QA: Conveyed as instructions by the Quality Assurance (QA) body. 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.

### Improvement of Customer Satisfaction

Once a year, our Sales Division conducts a customer satisfaction survey for each of our device and unit businesses. We distribute surveys to major sales agents and others to gauge customer satisfaction. The surveys consist of 30 items for the Device Business in 7 categories (sales, sales promotion, delivery, quality, technical capability, competitiveness, and other), and 30 items for the Unit Business in 8 categories (quality, complaints, repairs, delivery dates, original products, proposals, sales/operations, and order/discipline). The aggregate results are shared with

relevant divisions within the company as customer feedback. This allows us to identify issues and improve products with the goal of maintaining customer trust. In FY2023 we surveyed 11 major sales agents for the Device Business (10 domestic and 1 overseas) and 7 major customers for the Unit Business (domestic only).

### 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. For substances judged to pose a safety risk, we reduce or cease use 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 division in charge of chemical substance management keeps up-to-date with the latest information on revisions to various laws and regulations regarding chemical substances and focuses on appropriate responses.

With regard to chemical substance management and inquiries from customers, the Quality Assurance Division is in charge of touchscreen products, and the Standards

Management Office is in charge of unit products. External specialist companies are also utilized as necessary for investigation and response regarding hazardous materials.

### Product Safety Design

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

We have introduced the use of scribing machines in the development, design, and manufacturing processes, which results in the prevention of glass plate edge breakage and thus injury, ensuring safety in the use of our products.



#### Hazardous Substances in Standard Products

[www.dmccoltd.com/english/support/chemicals-management/](http://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 division throughout the year. In FY2023, to address the increased amount of claim losses, we focused on investigating and addressing the root causes of defects, reviewing process operations, and providing training on defect resolution.

# Respect for Human Rights

We believe that respecting the human rights of all stakeholders is our responsibility as a company, and we are working towards this throughout the entire Group.

## 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 light of this global situation, we established a Human Rights Policy in FY2017 in accordance with the UN Guiding Principles on Business and Human Rights, revising it in 2023 in response to the growing importance of human rights issues. The Group appropriately responds to the potential impact of our business activities on human rights by eliminating behaviors that violate human rights, including forced labor and child labor, and by encouraging our suppliers to respect human rights as well.

### DMC Group Human Rights Policy (established in January 2018, revised in January 2024)

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 international norms, including 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. Specifically, we will thoroughly implement measures to prohibit discrimination, harassment, and violence based on race, nationality, gender, religion, beliefs, etc. We will prohibit forced labor (including human trafficking) and prohibit child labor. We will provide employees with wages and benefits that exceed the legal wage, prevent overwork, provide appropriate holidays, and ensure a safe and healthy work environment. And we will respect freedom of association and the right to collective bargaining, promote diversity, data security, and responsible mineral procurement.
- DMC has established human rights due diligence processes to identify DMC business that negatively impacts human rights, and strives to reduce or prevent human rights violations. DMC continues to examine these processes to respond efficiently to potential and actual human rights risks and impacts.
- In the event that DMC business activities cause a negative impact on human rights, either directly or indirectly, it shall strive to immediately remedy and rectify the issue 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 corporate and business activities.
- In terms of addressing potential or actual impacts on human rights, DMC engages in dialogue and consultation with stakeholders, including employees and suppliers, who may be affected through our business activities.
- DMC discloses the progress and results of its approaches to human rights protection on its website and in its reports.

#### Code of conduct for respecting human rights

##### 1. Prohibition of discrimination, harassment, and violence

DMC shall respect the human rights and personality of individuals, and create a fair and unprejudiced workplace environment by eliminating all forms of discrimination, harassment, and violence on the basis of race, religion, gender, sexual orientation, age, nationality, language, disability, social origin, wealth or ancestry.

##### 2. Prohibition of forced labor

- DMC shall prohibit labor gained, either directly or indirectly, through human trafficking or slavery, and forced labor.

- All labor must be voluntary, and DMC guarantees that no unreasonable restrictions will be placed on the movement, separation, or retirement of employees in the facilities provided by DMC.
- Furthermore, DMC shall not retain or confiscate workers' identification cards, passports, or work permits, etc., and neither shall it deny workers their use (unless legally required to do so).
- In the unlikely event that so-called modern slavery, forced labor, or human trafficking is discovered, the involved worker will be removed from the work. In addition, DMC shall contact agencies that assist in the rehabilitation of workers and maintain contact with agencies to assist in monitoring the health status of the individual.

#### 3. Prohibition of child labor

- DMC shall respect the rights of children and prohibit the employment, either directly or indirectly, of persons younger than the minimum working age (15 years old) stipulated in international norms, or the age of completion of compulsory education stipulated by the countries and regions where we operate, or the legal minimum working age in the relevant countries and regions. Moreover, under no circumstances shall young workers under the age of 18 engage in night work, overtime work, or dangerous work that threatens the health or safety of workers.
- In order to ensure the above, DMC shall verify the person's age using documents issued by a public institution when an employment contract is signed.
- If the worker is under 18 years of age despite conducting proper age verification, as the employer, DMC shall explain the situation to the worker's parents or guardians (including with regard to supporting the worker's return home). Further, DMC shall report the matter to the Labor Standards Inspection Office, accept guidance on how to correct the situation, and take appropriate measures.
- DMC shall comply with all laws and regulations in the implementation of internships and other workplace learning programs.

#### 4. Preventing overwork and providing appropriate holidays

- DMC shall strictly adhere to work hour regulations, not exceeding the customary working hours stipulated in the countries and regions in which we operate, providing at least one day off per week.
- In addition, annual paid leave will be granted appropriately based on local laws and regulations.

#### 5. Wages and benefits

- DMC shall comply with laws regarding benefits, etc. stipulated in the countries and regions in which we operate, including minimum wages, overtime wages, equal pay for equal work, etc., striving to pay a living wage and providing welfare benefits required by law.
- DMC shall provide timely and easy-to-understand payslip statements with sufficient information to confirm accurate compensation for work performed during the pay period.

#### 6. Health and safety

DMC shall comply with laws and regulations related to health and safety stipulated in the countries and regions where we operate, striving to create a safe, secure, and healthy working environment. This includes providing personal protective equipment needed for work and implementing health and safety management systems to maintain continuous improvement. DMC shall also integrate safety in all processes, continually provide training, and promote a strong safety culture.

#### 7. Respect for freedom of association and the right to collective bargaining

- DMC shall respect employee's freedom of association, freedom to join or not join a union, and the right to collective bargaining and peaceful assembly, in accordance with local laws and regulations.
- Moreover, DMS shall not unlawfully dismiss any employee.

## Respect for Human Rights

### Prohibition of Forced Labor and Child Labor

The DMC Group has a factory in Indonesia where human rights risks are high and where many local employees work. As such, we prohibit forced labor and child labor.

As well as prohibiting forced labor, both domestically and internationally, DMC secures appropriate working hours and develops a work environment based on respect for the culture in each location. In addition, we are thoroughly working to prevent child labor by requiring employees to submit an official certificate when joining the company, by always verifying their age, and by not hiring applicants under the age of 18.

### 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 to the above, education on harassment and human rights is provided as part of new employee training, mid-career entry training, and skills training to ensure a thorough understanding of the issues.

Along with raising awareness through training and other means, we are strengthening communication with employees by holding individual interviews (four times a year) and by implementing a whistleblowing system.

And at the Shirakawa Factory, a considerate work environment has been created that respects religious customs, for example, a prayer hall with small washroom for Muslims, and a time for worship, has been arranged.

### 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 FY2023, we also established an external consultation desk, which received two consultations during FY2023. 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.

