

2022

Sustainability Report



DIK

Daiki Aluminium Industry Co., Ltd.

Strategic concept



Global perspectives and activities to connect with the world

Green philosophy and practices with an eye on the global environment

Considering the business and the environment concentrically,

we will grow into a real company the earth needs

Company creed

Integrity, originality, and affinity

Management policy

Offer better products and services at better prices

Action guidelines

We always prioritize our customer's needs more than anything and solve their situation.

We always carry through bottom-up approach to management under a close teamwork.

We are always aware of potential issues as a person in charge and carry out PDCA thoroughly.

Contents

Philosophy / Contents / Editorial policy	01
History	03
Company overview / Our business	05
Daiki Aluminium network	07
Value chain map	09
Message from the president	11
Long-term vision and medium-term management plan	13
Environment	15
Society	21
Corporate governance	25

Editorial policy	This Sustainability Report has been compiled with the aim of making the approach of the Daiki Aluminium Group to sustainability, as well as its environmental activities (E), social contribution (S), and governance system (G), understandable to a great many people. In response to the growing social demand for corporate initiatives to address ESG issues, from this fiscal year, examples of our ESG initiatives are introduced in more detail, and the name of the report has been changed from Environmental Report to Sustainability Report.
Period	April 2021 to March 2022 (Some content is from outside this period.)
Scope	Daiki Aluminium Industry Co., Ltd. and consolidated subsidiaries in Japan and overseas (However, it is noted when the scope of data differs.)
Date of publication	November 2022
Reference guidelines	Environmental Reporting Guidelines 2018

History

Aluminium is a material that can be used endlessly in a recycling loop. Focusing on this potential, Daiki Aluminium has continuously promoted business in the recycling loop as a pioneer in the secondary aluminium industry since its foundation in 1922. Because resources are limited, we want to make the most of them. The Daiki Aluminium Group continuously creates value to pave the way for the future.

Products produced or handled (tons)



● 1948 Started to sell recycled aluminium ingots and produce aluminium alloys



● 1971 Launched our engineering business



● 1922 Shigeichi Yamamoto, our first president, founded Japan's first secondary aluminium smelting business in Osaka. ①

● 1948 Established Daiki Aluminium Industry Co., Ltd.

● 1957 Opened a laboratory



① Plant at our foundation

● 1980s

Started operation of Kameyama Plant
Established Daiki International Trading Corporation, a US affiliate.
Established Daiki Metal (currently Daiki Material).

● 1960s

Started operation of Yuki Plant
Acquired Daihaku Aluminium Industry (currently Kyushu Daiki Aluminium) as a wholly-owned subsidiary

● 1970s

Started operation of Shinshiro Plant
Acquired Koshimura Aluminium Industry (currently Hokkaido Daiki Aluminium) as a wholly-owned subsidiary
Listed in the Second Section of the Osaka Securities Exchange ②



② Listed in the Second Section of the Osaka Securities Exchange



③ Listed in the First Section of the Tokyo Stock Exchange

● 1993 Launched our can-to-can recycling business



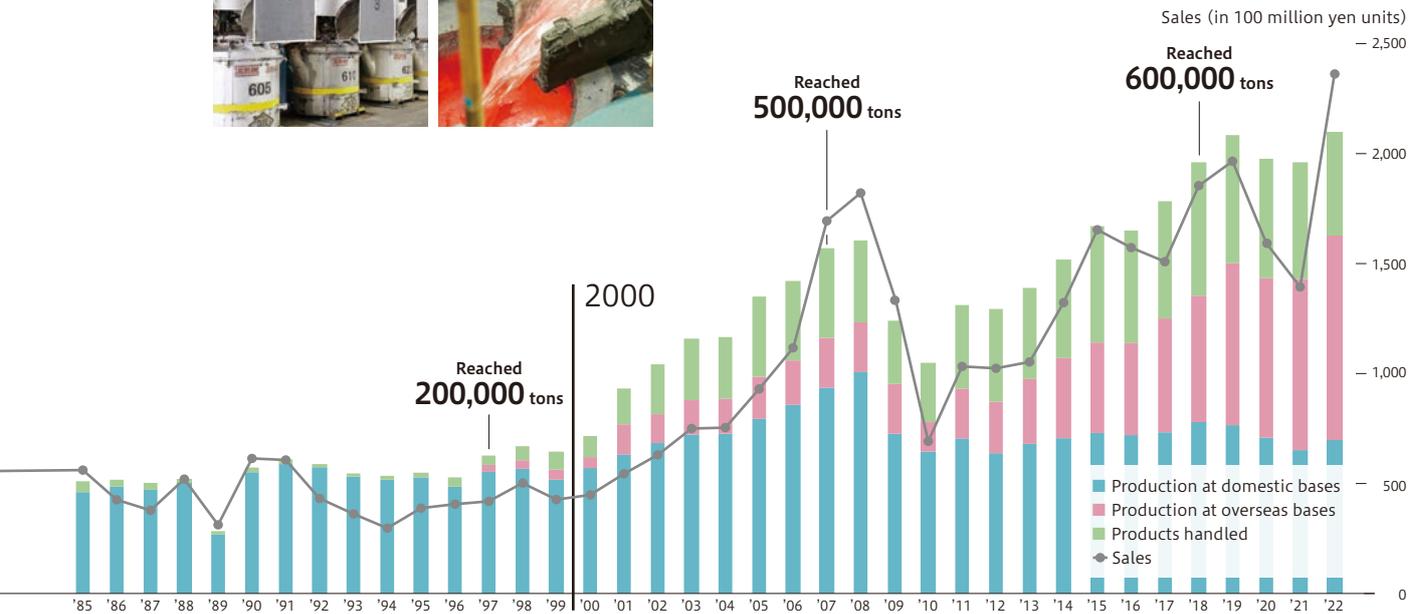
● 2012 Launched our Zorba sorting business