Information about whistleblowers and their reports is strictly managed based on confidentiality obligations to ensure that whistleblowers do not suffer any disadvantage.

#### ● Number of Human Rights Reports and Consultations

(Facilities)

|   | Scope | FY2021 | FY2022 | FY2023 |
|---|-------|--------|--------|--------|
| No. of reports or consultations               | Group | 2      | 2      | 2      |
| (Of which) human rights related               |       | 0      | 0      | 0      |
| (Of which) harassment related                 |       | 0      | 2      | 1      |
| No. of disciplinary actions due to violations |       | 0      | 2      | 0      |

### Training on Human Rights

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

In FY2023, we held one training session each for managers and supervisors (approximately 60 employees) on the theme of harassment prevention.

#### ● Training Sessions on Human Rights

|                      | Scope | Unit  | FY2021 | FY2022 | FY2023 |
|----------------------|-------|-------|--------|--------|--------|
| No. of sessions held | Group | Times | 12     | 9      | 6      |
| Attendance rate (%)  |       | %     | 100    | 74     | 62     |

### Fair and Equitable Recruitment

Our policy is to 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. In order to ensure that this policy is thoroughly implemented, the Human Resource Division has personnel who are familiar with the rules. A process is also in place to review a booklet that summarizes key points to bear in mind before interviewing any candidate. In addition, the recruitment process is published on our website and can be accessed by candidates at any time, ensuring transparency in the recruitment process.

We also have systems in place to provide fair wages and benefits in consideration of human rights for employees who have joined the company.



# 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 2023)

|   |          |         | FY2021 |        |       | FY2022 |        |       | FY2023 |        |       | Coverage rate |
|---|----------|---------|--------|--------|-------|--------|--------|-------|--------|--------|-------|---------------|
|   | Scope    | Unit    | Male   | Female | Total | Male   | Female | Total | Male   | Female | Total |               |
| Number of employees                           | Japan    | Persons | 87     | 98     | 185   | 105    | 109    | 214   | 165    | 159    | 324   | —             |
|   | Overseas |         | 449    | 267    | 716   | 450    | 219    | 669   | 373    | 203    | 576   | —             |
|   | Group    |         | 536    | 365    | 901   | 555    | 328    | 883   | 538    | 362    | 900   | 100%          |
| Ratio of female employees                     | Japan    | %       | 53.0   |        |       | 50.9   |        |       | 49.0   |        |       | —             |
|   | Overseas |         | 37.3   |        |       | 32.7   |        |       | 35.2   |        |       | —             |
|   | Group    |         | 40.5   |        |       | 37.1   |        |       | 40.1   |        |       | 100%          |
| Average number of years of service            | Japan    | Years   | 10.1   | 5.5    | 7.7   | 9.2    | 5.8    | 7.4   | 10.6   | 7.7    | 9.3   | —             |
|   | Overseas |         | 7.6    | 8.8    | 8.2   | 7.3    | 9.4    | 8.3   | 7.3    | 10.8   | 8.7   | —             |
|   | Group    |         | 8.0    | 7.9    | 8.1   | 7.7    | 8.2    | 8.1   | 8.3    | 9.4    | 8.9   | 100%          |
| Average age                                   | Japan    | Age     | 41.3   | 42.1   | 41.8  | 40.9   | 41.9   | 41.4  | 41.0   | 45.5   | 45.1  | —             |
|   | Overseas |         | 28.2   | 29.8   | 29.0  | 28.1   | 31.1   | 29.2  | 32.4   | 32.6   | 32.5  | —             |
|   | Group    |         | 30.3   | 33.1   | 31.6  | 30.5   | 34.7   | 32.2  | 36.3   | 38.0   | 37.0  | 100%          |
| Number of individuals in managerial positions | Japan    | Persons | 26     | 1      | 27    | 24     | 1      | 25    | 34     | 2      | 36    | —             |
|   | Overseas |         | 22     | 6      | 28    | 30     | 8      | 38    | 29     | 5      | 34    | —             |
|   | Group    |         | 48     | 7      | 55    | 54     | 9      | 63    | 63     | 7      | 70    | 100%          |
| Ratio of females in managerial positions (%)  | Japan    | %       | 3.7    |        |       | 4.0    |        |       | 5.6    |        |       | —             |
|   | Overseas |         | 21.4   |        |       | 21.1   |        |       | 14.7   |        |       | —             |
|   | Group    |         | 12.7   |        |       | 14.3   |        |       | 10.0   |        |       | 100%          |
| Number of new graduates hired                 | Japan    | Persons | 1      | 2      | 3     | 2      | 0      | 2     | 1      | 4      | 5     | 35%           |
| Number of mid-career hires                    | Japan    | Persons | 1      | 5      | 6     | 11     | 3      | 14    | 10     | 8      | 18    | 35%           |
| Turnover rates                                | Japan    | %       | 1.3    | 8.2    | 4.3   | 1.9    | 5.5    | 3.7   | 9.7    | 10.1   | 9.9   | 35%           |

\* The Iwaki factory, which took over the touchscreen manufacturing department from NKK Switches Co., Ltd., has been added to the scope of calculation from 2021. In addition, the number of employees increased in 2023 due to a merger with Seedsware.

## Promotion of Diversity

### Basic Concept

DMC aims to promote diversity by developing a corporate climate that respects and accepts the individuality of each employee. We place importance on mutual understanding in order to be a company where all employees can play an active role, regardless of age, gender, nationality, disability, religion, or culture. 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, we set a target in FY2021 to increase the ratio of female employees who hold executive positions from the current 40% to 60%, the same as male employees. To achieve our target, following the merger in FY2023 and the increase in the number of employees, we implemented organizational restructuring and reviewed the personnel system. Accordingly, training related to the promotion of women's active participation and advancement in the workplace was temporarily suspended. We continue to provide training for human resource development, including training for managers and supervisors, regardless of gender. As of the end of December 2023, the ratio of those in executive positions\* was 73.3% male (47.9% the previous year) and 47.7% female (37.1% the previous year).

\* Positions above leadership roles (including managerial positions)

## Labor Practices

### 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 FY2023 was 100% (coverage rate 24%). 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 (%)

|        | FY2021 | FY2022 | FY2023 |
|--------|--------|--------|--------|
| Male   | 100    | 100    | 100    |
| Female | 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. As of the end of December 2023, the employment rate for people with disabilities was 0.96% (coverage rate 35.1%). We will continue our efforts to improve this employment rate.

#### ● Employment Rate of Individuals with Disabilities (%)

|  | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
|  | 1.08   | 0.93   | 0.96   |

### Policy on Minimum Wage and Living Wage

DMC's basic policy is to comply with minimum wage regulations in each country and pay wages in excess of the minimum wage.

## 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.

With regard to overtime and holiday work, an online attendance management system has been used since July 2022 to enable efficient understanding of working hours and to ensure employees' monthly working hours are monitored. We notify individual employees whose actual working hours are close to exceeding the limit to prevent excessive overtime work.

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

**Japan** Average monthly overtime working hours per employee in FY2023 was 8.6 hours, which did not achieved the FY2023 target of a domestic average of 8 hours or less per month.

**Overseas** 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 division on a daily basis. At the end of each workday, the head of each division checks to ensure that the overtime limit has not been exceeded.

The rate of paid holiday use was low in FY2021 due to the rapid increase in orders, but the rate returned to the same level as before from FY2022.

#### ● Total Hours Worked (hours)

|          | FY2022 | FY2023    |
|----------|--------|-----------|
| Japan    | —      | 522,325   |
| Overseas | —      | 1,275,080 |

#### ● Average Monthly Overtime Hours (per person) (hours)

|          |        | FY2022 | FY2023 |
|----------|--------|--------|--------|
| Japan    |        | 8.16   | 8.61   |
|          | Male   | 11.2   | 20.0   |
|          | Female | 6.0    | 4.9    |
| Overseas |        | 13.4   | 5.9    |
|          | Male   | 8.8    | 4.9    |
|          | Female | 20.2   | 7.5    |

#### ● Rate of Annual Paid Holiday Use (%)

|          |        | FY2021 | FY2022 | FY2023 |
|----------|--------|--------|--------|--------|
| Japan    |        | 53.0   | 85.0   | 103.1  |
|          | Male   | 48.0   | 70.1   | 85.5   |
|          | Female | 62.2   | 98.6   | 122.8  |
| Overseas |        | 89.2   | 87.6   | 88.9   |
|          | Male   | 86.2   | 83.3   | 85.3   |
|          | Female | 81.5   | 91.8   | 92.5   |

## Labor Practices

### Implementation of a Remote Working System

The USCO Group took flexible measures regarding workstyles for the purpose of preventing COVID-19 infection and ensuring safety. Now that the COVID-19 situation has been contained, however, the provisional remote work system conducted company-wide has been temporarily discontinued. Even though the threat of COVID-19 has come to an end, however, the system continues to see partial application based on work situations in part because it is beneficial in terms of the perspective of considering the introduction of diverse workstyles.

Going forward, we will fully examine issues and points of improvement identified through the system's ongoing operation, 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

The DMC Group has childcare/nursing care leave, and hourly childcare leave systems in place at Group companies in Japan to ensure that employees caring for children and family members requiring care can continue to work during different life stages. In response to the revision of the Child and Family Care Leaves Act, we have started implementing systems within the company, including the availability to take hourly leave to care for children, paid leave, or family care leave, as well as a postpartum paternity leave (childcare leave at time of birth) system.

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 FY2023, one male and two females 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 resource divisions, 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.

In addition, to enhance communication with employees at the Indonesia Factory, a monthly breakfast meeting is held (with about 120 participants per meeting) to share information with management.

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 Human Resource 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.

In accordance with the integration with Seedsware in 2023, we are reviewing our regulations, which were insufficient, to standardize our operations. In addition, we plan to gradually migrate to a document management system for the Device Business, which was in the process of being standardized.

## 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 System & Operation

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.

## Labor Practices

### Training for Groups at Different Levels

The Group regularly conducts group training by level with the same content as the USCO Group, either jointly or separately. Training includes the Seminar for Executives, Seminar for Managers and Supervisors, Seminar for Evaluators, Basic Seminar for Managers, and Global Human Resource Cultivation Seminar for New Employees. In addition, by including candidates for managerial positions (assistant managers) for the next term in the Seminar for Managers and Supervisors, which was previously targeted at managers (section managers and above), we are working to develop excellent human resources by fostering awareness at an early stage. In FY2023, the following training was conducted at DMC (non-consolidated) and the Indonesia Factory.

#### ● Training Results

| Scope    | Average Training Hours per Person | (hours) |
|----------|-----------------------------------|---------|
| Japan    | 4.5                               |         |
| Overseas | 6.1                               |         |
| Group    | 5.5                               |         |

#### ● Breakdown of Main Training

| Training Category   | Name of the Training  | Scope    | Training Topics   |
|---------------------|---|----------|---|
| Level-based         | Global Human Resource Cultivation Seminar for New Employees | Japan    | New employees   |
|                     | New Employee Follow-up Training                             |          | New employees   |
|                     | Kick-off Training for Younger Employees                     |          | Young employees up to fifth year after joining company as new graduate hire |
|                     | Young Person Training                                       |          | Young employees up to fifth year after joining company as new graduate hire |
|                     | Exchange Meeting for Women's Empowerment                    |          | All candidates for executive positions and above                            |
|                     | Next Generation Training                                    |          | All candidates for managerial positions and above                           |
| Management training | Time Management   | Overseas | Section Head, Unit Head, Worker   |
|                     | Seven Habits  |          | Section Head, Unit Head, Worker   |
|                     | Effective Communication                                     |          | Section Head, Unit Head   |
|                     | Coaching & Counselling                                      |          | Section Head, Unit Head   |
|                     | Leadership  |          | Section Head, Unit Head   |

### 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 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 Japanese lessons in Indonesia to promote smooth communication between the Head Office and the Indonesia Factory. In FY2023, Japanese language training was conducted once a week by an outside instructor to further enhance communication between engineering divisions.

#### ● Language Training Overview

| Location          | Description  |
|-------------------|--|
| Indonesia Factory | For those planning to do technical intern training in Japan (7 trainees in FY2023), 8 months of Japanese language training is provided before the intern training, followed by a minimum of 2 hours of Japanese language training per week after arriving in Japan |



## Labor Practices

### 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 System & Operation

To establish a health and safety management system at our domestic bases in accordance with the Industrial Safety and Health Act, DMC facilitates the assignment of Health and Safety Managers, improvement of the health and safety promotion system, the submission of proposals for improving health and safety, education for health and safety, and measures to improve health status. DMC holds monthly Health and Safety Committee meetings to discuss basic measures to prevent risk and health impairment. The company's industrial physician attends Health and Safety 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.

With the revision of the Industrial Safety and Health Act regarding the handling of chemical substances in April 2024, we are determining our response while holding study sessions, having

employees attend outside seminars as necessary, and are taking appropriate measures.

### Approaches to the Prevention of Labor Accidents

The DMC Group health and safety management system strives to prevent labor accidents. Continuing from last year, we have been soliciting slogans for health and safety, and have been conducting safety training for newly hired employees. Each month, members of the Health and Safety Committee share cases of "near-misses" that did not actually result in a labor accident, and conduct regular risk assessments at their workplaces. This initiative allows us to identify potential dangers and harms in the workplace, and helps us prevent and reduce those risks. As a part of 5S safety patrols, we carry out periodic inspections to check dangerous or unsafe sections, and the areas where near-misses have occurred in the past. Requests for Improvement are also issued with the aim of addressing any 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 FY2023 (consolidated).

We have prepared a manual in case of an external leakage of the acid and alkaline solvents used in the etching process prior to their neutralization, and conduct emergency response drills once a year.

### ● Labor Accident Frequency & Severity Rate

|                                 | Scope | Unit      | FY2021 | FY2022 | FY2023 | Coverage rate |
|---------------------------------|-------|-----------|--------|--------|--------|---------------|
| Labor Accident Frequency Rate*1 | Group | —         | 0.0    | 2.27   | 1.67   | 100%          |
| Labor Accident Severity Rate*2  |       | —         | 0.0    | 0.01   | 0.00   | 100%          |
| Number of Labor Accidents       |       | Accidents | —      | —      | 3      | 100%          |
| Number of Workdays Lost         |       | Days      | —      | —      | 2      | 100%          |

\*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. We conduct annual health checks once a year (twice a year for factory employees) and have a consultation system for the employees diagnosed with health problems as well as the face-to-face checks and advice given by our industrial physicians. The health check rate in FY2022 was 100% throughout the DMC Group.

In addition, to create a comfortable working environment, the Indonesia Factory has been conducting a greening campaign on its premises, planting approximately 200 flowering plants.

### Mental Health

In Japan, we provide 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. At the Indonesia Factory, an in-house clinic serves as the primary point of contact for mental health.

# Sustainable Supply Chain Management

The 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.

We reviewed our CSR Procurement Guidelines in 2021. With the aim of strengthening collaboration with suppliers to promote sustainability throughout the supply chain, the revised Guidelines require that suppliers agree to comply with the Guidelines. In light of changes in the global situation, in FY2023 we revised our CSR procurement questionnaire and requested that suppliers respond to this questionnaire.