● 2013 Launched our sash-to-sash recycling business



● 2000 Launched our molten aluminium alloy supply business



● 1990s

Started operation of Shirakawa Plant
 Invested in Amalgamated Aluminium & Alloys, a Malaysian affiliate (currently DAM)
 Invested in Daiki Nikkei Thai, a Thai affiliate (currently DAT)

● 2000s

Established Daiki Engineering Thai Co., Ltd., a Thai affiliate
 Invested in POLST Sp. z o.o., a Polish affiliate
 Established Daiki-Sigma Engineering (China) Inc., a Chinese affiliate
 Listed in the Second Section of the Tokyo Stock Exchange
 Acquired Seishin Seisakusyo as a wholly-owned subsidiary
 Started operation of Shiga Plant
 Established Daiki Engineering Co., Ltd.
 Listed in the First Sections of both the Tokyo Stock Exchange and Osaka Securities Exchange ③
 Invested in Xiang Neng Trading Limited, a Hong Kong affiliate (currently Delta Metal Recycling)
 Invested in Anglo Asia Alloys Vietnam Co., Ltd., a Vietnamese affiliate

● 2010s

Invested in Daiki (Foshan) Trading Ltd., a Chinese affiliate
 Established PT. Daiki Aluminium Indonesia, an Indonesian affiliate
 Established Seishin (Thailand) Co., Ltd., a Thai affiliate
 Acquired Daiki Om Aluminium Industry (Philippines), Inc., a Philippine affiliate, as a wholly-owned subsidiary
 Invested in Kyowa Casting (Thailand) Co., Ltd., a Thai affiliate
 Acquired Tokyo Aluminium Center as a wholly-owned subsidiary
 Established PT. Daiki Trading Indonesia, an Indonesian affiliate
 Established Daiki Aluminium Vietnam Co., Ltd., a Vietnamese affiliate
 Established Daiki Aluminium Industry India Pvt., Ltd., an Indian affiliate ④

● 2020s

Invested in Nguyet Minh 2 Daiki Aluminium Tse Co., Ltd., a Vietnamese affiliate

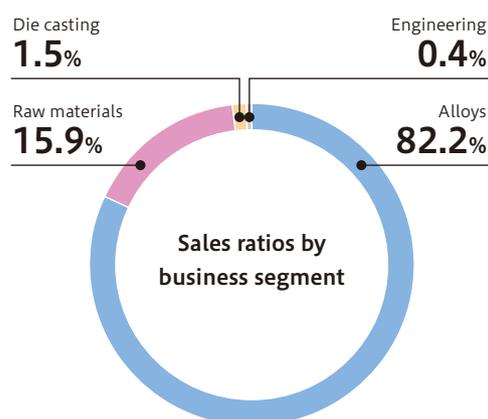
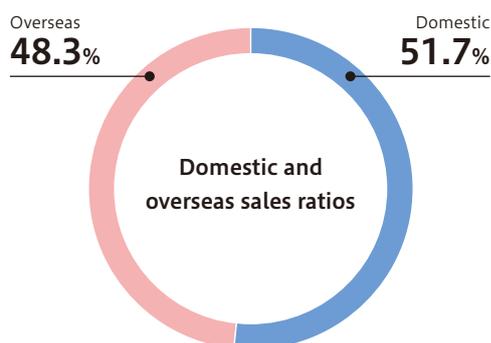
● 2022 100th anniversary of our founding



④ Groundbreaking ceremony for DAH

Company overview / Our business

Sales ratios



Corporate outline

Company name DAIKI ALUMINIUM INDUSTRY CO., LTD.
Address Nichiei Bldg., 1-4-8 Tosabori, Nishi-ku, Osaka
 06-6444-2751
Date founded November 23, 1922
Date established October 29, 1948
Representative Takaaki Yamamoto,
 President & Representative Director &
 Executive Officer
Capital 6.346 billion yen

Market segment Prime Market
Number of employees 317 (non-consolidated), 1,261 (consolidated)
Main businesses Production and sale of aluminium alloy
 ingots and molten aluminium alloy
 Sale of non-ferrous metal scrap
 Production and sale of aluminium die-cast
 products
 Production and sale of aluminium melting
 furnaces

Alloy business



We remelt aluminium scrap and adjust its components optimally in accordance with customer needs. It is then recycled into aluminium alloy ingots through refining and casting processes. In our alloy business, in addition to supplying ingot products, we supply molten aluminium alloy that does not require remelting, and we manufacture environmentally friendly products in our horizontal recycling (including can-to-can recycling) and other businesses.

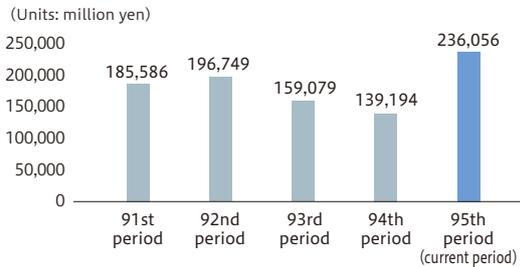
Raw materials business



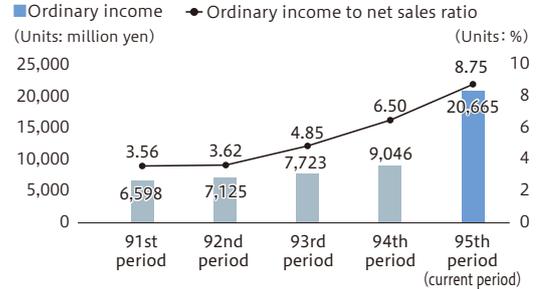
Metal scrap is generated from products at the end of their useful lives. We collect it via our global network, sort out a variety of metals within it using sophisticated screening techniques, and supply these metals in and outside our Group. We contribute to the establishment of a recycling-oriented society by returning limited resources to society as recycled raw materials.

Consolidated financial highlights

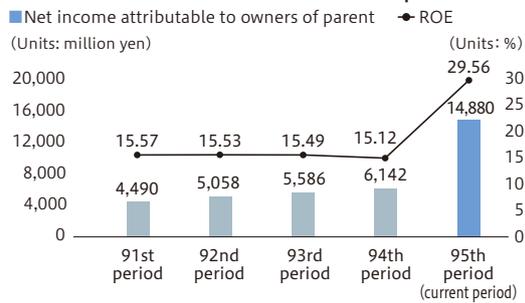
Sales



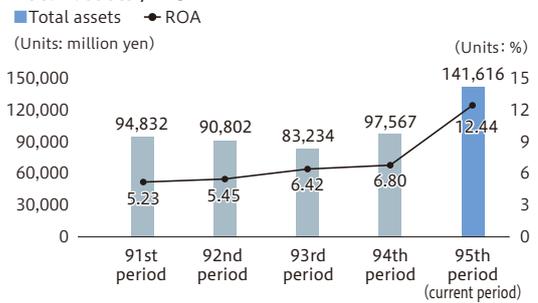
Ordinary income / Ordinary income to net sales ratio



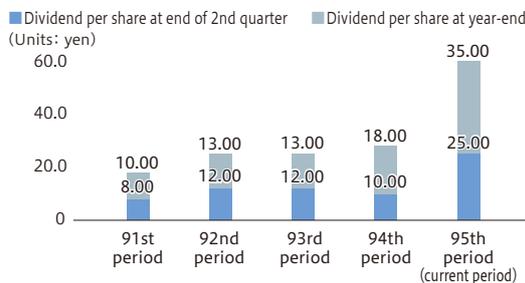
Net income attributable to owners of parent / ROE



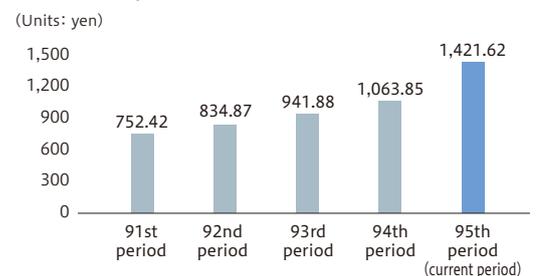
Total assets / ROA



Dividends



Book value per share (BPS)



Die casting business



Using recycled aluminium ingots and molten aluminium alloy produced within the Group, we cast, process, and assemble die-cast parts mainly for automobiles. Our mass-productivity, high-quality die-cast products have a wide range of applications, including automobiles, two-wheeled vehicles, industrial machines, medical machines, and daily necessities.

Engineering business



We design, manufacture, and sell melting and holding furnaces for die casting and casting of alloys. Our independently developed environmentally friendly furnaces equipped with immersion heaters help reduce CO₂ emissions and realize carbon neutrality. With an expansive network covering Japan, China and the ASEAN region, we meticulously respond to customer needs by providing new melting technologies and know-how through our furnaces.

DIK Network

Global perspectives and activities to connect with the world
 With our eyes always on the global standards, we aim to take long-term measures to gain access to activities on a global scale through quality, cost, and service, as well as innovation in research and development and other fields. These activities and our information network form point-to-line and line-to-base connections on the global stage. Our global activities are leading us into a new phase.



Poland Smelting Technologies Sp. z o.o.
 Walbrzych, Poland



Russia Representative Office
 Moscow, Russia



Daiki Aluminium Industry India Pvt., Ltd.
 Andhra Pradesh, India



Delta Metal (Holdings) Ltd.
 Hong Kong, China

Ching Lung Recycling (Hong Kong) Limited
 Hong Kong, China



Anglo Asia Alloys Vietnam Co., Ltd.
 Hanoi, Vietnam



NGUYET MINH 2 DAIKI ALUMINIUM TSE CO., LTD.
 Vinh Phuc, Vietnam



Daiki Engineering Thai Co., Ltd.
 Samut Prakan, Thailand



Seishin (Thailand) Co., Ltd.
 Chonburi, Thailand



Kyowa Casting (Thailand) Co., Ltd.
 Rayong, Thailand



Daiki Aluminium Industry (Thailand) Co., Ltd.
 Chonburi, Thailand



Daiki Aluminium Industry (Thailand) Co., Ltd.
 Amata City Plant
 Rayong, Thailand



DAIKI ALUMINIUM VIETNAM CO., LTD.
 Hanoi, Vietnam



PT.Daiki Aluminium Industry Indonesia
PT.Daiki Trading Indonesia
 Karawang, Indonesia



Daiki Aluminium Industry (Malaysia) Sdn.Bhd.
 Selangor, Malaysia



■ Daiki-Sigma Engineering (China). Inc
Shanghai Representative Office
Shanghai, China



■ Daiki (Foshan) Trading Ltd.
Foshan, China



■ Daiki International Trading Corporation
Los Angeles Office
California, USA



■ Daiki OM Aluminium Industry (Philippines), Inc.
Cavite, Philippines



■ Daiki International Trading Corporation, Atlanta Office
Georgia, USA

Domestic network



■ Kameyama Plant



■ Hokkaido Daiki Aluminium Industry Co., Ltd.
Sapporo Branch



■ Shirakawa Plant



■ Seishin Seisakusyo Co., Ltd.