## Procurement Policy

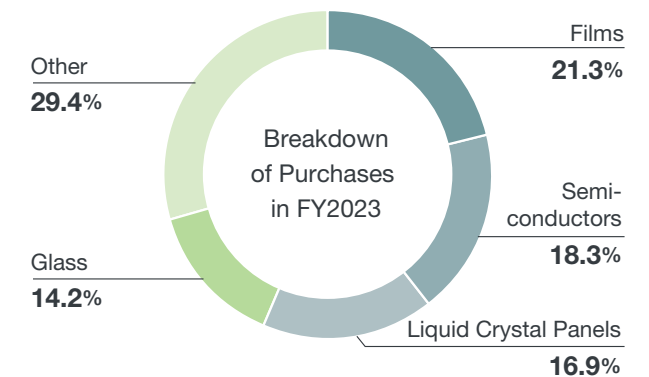
DMC follows the laws and regulations specified by each country, social norms, and corporate ethics, and conducts fair procurement activities to fulfill our social responsibility taking into account human rights, the global environment, and labor safety as we establish cooperative and trusting relationships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

## Management System & Operation

Management System & Operation Procurement activities are overseen by the Procurement Group headed by the Production Management Division Manager, who conducts supply chain management based on a Procurement Policy that includes social aspects such as the suppliers' environment and human rights. 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.

### ● Composition of Purchased Goods (Based on Purchase Price)



## Sustainable Supply Chain Management

### New Supplier Selection

1. 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.
2. In the secondary assessment, the Purchase Group conducts an assessment based on supply stability and price, and determines supplier qualifications after taking into account CSR procurement questionnaire results.
3. Concludes transaction contract.

### Decision to Continue Trading

1. Decisions are made based on various aspects, including legal compliance, response to defects, and the status of CSR initiatives.

### 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 compliance with the Guidelines. As of the end of FY2023, we have obtained agreements from 34 suppliers that account for 64% of our total procurement.

### 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 below, aiming for the further promotion of CSR activities throughout our supply chain. In FY2023, we

sent questionnaires to suppliers that exceeded certain levels in terms of procurement amounts in FY2021 and FY2022 (the coverage rate was approximately 91%, and the return rate was 100%). The content of the survey results will be considered for use as indicators for the maintenance and continuity of our supply chain. We will continue working on the realization of a sustainable society with our suppliers in accordance with the CSR Procurement Guidelines.

#### Questionnaire Items on CSR Procurement

1. Labor
2. Health and Safety
3. Environment
4. Ethics
5. Management System



#### DMC's CSR Procurement Guidelines

[www.dmccoltd.com/files/sustainability/DMC-CSR-Procurement-Guidelines\\_2021\\_en.pdf](http://www.dmccoltd.com/files/sustainability/DMC-CSR-Procurement-Guidelines_2021_en.pdf)

### Training for Purchasing Division

To promote CSR procurement throughout the supply chain, it is vital that employees in the internal purchasing division are aware of sustainability issues in the supply chain. In FY2023, we conducted CSR procurement training for our purchasing divisions in the device and unit businesses (100% attendance rate among Group purchasing division employees), and Subcontract Act and invoice system training for Group employees in Japan (approximately 60% attendance rate).

## Taking Responsibility in Our 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 & Standards Management Office 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 108 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 96.3% (104 suppliers) in FY2023. Unit products are investigated on a case-by-case basis in accordance with customer requests, and no minerals have been identified as a source of funding for armed groups for both our unit and touchscreen products.

# Environmental Conservation

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

## Environmental Conservation

Our environmental management system is the pillar of our environmental conservation activities, and under it, we implement environmental action plans as part of our business activities to integrate environmental conservation with business operation. We have also established quality and environmental policies and engage in a variety of environmental initiatives.

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.

▶ See page 15: Quality & Environmental Policies (Device Business / Unit Business)

## Environmental Management System

The 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.

Headed by the President and Vice 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 Environment Council meetings (and ISO meetings) that the President and Vice President attend to ensure the effective application of the PDCA cycle.

▶ See page 15: 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.

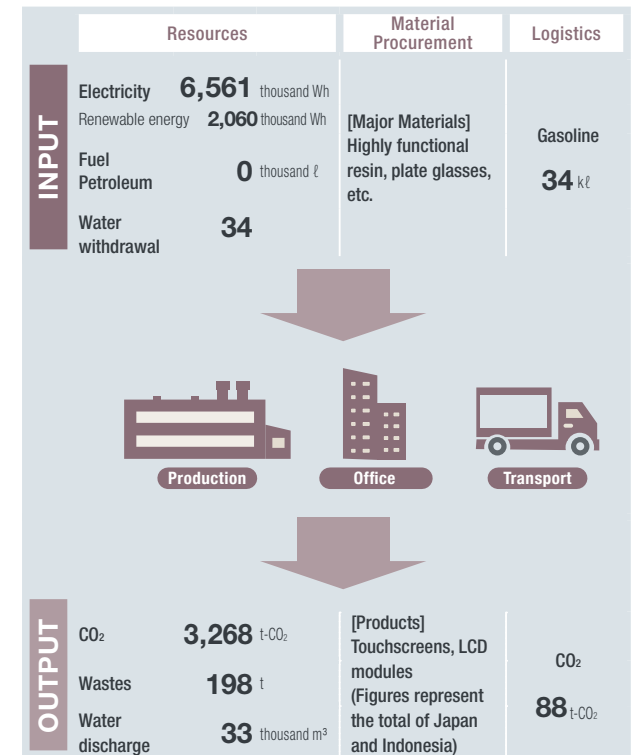
DMC holds meetings before and after audits to clarify priority items, confirm the content identified by auditors with the related divisions and departments while the ISO Promotion Secretariat shares issues to promote improvement throughout the DMC Group, and handles progress management of the issues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

## In-house Education

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

- ISO awareness training: All division managers provide opportunities for employees to recognize and learn quality and environmental policies in order to maximize business results by linking division goals and individual targets. Employees themselves record these details in the prescribed format where they are then managed by the ISO Promotion Secretariat (Group attendance rate: 100%).
- Internal and external training related to CO<sub>2</sub> reduction: Training on greenhouse gas reduction case studies is conducted as part of CSR training, and training on procurement methods for raw materials and other items that contribute to the reduction of CO<sub>2</sub> emissions is conducted as part of CSR procurement training.

## Material Balance



(Figures represent the total of Japan and Indonesia)



## Environmental Conservation

### 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.

### Progress Towards CO<sub>2</sub> Emissions Targets

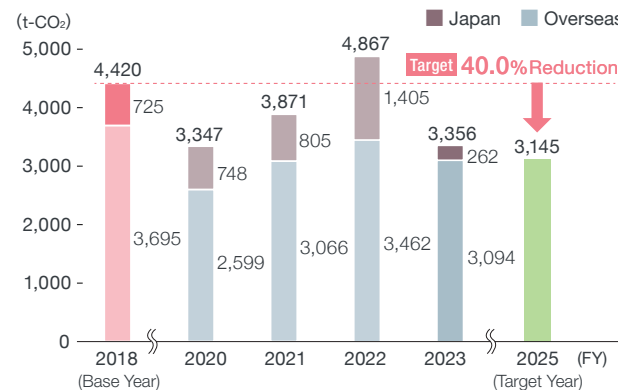
Aiming to achieve carbon neutrality by 2050, the Group had set a target of a 26.6% reduction in CO<sub>2</sub> emissions by FY2025 (compared to FY2018 levels). Subsequently, reflecting the introduction of renewable energy-derived CO<sub>2</sub>-free electricity at the Shirakawa and Iwaki factories and a revision of our air conditioning operations as well as other factors, we changed our Scope 1 and 2 reduction target for FY2025 from 26.6% to 40.0% (compared to FY2018 levels).