■ Hokkaido Daiki Aluminium Industry Co., Ltd.
Head Office/Tomakomai Plant



■ Yuki Plant



■ Daiki Engineering Co., Ltd.



■ Shiga Plant



■ Tokyo Aluminium Center Co., Ltd. Head Office

■ Tokyo Aluminium Center Co., Ltd. Chiba Branch

■ Tokyo Branch

Head Office

■ Daiki Material Co., Ltd. Osaka Branch



■ Shinshiro Plant

Nagoya Branch



■ Technical Center



■ Kyushu Daiki Aluminium Co., Ltd. Fukuoka Branch



■ Daiki Material Co., Ltd. Head Office

■ Daiki Material Co., Ltd. Osaka Scrap Center



Value chain map

Aluminium is used in automobiles, beverage cans, building materials, computers, and other familiar products. Products discarded at the end of their useful lives return to the Daiki Aluminium Group as aluminium scrap through a variety of distribution processes.

The collected aluminium scrap is separated into different types after the removal of impurities to make them easier to use. After sorting, the scrap is recycled into aluminium ingots by remelting it and adjusting its components. Recycled aluminium ingots are cast into parts and used to produce automobiles, beverage cans, building materials, and other items. Ultimately, the aluminium products used in a variety of fields reach the end of their useful lives, and the aluminium is collected as scrap again.

The Daiki Aluminium Group will continue to create new value through recycling, from the collection of scrap to the manufacturing of aluminium parts.



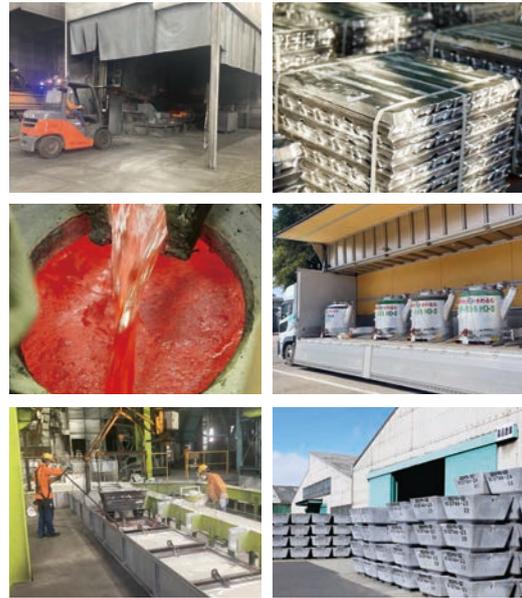
PROCESSING

• Collected aluminium raw materials are sorted and processed to make them easier to use



MELTING CASTING

• Aluminium alloys are made and recycled into new materials by melting scrap and adjusting its components.



MELTING
REFINING
CASTING

unlimited value.

MATERIAL



PARTS

• Aluminium alloys are used to make base components for automobiles, beverage cans, building sashes, and other products.



• Aluminium alloys delivered to parts manufacturers are melted to maintain the quality under the proper conditions.



Top Message

Since 2007, we have published an Environmental Report in every fiscal year. This year, we have revamped the content, and we will be publishing it as a Sustainability Report from this point forward.

This year also marks the 100th anniversary of our founding, and while the direction of the changes required by the business environment is gradually becoming clearer, the question is how quickly we can respond to them.

On April 30 last year, we formulated a medium-term management plan, DAIKI ∞NEXT∞, to define what to achieve in 2030 and disclosed it to the public. More than a year has passed since then, and I am not aware of any significant gaps in the priority targets of the plan. The details are described in this report.

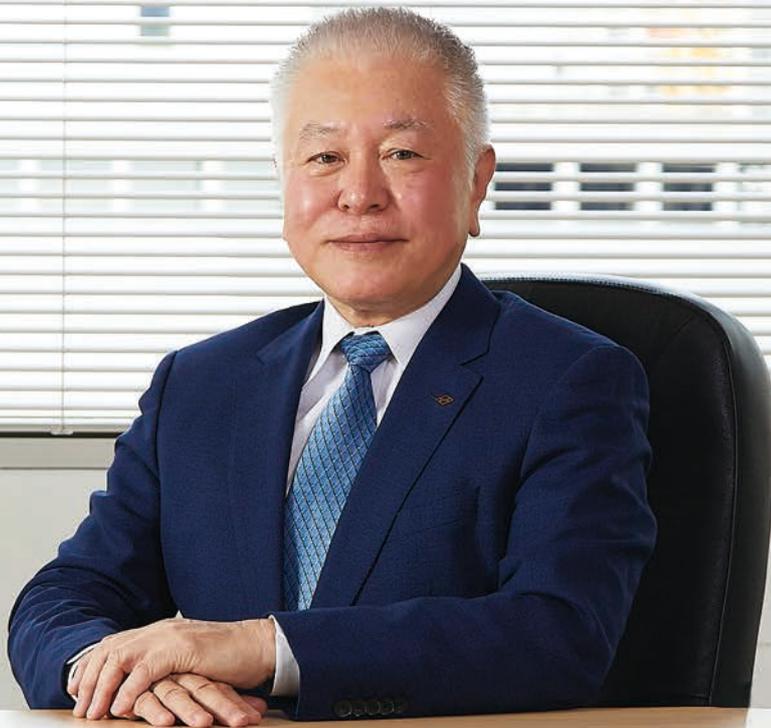
Our business is based on the recycling of aluminium and aluminium alloys. So, environmental measures are naturally our greatest challenges daily. Efforts to minimize the environmental impact of manufacturing processes are constantly needed. At the same time, there is a similar situation in relation to costs, as efforts are constantly needed to reduce fuel consumption in manufacturing processes such as melting. Thus, efforts for our current challenges are naturally incorporated into our daily work. In terms of the environment, efforts to prevent pollution and save energy are generally to protect the company and increase profits,

respectively, but I would say that such interests are inseparable from our corporate management.

I took office as president in 1994, and since then, awareness of such issues has become more widespread and heightened in society. Daiki Aluminium also has the establishment of an environmental management system and the improvement of accountability (able to give open and easy-to-understand explanations) as policies, and it quickly acquired environmental ISO certification.

“Our activities may be inconsequential in terms of global environmental issues as a whole. Still, as a company in the middle of the environmental issues, as it were, of aluminium recycling, we must not compromise easily in regard to pollution and waste but instead go a step further and implement more concrete measures. Only with a firm environmental orientation can we continue to survive as a company of value for the next generation and the one after that” (50th anniversary magazine published in 1998). In a sense, this was our manifesto at that time.

Later, we worked hard to address the details of waste minimization, recycling laws, the dioxin problem, and other issues as a member of the aluminium industry. The dioxin problem in particular became a major social issue, and like decarbonization today, responses were needed from various angles to reduce the dioxins synthesized in aluminium melting processes. As it was a



President & Representative Director & Executive Officer

山本隆章

global issue, we also actively communicated with other companies in European countries, and we currently control our dioxin emissions to be below the regulatory values.

Daiki Aluminium adopted its G&G (Global and Green) strategy in 1998. A red “G” was used to represent expansion of our business activities worldwide, and a green “G” was used to represent the contemporary issue of raising environmental awareness. Being green in the global arena is what is highly sought after now. We would like to take on the challenge of undertaking initiatives for carbon neutrality, which are also listed as important issues in our medium-term management plan, from such a perspective.

As ESG management topics of interest to our company, I think that paying attention to safety and the environment and being accepted by society were passive. While I do not think this development was off the mark, I regret that it was somewhat too biased for us to be a

good company involved in the creation of a sustainable society. That is to say, in the process of developing the current medium-term management plan, there was a shared recognition companywide of there also being many issues that need to be prioritized in terms of social and human relationships as well as governance. I believe that we have restructured our action targets and successfully set new and more balanced ones by referring to the items listed in the SDGs and identifying the various challenges faced by our company.

A sustainable company is a profitable company and at the same time a good company (a company that deserves to exist). We would like to continue to manage the company to be one we can be proud of and also one that is evaluated as being good by others. Thank you for your support.

November 2022

Takaaki Yamamoto

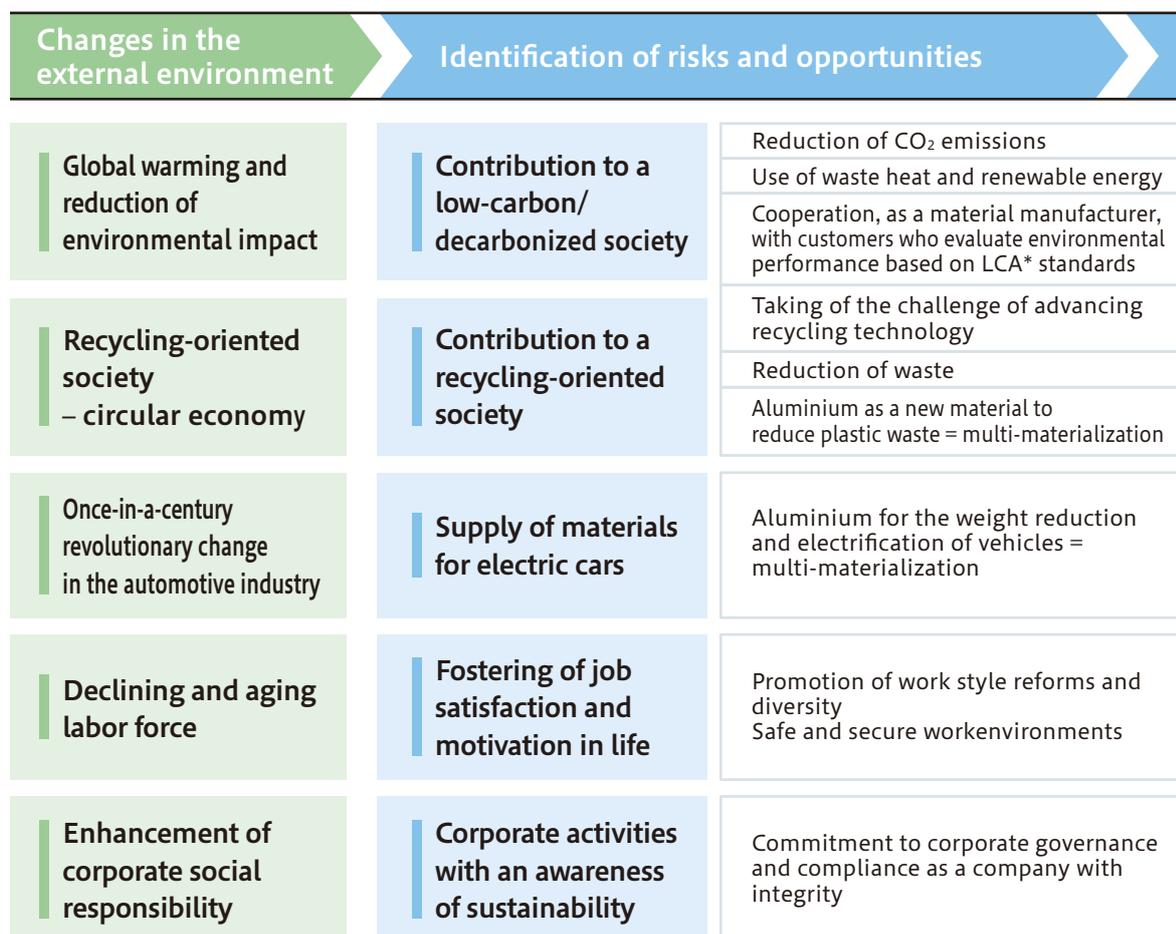
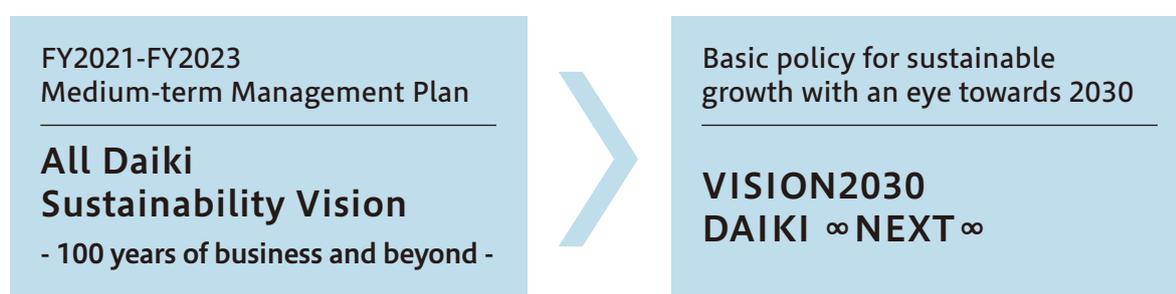
President & Representative Director & Executive Officer