The reduction targets for FY2023 were 55% and 15% reductions compared to the base year for Scope 1 and 2 emissions, respectively. Our actual results for FY2023 were a 57% reduction for Scope 1 and a 36% reduction for Scope 2. The factors behind the Scope 2 emissions reduction included a change from wet etching to laser etching for some processes, a revision of air conditioning operations at our factories, and the introduction of CO<sub>2</sub>-free electricity derived from renewable energy sources. We will continue to strengthen energy conservation measures to promote CO<sub>2</sub> reductions.

### Reduction of CO<sub>2</sub> Emissions throughout the Supply Chain

The DMC Group calculates greenhouse gas emissions in all its corporate activities, from upstream to downstream, based on the GHG Protocol, an international standard for companies to calculate and report greenhouse gas emissions throughout their supply chains. In FY2023, Category 1 emissions, which account for the highest proportion of CO<sub>2</sub> emissions, decreased by 14% compared to the previous year. Although the merger led to an increase in the procurement of unit products, the reduction in bulk purchases due to changes in the external environment, and a decrease in the procurement of key raw materials for touchscreens due to lower production volumes are largely reflected. 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.

#### CO<sub>2</sub> Emissions (SCOPE 1+2)\*

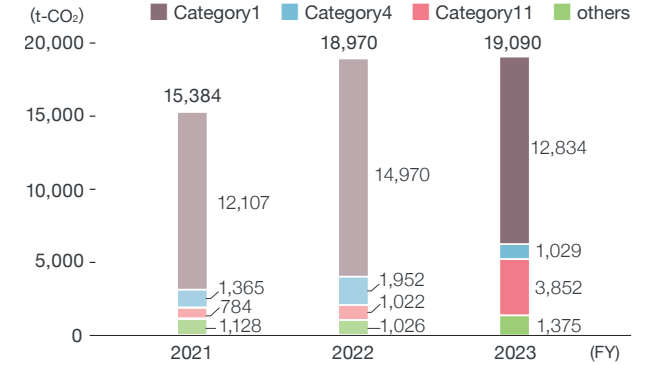


\* Scope is production sites (100% coverage). Including results from the Iwaki Factory from FY2021 and the Izumi Factory from FY2023

\* The figures for the base year have been revised in accordance with the incorporation of the Izumi Factory

\* CO<sub>2</sub>-free electricity derived from renewable energy has been excluded from Scope 2 emissions sources starting in 2023.

#### CO<sub>2</sub> Emissions (SCOPE3)\*



\* Scope is production sites (100% coverage). Including results from the Izumi Factory from FY2023.

#### FY2023 CO<sub>2</sub> Emissions by Scope & Category

| Scope & Category |  | Emissions (t-CO <sub>2</sub> ) |
|------------------|--|--------------------------------|
| <b>SCOPE 1</b>   |  | 78                             |
| <b>SCOPE 2</b>   |  | 3,268                          |
| <b>SCOPE 1+2</b> |  | <b>3,356</b>                   |
| <b>SCOPE 3</b>   |  | <b>19,090</b>                  |
| Category 1       | Purchased Goods and Services                                       | 12,834                         |
| Category 2       | Capital Goods  | 293                            |
| Category 3       | Fuel- and Energy-related Activities (not included in scope 1 or 2) | 469                            |
| Category 4       | Transportation and Delivery (Upstream)                             | 1,029                          |
| Category 5       | Waste Generated in Operations                                      | 6                              |
| Category 6       | Business Travel  | 177                            |
| Category 7       | Employee Commuting   | 430                            |
| Category 11      | Use of Sold Products   | 3,852                          |
| <b>Total</b>     |  | <b>22,446</b>                  |

\* Scope is production sites (100% coverage). Seedsware Corporation's production site in Osaka is excluded from the scope as it was merged in 2023.

## Environmental Conservation

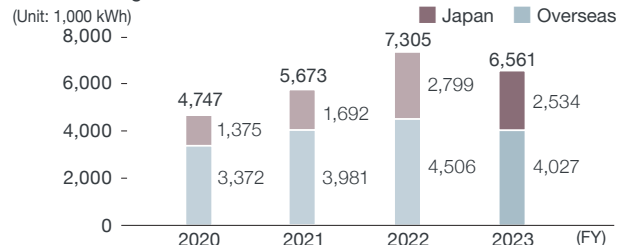
### Management System & Operation

So that top management can directly involve themselves in the promotion of sustainability, we have established a Standards Management Office within the General Administration Department under the direct supervision of the President to develop company-wide improvement activities. To date, we have shifted to LED lighting, switched to highly efficient PC monitors and other devices, and changed business vehicles to eco-friendly vehicles throughout the company. In addition, at the Iwaki Factory, we have achieved a 40% reduction in electricity use compared to the previous year by improving the use of air conditioning equipment (leading to an approximately 25% reduction in electricity use) and lowering operating hours.

### Introduction of Electricity Derived from Renewable Energy Sources

We are continuing to conduct energy-saving campaigns which call on our employees to conserve electricity. In addition, we are continuously working to improve the efficiency of energy use in production processes, and in FY2023, we introduced CO<sub>2</sub>-free electricity derived from renewable energy sources at the Shirakawa and Iwaki factories (ratio of electricity derived from renewable energy sources: 31.4%).

#### ● Power Usage\*



\* Scope is production sites (100% coverage). Including results from the Iwaki Factory from FY2021 and the Izumi Factory from FY2023

\* The figures for the base year have been revised in accordance with the incorporation of the Izumi Factory

### Approaches to Waste Reduction

#### Basic Concept

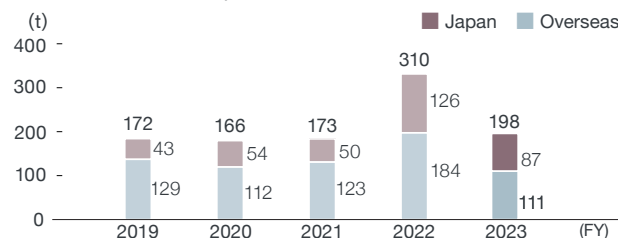
The DMC Group will make effective use of resources to create a sustainable, recycling-oriented society, and will set and work toward waste reduction and recycling targets.

### 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

The DMC Group digitalizes and shares documents, and manages decision-making processes, order sheets, and work hours by computer to reduce paper. Further, in 2023 we switched to electronic payments for our internal payment processing, and we are promoting the reduction of paper by through the use of electronic processing more than ever.

We will continue working on reducing paper usage as part of efforts to improve our business processes and otherwise revise our business operations.

### 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. The DMC Group considers the effective use of water in manufacturing and the conservation of water resources.

### Management System & Operation

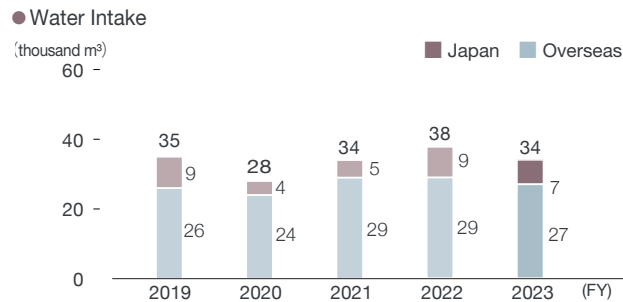
The DMC Group established an integrated quality and environmental management system including the management of water to promote water resource conservation. We also apply the PDCA management cycle to improve environmental management. We are reducing the environmental impact of wastewater from production activities through the installation

## Environmental Conservation

of facilities for proper treatment of wastewater from our factories and through the collection of wastewater by contractors. 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, and is working to continuously reduce its water usage.