Long-term Vision And Medium-term Management Plan

The Daiki Aluminium Group determined materiality (important issues) in the course of formulating its medium-term management plan.

In determining materiality, we established five pillars of materiality to focus on, assuming impacts (risks and opportunities) of changes in the external environment expected by 2030 on our Group's business activities.

The five pillars were approved by the Board of Directors along with the medium-term management plan after numerous discussions, and for each action plan, a report will be made over time from now on while implementing the PDCA cycle



*LCA (life cycle assessment): a method of quantitatively assessing the environmental impact of the whole life cycle of a product or service (extraction of resources → production of raw materials → production of products → distribution and consumption → disposal and recycling)

Process for determining materiality

STEP1 Identification of changes in the external environment and of risks and opportunities

We examined changes in the external environment expected in 2030 and risks and opportunities they may entail for our Group's business activities.

STEP2 Examination of potential materiality issues

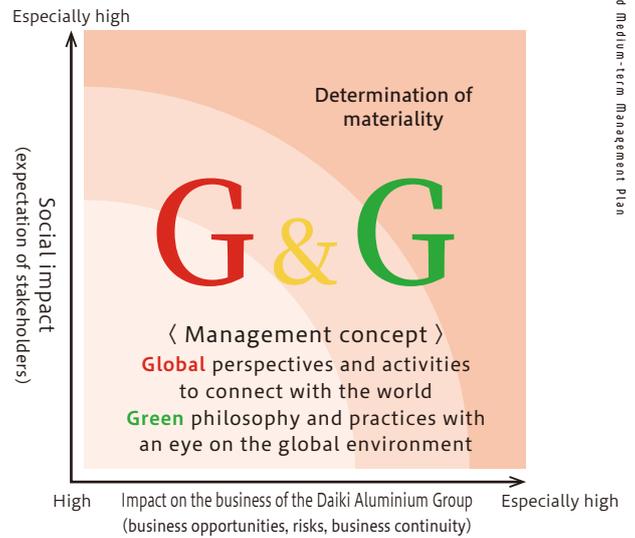
Based on the risks and opportunities in STEP 1, we examined the issues (materiality) to be addressed to achieve our desired future image and ideal state in 2030 for each business segment and local segment.

STEP3 Determination of materiality

We assessed the level of importance of potential materiality issues identified in STEP 2 from two perspectives, importance for stakeholders and importance for the Daiki Aluminium Group, and determined those that should be prioritized.

STEP4 Management approval

We determined five materialities, the five pillars, for the Daiki Aluminium Group through discussions at management meetings and with the approval of all directors, including outside directors, at a Board of Directors meeting.



Desired future image in 2030 >>> Determination of materiality – five pillars

Pillar	Main points	Status of the activities	Corresponding SDGs/ESG
<p>■ Contribution to a recycling-oriented society and carbon neutrality</p> <ul style="list-style-type: none"> Reduction of CO₂ emissions by 25% (from FY2019 level) Use of recycled alloys Development and supply of materials for electrification parts and large parts Establishment of recycled material sorting techniques and systems Establishment of a scrap collection-to-product recycling loop 100% recycling of waste generated in manufacturing processes 	<p>I Strengthening of the management base</p> <ul style="list-style-type: none"> Investment in growing fields Development of recycled material markets for hybrid, electric, and fuel cell cars Effective use of management resources - JV/M&A and risk-taking strategies - Strengthening of scrap collection systems by establishing a raw material supply chain Restructuring of overseas strategies Strengthening of the die casting business Establishment of a new production system Improvement of corporate value and strengthening of our financial base Solid and sound management structure 	<ul style="list-style-type: none"> ○ Page ○ 23 ● 25-26 	
<p>■ Company where people can work for a long time and feel rewarded</p> <ul style="list-style-type: none"> Provision of safer work environments = promotion of defensive digital transformation Construction of more efficient work environments = promotion of offensive digital transformation Creation of environments where diverse human resources can play an active role Empowerment and management participation of women and "glocal" human resources 	<p>II Taking on the challenge of creating an advanced recycling-oriented society</p> <ul style="list-style-type: none"> Establishment of technologies and systems to sort recycled materials Establishment of a horizontal recycling system 	<ul style="list-style-type: none"> ○ ○ 	
<p>■ Harmonious coexistence with local communities</p> <ul style="list-style-type: none"> Interaction with local communities and contribution to them Creation of jobs in rapidly growing emerging countries 	<p>III Conservation of the global environment</p> <ul style="list-style-type: none"> Reduction of CO₂ emissions in production and distribution processes Elimination of waste generated in manufacturing process Elimination of smoke and odors 	<ul style="list-style-type: none"> ● 17-19 ● 20 ● 20 	
<p>■ Stakeholder-centric corporate management, creation of corporate value, and solid, sound, and highly transparent management</p>	<p>IV Contribution to local communities and society and their development</p> <ul style="list-style-type: none"> Creation of jobs and contribution to local communities in rapidly growing emerging countries Interaction with surrounding areas and contribution to them 	<ul style="list-style-type: none"> ● 24 ● 	
	<p>V Development and effective use of human resources</p> <ul style="list-style-type: none"> Promotion of "glocalization"* Provision of safe working environments and prevention of occupational accidents Promotion of diversity <p>*Glocalization: globalization + localization</p>	<ul style="list-style-type: none"> ● 23 ● 21-22 	