In addition, our domestic and Indonesian factories carry out appropriate wastewater treatment in accordance with laws and regulations, conduct regular biochemical oxygen demand (BOD) inspections, and submit test result certificates to public institutions to confirm that there are no problems.

Further, as part of our efforts to reduce our environmental impact, we are working to build sustainable manufacturing processes. In March 2024, we switched our etching process for all of our resistive touchscreen models to laser etching. Our intention with this change was to reduce our environmental impact and protect the environment by reducing the amount of water discharged in manufacturing. We expect to reduce wastewater volume at the Shirakawa Factory by approximately 55%, and at the Indonesia Factory by approximately 50%.



## 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. We made the decision to change our etching process to laser etching in March 2024, and this is gradually being reflected in our products. This is expected to reduce our use of particularly deleterious solvents by approximately 70%.

## Third-Party Assurance

**SUSA**  
Sustainability Accounting Co., Ltd.

**Independent Assurance Statement** July 31, 2024

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, DMC Iwaki Co., Ltd and PT. DMC TEKNOLOGI INDONESIA in FY2023, which are 0.09 kt-CO<sub>2</sub> (Scope1), 3.27 kt-CO<sub>2</sub> (Scope2) and 19.1 kt-CO<sub>2</sub> (Scope3). The purpose of this process is to 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 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 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.

## Contributions to Local Communities

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.

### Contributions to Local Communities

DMC has factories in Japan and Indonesia, a head office in Tokyo, and business bases in Osaka, and has established deep relationships with the communities in each area. In order to fulfill our responsibilities as a corporate citizen, we work with local governments and businesses, and contribute to local communities.

#### Indonesia Factory Receives Commendation from Customs Office BECIK ("BEST INVESTMENT COMPANY" CIKARANGCUSTOMS) Awards 2023 Winner

The Customs Office in charge of Bekasi Regency, where the Indonesia Factory is located, awarded the factory "the Best Investment Company" in FY2023. The factory received the award in recognition of its compliance with various laws and regulations and its continued production activities in the midst of the COVID-19 pandemic, protecting local employment without layoffs and contributing to the continuation of exports, which is the national policy. In addition, the factory was also recognized for its efforts to enhance its in-house clinic, its support for employees during home isolation (including the provision of medical gas cylinders and medicine), and its support for employees who could not be quarantined at home (such as providing accommodation arrangements).



BECIK Awards 2023 certificate and award ceremony

### Contributing to Local Communities through Sponsorship of Sporting Events

We sponsored the BONDS CUP 3x3 BASKETBALL IN SHINAGAWA. This tournament held by the Fukushima Firebonds, a professional basketball team established after the Great East Japan Earthquake, with the aim of contributing to regional revitalization and children's education through sports. Employees at the Shirakawa Factory had voiced their desire for us to aim to be a company that contributes to and supports society through sports, and we responded by sponsoring this tournament.



We sponsored the tournament, which was held at Cominess in Shirakawa City on May 26, 2024

### FY2023 International Exchange Event Participation Together with Overseas Trainees

In FY2023, we once again participated in an international exchange event regularly hosted by the Fukushima International Association for the purpose of community interaction and to support foreign residents in Fukushima Prefecture. This event allows participants to experience Japanese culture with foreigners while learning how to speak in simple Japanese that foreigners can easily understand. A total of 17 trainees from the Indonesia Factory participated along with local employees.



Our employees and overseas trainees participated in miso making, miso cooking, and yukata dressing activities

### Other Activities in FY2023

- Project to Plant Ten Thousand Cherry Blossom Trees in April 2023 (11 participants).
- Walking and cleanup while viewing cherry blossoms activity on the 11th anniversary of the Great East Japan Earthquake in April 2023 (8 participants).
- Continued to engage in local cleanup activities as a way to contribute to the communities where our offices and factories are located. Number of cleanup activities in 2023: Iwaki Factory—3, Shirakawa Factory—7, Tokyo Office—25, Osaka Office—3, Izumi Factory—3.
- Continued to donate plastic bottle caps and pull tabs collected at all domestic locations, started in 2022. Proceeds are donated to the Japan Committee, Vaccines for the World's Children through a related organization. In 2023, we provided 11.2 kg (vaccines for approx. 6 persons) collected at the Izumi Factory.
- Continued to collect empty contact lens cases.



# 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 eight Directors (As of the end of March 2024), 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 the presidents of each Group company to report the state of business performance of each company, discuss, and make decisions regarding business strategy and operation as the USCO Group.

## Audit System

DMC has two outside corporate auditors (part-time) qualified as tax accountants who conduct accounting audits and verify the appropriateness of financial information (As of the end of March 2024). Regarding matters related to the status of business operations, the supervisory authority of shareholders has been strengthened to supervise compliance 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 approximately 24% of its products exported overseas, compliance with not only domestic but also overseas laws, regulations, and social norms is the top DMC priority in all business activities. DMC strives to ensure compliance throughout the organization.

In FY2023, 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 this Basic Policy, we have established our own Anti-Bribery Regulations, which prohibit the following:

- (1) Officers, directors, employees, and others are prohibited from facilitating, directly or indirectly, the offering, requesting, demanding, receiving, or giving of bribes, kickbacks, or the like for the purpose of improperly exercising authority or conducting activities with any person. This does not apply to acts in accordance with explicitly written laws and regulations.
- (2) It is prohibited to provide entertainment or gifts to public officials or persons equivalent thereto (hereinafter referred to as "public officials, etc."), whether in Japan or abroad. In the case of exceptions within the scope of common sense in light of socially accepted practices in Japan and overseas locales, the appropriate approval procedures shall be followed.

## Governance

(3) The DMC Group requires its clients, suppliers and other business partners to comply with this basic policy.

In addition, as a means of preventing bribery and corruption, we make all employees aware of relevant rules, such as requiring advance application for and detailed reporting after the use of customer-related entertainment expenses.

We will also conduct regular risk assessments and record keeping, and require that any suspicious events be reported through the company's internal reporting system.

### Whistle-Blower System (Hotline)

For various types of reporting and consultation on problems and other issues that arise in the workplace, DMC Group has established internal and external consultation desks that are available to all employees at any time for early detection and resolution of problems. 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 FY2022.

To establish a framework to accept reports and provide consultations for violations of compliance and harassment policy in business activities, we have established consultation desks at Human Resource & General Affairs Divisions at DMC and General Affairs Division 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.

\* Communication forum: A meeting attended by some 120 employees in which the head of the department in charge reports on the current state of the company. In addition, top management announces information that should be shared and a question and answer session is also held.

### Compliance Seminars

DMC strives to increase employee awareness of compliance through seminars. In FY2023, we held eight human rights seminars for managers as well as seminars on harassment and human rights in each area. These seminars were conducted by outside instructors. At the Indonesia Factory, compliance is promoted through 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. Our plan, starting in FY2023, is to conduct awareness checks of IT literacy for all employees three times by the first half of FY2024, and to promote security-related education throughout the company in the second half of the same year. Through these activities, we intend to increase awareness of the importance of ISO 27001 and its mechanisms among all employees. DMC is working to strengthen its network, including its security and emergency response. As such, we launched an internal project in FY2023 and created internal regulations and information system manuals in preparation for meeting ISO certification standards. 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.

## Governance

### 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.

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

The DMC Group established and operates 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.