● Currently being implemented ○ To be realized or achieved by 2030

Environment

For conservation of the environment, resources, and energy, we carry out environmental management system activities and a variety of other efforts.

For detailed environmental measurement data and our initiatives, please see the detailed data at the website below.

URL <https://www.dik-net.com/sustainability-report/>



Environmental policy

Basic philosophy **Contribution to global environmental, resource, and energy conservation through recycling**
Through our aluminium recycling and smelting business activities and provision of valuable products, we will contribute to the development of society and promote continuous improvement for conservation of the global environment.

- Basic policies**
1. To promote global environmental conservation activities, we will establish and operate an organization that can act on a company-wide basis.
 2. We will accurately identify the environmental impacts of corporate activities, set environmental targets and action targets to the extent technologically and economically possible, and seek continuous improvement for the conservation of the global environment.
 3. In addition to compliance with environmental laws, regulations, accords, etc., we will establish our own standards and continuously work to achieve even higher targets.
 4. In all business areas of the company, we will promote reduction of the use of hazardous materials, the conservation of resources and energy, and the reduction and recycling of waste.
 5. We will provide environmental education to all employees and raise their environmental awareness to enhance their understanding of the environment and encourage them to actively participate in environmental activities.
 6. We will conduct environmental audits to check our activities and work to maintain and improve our level of environmental management.
 7. We will inform all employees of the progress of implementation of our environmental conservation activities and also publicly disclose it as required.

Environmental management structure

Each of our plants has established an environmental management structure as illustrated in the diagram on the right. Fiscal 2021 was the fifth year after we transitioned to the new ISO 14001 standard, and we underwent maintenance (every year) and renewal (every three years) audits during the period. Our understanding and mastery of the certification requirements are sufficient to develop new activities. Each plant has obtained the certification, and each of them holds an ISO (EMS*1) Committee meeting every month to check on its progress in the management plan for the year and discuss new initiatives considered to be necessary. In addition to external audits by a certification body, internal environmental audits*2 are implemented every year, and environmental activities are implemented to create an upward spiral in the environmental management structure of the entire Daiki Aluminium Group.

We will also implement activities for a further upward spiral this fiscal year.