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.

From FY2023, we have been reviewing, developing, and maintaining the content of normal operations and general maintenance by item in order to develop our Business Continuity Manual into a Business Continuity Plan. We believe that these efforts will streamline advance preparations and facilitate organized response in emergency situations.

In particular, with the expansion of the number of production sites to three in Japan and one overseas, it became necessary to review the way in which production facility data is managed. We thus restructured the way in which we manage this data and added the necessary information to our BCP. We also operate an efficient employee contact network, improving our emergency response.

In response to the flooding at the Indonesia Factory in 2021, we have been installing exterior walls around the factory, repairing and performing maintenance on buildings, and adjusting the height of electrical power sources in stages. Further, since 2023, we have been conducting fire and flood evacuation drills twice a year.

In response to not only COVID-19 but other infectious diseases as well, DMC has implemented thorough infection control measures to protect the health of its employees and their families as well as to maintain stable business activities. We will continue to develop our response in accordance with the state of infectious diseases and strive to prevent the spread of infection through risk management in the event of a serious infectious disease situation.

We will also continue striving to build mechanisms to maintain and update our BCP, and promote its entrenchment through BCP education and regular training for our employees as well as opinion exchange. In addition, through opinion exchange with other companies, we will heighten our attitude toward BCP engagement. Together with this, we will endeavor to formulate effective business plans and develop systems for our operation

by working together with business partners, others in the industry, and local communities.

# GRI Standards Content Index

## Statement of use

DMC Co., Ltd. has reported the information cited in this GRI content index for the period [January 1, 2022 to December 31, 2022] with reference to the GRI Standards.

**GRI 1 used** GRI 1: Foundation 2021

### GRI 2: General Disclosures 2021

| GRI  | Disclosure  | Page           |
|--|---|----------------|
| <b>1. The organization and its reporting practices</b> |   |                |
| 2-1  | Organizational details  | 1, 4           |
| 2-2  | Entities included in the organization's sustainability reporting            | 1, 4           |
| 2-3  | Reporting period, frequency and contact point                               | 1              |
| 2-4  | Restatements of information   | Not applicable |
| 2-5  | External assurance  | 30             |
| <b>2. Activities and workers</b>                       |   |                |
| 2-6  | Activities, value chain and other business relationships                    | 4, 6-8, 25-26  |
| 2-7  | Employees   | 1, 20          |
| 2-8  | Workers who are not employees   | —              |
| <b>3. Governance</b>                                   |   |                |
| 2-9  | Governance structure and composition  | 32             |
| 2-10   | Nomination and selection of the highest governance body                     | —              |
| 2-11   | Chair of the highest governance body  | —              |
| 2-12   | Role of the highest governance body in overseeing the management of impacts | 11             |
| 2-13   | Delegation of responsibility for managing impacts                           | —              |
| 2-14   | Role of the highest governance body in sustainability reporting             | 11             |
| 2-15   | Conflicts of interest   | 11, 12         |

| GRI  | Disclosure   | Page         |
|--|--|--------------|
| 2-16                                       | Communication of critical concerns                           | 11, 32       |
| 2-17                                       | Collective knowledge of the highest governance body          | 11           |
| 2-18                                       | Evaluation of the performance of the highest governance body | 11           |
| 2-19                                       | Remuneration policies  | —            |
| 2-20                                       | Process to determine remuneration                            | —            |
| 2-21                                       | Annual total compensation ratio                              | —            |
| <b>4. Strategy, policies and practices</b> |  |              |
| 2-22                                       | Statement on sustainable development strategy                | 11           |
| 2-23                                       | Policy commitments   | 18           |
| 2-24                                       | Embedding policy commitments                                 | 11-12, 15-34 |
| 2-25                                       | Processes to remediate negative impacts                      | 18-19        |
| 2-26                                       | Mechanisms for seeking advice and raising concerns           | 18-19        |
| 2-27                                       | Compliance with laws and regulations                         | —            |
| 2-28                                       | Membership associations                                      | —            |
| <b>5. Stakeholder engagement</b>           |  |              |
| 2-29                                       | Approach to stakeholder engagement                           | 12           |
| 2-30                                       | Collective bargaining agreements                             | —            |

### GRI 3: Material Topics 2021

| <b>2. Disclosures on material topics</b> |                                      |          |
|--|--------------------------------------|----------|
| 3-1                                      | Process to determine material topics | —        |
| 3-2                                      | List of material topics              | 13-14    |
| 3-3                                      | Management of material topics        | 7, 13-14 |

### GRI 200: Economic topics

| <b>GRI 201: Economic Performance 2016</b> |  |   |
|---|--|---|
| 201-1                                     | Direct economic value generated and distributed                                | 4 |
| 201-2                                     | Financial implications and other risks and opportunities due to climate change | — |
| 201-3                                     | Defined benefit plan obligations and other retirement plans                    | — |
| 201-4                                     | Financial assistance received from government                                  | — |
| <b>GRI 202: Market Presence 2016</b>      |  |   |
| 202-1                                     | Ratios of standard entry level wage by gender compared to local minimum wage   | — |
| 202-2                                     | Proportion of senior management hired from the local community                 | — |

| GRI  | Disclosure  | Page           |
|--|---|----------------|
| <b>GRI 203: Indirect Economic Impacts 2016</b> |   |                |
| 203-1  | Infrastructure investments and services supported                               | 31             |
| 203-2  | Significant indirect economic impacts   | —              |
| <b>GRI 204: Procurement Practices 2016</b>     |   |                |
| 204-1  | Proportion of spending on local suppliers                                       | —              |
| <b>GRI 205: Anti-corruption 2016</b>           |   |                |
| 205-1  | Operations assessed for risks related to corruption                             | —              |
| 205-2  | Communication and training about anti-corruption policies and procedures        | 32-33          |
| 205-3  | Confirmed incidents of corruption and actions taken                             | Not applicable |
| <b>GRI 206: Anti-competitive Behavior 2016</b> |   |                |
| 206-1  | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Not applicable |
| <b>GRI 207: Tax 2019</b>                       |   |                |
| 207-1  | Approach to tax   | —              |
| 207-2  | Tax governance, control, and risk management                                    | —              |
| 207-3  | Stakeholder engagement and management of concerns related to tax                | —              |
| 207-4  | Country-by-country reporting  | —              |

### GRI 300: Environmental topics

| <b>GRI 301: Materials 2016</b>           |  |       |
|--|--|-------|
| 301-1                                    | Materials used by weight or volume                         | —     |
| 301-2                                    | Recycled input materials used                              | —     |
| 301-3                                    | Reclaimed products and their packaging materials           | —     |
| <b>GRI 302: Energy 2016</b>              |  |       |
| 302-1                                    | Energy consumption within the organization                 | 27-28 |
| 302-2                                    | Energy consumption outside of the organization             | 28    |
| 302-3                                    | Energy intensity   | —     |
| 302-4                                    | Reduction of energy consumption                            | —     |
| 302-5                                    | Reductions in energy requirements of products and services | —     |
| <b>GRI 303: Water and Effluents 2018</b> |  |       |
| 303-1                                    | Interactions with water as a shared resource               | 29-30 |
| 303-2                                    | Management of water discharge-related impacts              | 29-30 |



| GRI   | Disclosure  | Page      |
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| 303-3   | Water withdrawal  | 27, 29-30 |
| 303-4   | Water discharge   | 27, 29-30 |
| 303-5   | Water consumption   | —         |
| <b>GRI 304: Biodiversity 2016</b>                           |   |           |
| 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                                | —         |
| <b>GRI 305: Emissions 2016</b>                              |   |           |
| 305-1   | Direct (Scope 1) GHG emissions  | 28        |
| 305-2   | Energy indirect (Scope 2) GHG emissions   | 28        |
| 305-3   | Other indirect (Scope 3) GHG emissions  | 28        |
| 305-4   | GHG emissions intensity   | —         |
| 305-5   | Reduction of GHG emissions  | 14, 28    |
| 305-6   | Emissions of ozone-depleting substances (ODS)   | —         |
| 305-7   | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions   | —         |
| <b>GRI 306: Waste 2020</b>                                  |   |           |
| 306-1   | Waste generation and significant waste-related impacts  | 29        |
| 306-2   | Management of significant waste-related impacts   | 29        |
| 306-3   | Waste generated   | 29        |
| 306-4   | Waste diverted from disposal  | —         |
| 306-5   | Waste directed to disposal  | —         |
| <b>GRI 308: Supplier Environmental Assessment 2016</b>      |   |           |
| 308-1   | New suppliers that were screened using environmental criteria   | —         |
| 308-2   | Negative environmental impacts in the supply chain and actions taken  | —         |
| <b>GRI 400: Social topics</b>                               |   |           |
| <b>GRI 401: Employment 2016    GRI 401: Employment 2016</b> |   |           |
| 401-1   | New employee hires and employee turnover  | 20        |

| GRI   | Disclosure   | Page           |
|---|--|----------------|
| 401-2   | Benefits provided to full-time employees that are not provided to temporary or part-time employees             | —              |
| 401-3   | Parental leave   | 22             |
| <b>GRI 402: Labor/Management Relations 2016</b>                       |  |                |
| 402-1   | Minimum notice periods regarding operational changes   | —              |
| <b>GRI 403: Occupational Health and Safety 2018</b>                   |  |                |
| 403-1   | Occupational health and safety management system   | 24             |
| 403-2   | Hazard identification, risk assessment, and incident investigation   | 24             |
| 403-3   | Occupational health services   | 24             |
| 403-4   | Worker participation, consultation, and communication on occupational health and safety                        | 24             |
| 403-5   | Worker training on occupational health and safety  | 24             |
| 403-6   | Promotion of worker health   | 24             |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  | 24             |
| 403-8   | Workers covered by an occupational health and safety management system   | 24             |
| 403-9   | Work-related injuries  | 24             |
| 403-10  | Work-related ill health  | —              |
| <b>GRI 404: Training and Education 2016</b>                           |  |                |
| 404-1   | Average hours of training per year per employee  | 23             |
| 404-2   | Programs for upgrading employee skills and transition assistance programs                                      | 23             |
| 404-3   | Percentage of employees receiving regular performance and career development reviews                           | —              |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>                  |  |                |
| 405-1   | Diversity of governance bodies and employees   | 20             |
| 405-2   | Ratio of basic salary and remuneration of women to men   | —              |
| <b>GRI 406: Non-discrimination 2016</b>                               |  |                |
| 406-1   | Incidents of discrimination and corrective actions taken   | Not applicable |
| <b>GRI 407: Freedom of Association and Collective Bargaining 2016</b> |  |                |
| 407-1   | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | —              |
| <b>GRI 408: Child Labor 2016</b>                                      |  |                |
| 408-1   | Operations and suppliers at significant risk for incidents of child labor                                      | —              |

| GRI   | Disclosure  | Page           |
|---|---|----------------|
| <b>GRI 409: Forced or Compulsory Labor 2016</b>   |   |                |
| 409-1   | Operations and suppliers at significant risk for incidents of forced or compulsory labor      | —              |
| <b>GRI 410: Security Practices 2016</b>           |   |                |
| 410-1   | Security personnel trained in human rights policies or procedures                             | —              |
| <b>GRI 411: Rights of Indigenous Peoples 2016</b> |   |                |
| 411-1   | Incidents of violations involving rights of indigenous peoples                                | —              |
| <b>GRI 413: Local Communities 2016</b>            |   |                |
| 413-1   | Operations with local community engagement, impact assessments, and development programs      | —              |
| 413-2   | Operations with significant actual and potential negative impacts on local communities        | —              |
| <b>GRI 414: Supplier Social Assessment 2016</b>   |   |                |
| 414-1   | New suppliers that were screened using social criteria  | —              |
| 414-2   | Negative social impacts in the supply chain and actions taken                                 | —              |
| <b>GRI 415: Public Policy 2016</b>                |   |                |
| 415-1   | Political contributions   | —              |
| <b>GRI 416: Customer Health and Safety 2016</b>   |   |                |
| 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   |
| <b>GRI 417: Marketing and Labeling 2016</b>       |   |                |
| 417-1   | Requirements for product and service information and labeling                                 | 15-16          |
| 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   |
| <b>GRI 418: Customer Privacy 2016</b>             |   |                |
| 418-1   | Substantiated complaints concerning breaches of customer privacy and losses of customer data  | Not applicable |

## ISO26000 Content Index

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

| Core Subjects             | Issues  | References | Page Title  |
|---------------------------|---|------------|---|
| Organizational governance | Organizational governance   | 2-3        | Message from the President  |
|                           |   | 11-12      | Corporate Management & Sustainability<br>•DMC Sustainability<br>•Stakeholder Engagement |
|                           |   | 32-33      | Governance<br>•Compliance   |
| Human rights              | 1. Due diligence<br>2. Human rights risk situations<br>3. Avoidance of complicity<br>4. Resolving grievances<br>5. Discrimination and vulnerable groups<br>6. Civil and political rights<br>7. Economic, social and cultural rights<br>8. Fundamental principles and rights at work | 18-19      | Respect for Human Rights  |
|                           |   | 20-24      | Labor Practices   |
|                           |   | 25-26      | Sustainable Supply Chain Management   |
| Labor practices           | 1. Employment and employment relationships<br>2. Conditions of work and social protection<br>3. Social dialogue<br>4. Health and safety at work<br>5. Human development and training in the workplace   | 18-19      | Respect for Human Rights  |
|                           |   | 20-24      | Labor Practices   |
| The environment           | 1. Prevention of pollution<br>2. Sustainable resource use<br>3. Climate change mitigation and adaptation<br>4. Protection of the environment, biodiversity and restoration of natural habitats  | 2-3        | Message from the President  |
|                           |   | 27-30      | Environmental Conservation  |

| Core Subjects                         | Issues   | References | Page Title  |
|---------------------------------------|--|------------|---|
| Fair operating practices              | 1. Anti-corruption<br>2. Responsible political involvement<br>3. Fair competition<br>4. Promoting social responsibility in the value chain<br>5. Respect for property rights   | 25-26      | Sustainable Supply Chain Management   |
|                                       |  | 32-33      | Governance<br>•Compliance   |
| Consumer issues                       | 1. Fair marketing, factual and unbiased information and fair contractual practices<br>2. Protecting consumers' health and safety<br>3. Sustainable consumption<br>4. Consumer service, support, and complaint and dispute resolution<br>5. Consumer data protection and privacy<br>6. Access to essential services<br>7. Education and awareness | 15-17      | Product Safety & Security   |
|                                       |  | 25-26      | Sustainable Supply Chain Management   |
|                                       |  | 32-33      | Governance<br>•Compliance   |
| Community involvement and development | 1. Community involvement<br>2. Education and culture<br>3. Employment creation and skills development<br>4. Technology development and access<br>5. Wealth and income creation<br>6. Health<br>7. Social investment  | 11-12      | Corporate Management & Sustainability<br>•DMC Sustainability<br>•Stakeholder Engagement |
|                                       |  | 20-24      | Labor Practices   |
|                                       |  | 31         | Contribution to Regional Society  |