■ Environmental management structure



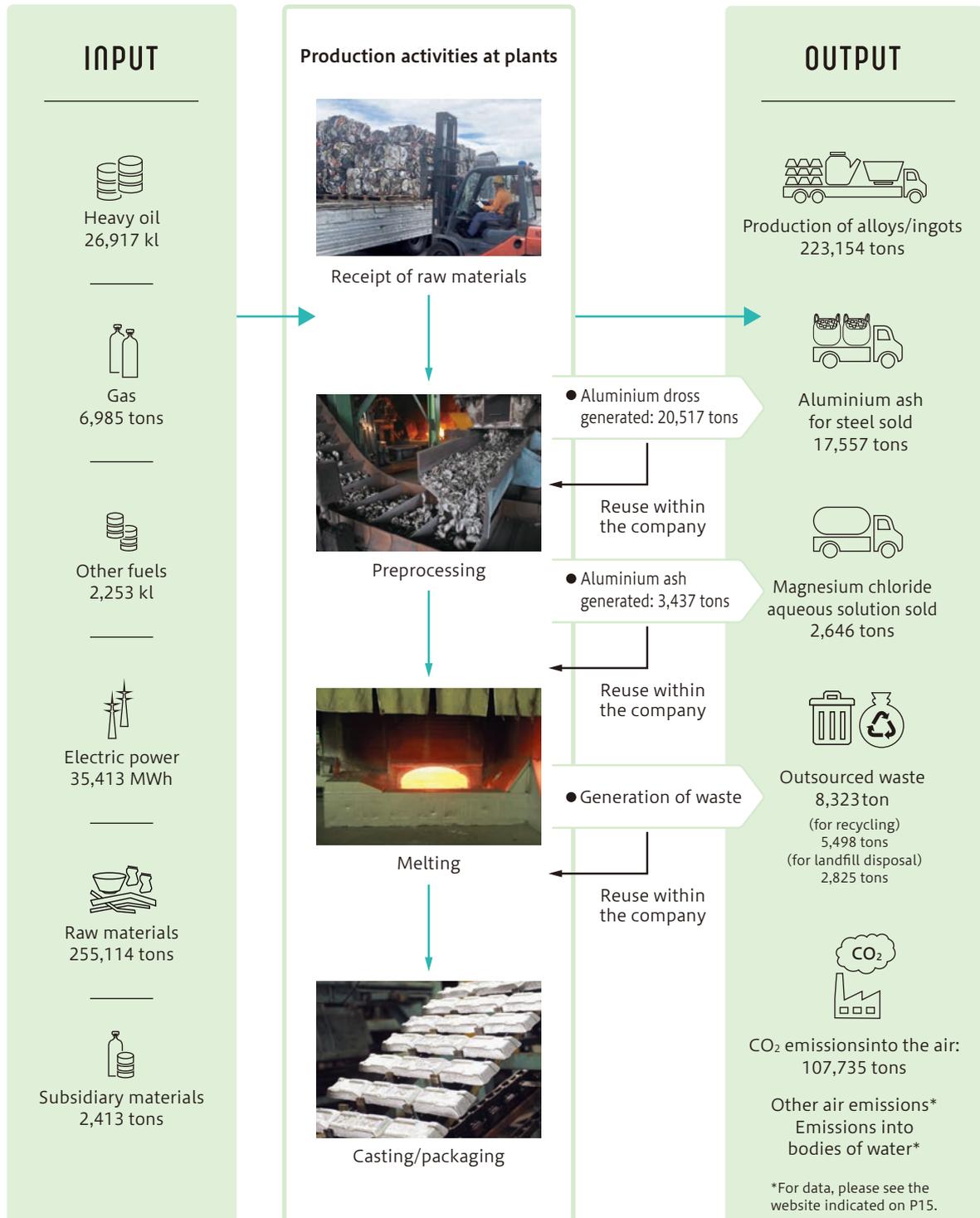
*1 EMS: environmental management system

*2 Initiatives in which plants perform mutual checks of each other's facilities to identify problems

Flow of materials

In our production activities, we actively engage in activities to conserve the global environment, including the reduction of CO₂ emissions and the control of exhaust gas and wastewater. We also recycle waste to create new value.

(Sites included in the data: among our domestic bases, Kameyama Plant, Shiga Plant, Shinshiro Plant, Yuki Plant, and Shirakawa Plant)

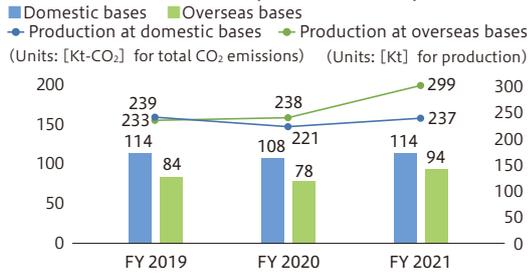


Environmental performance

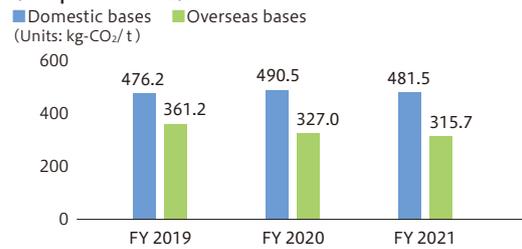
Pillar III Reduction of CO₂ emissions in production and distribution processes

We actively promote the reduction of energy consumption to make effective use of limited resources. (Sites included in the data: domestic and overseas bases involved in the alloy business)

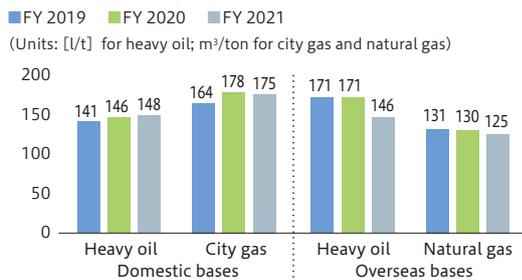
Total CO₂ emissions from production (Scopes 1 and 2)



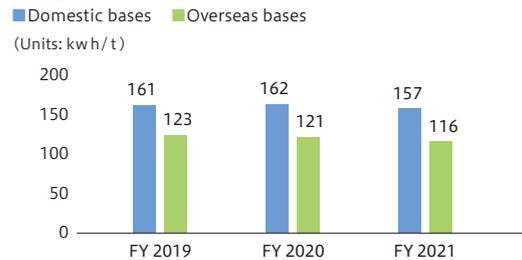
Per-unit CO₂ emissions of production by year (Scopes 1 and 2)



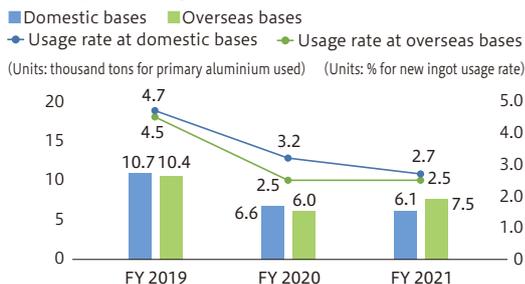
Heavy oil, city gas, and natural gas used per ton of production (Scope 2)



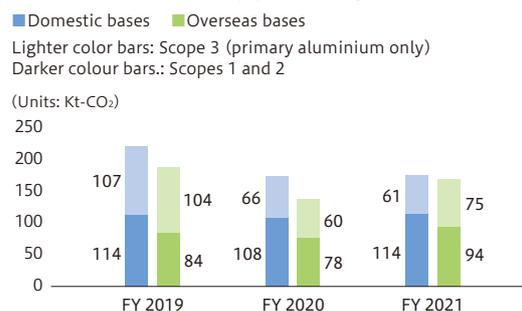
Power consumption per ton of production (Scope 2)



Primary aluminium used and new ingot usage rate by year (Scope 3)



Total CO₂ emissions by year (Scopes 1-3)



As measures to reduce CO₂ emissions, the Daiki Aluminium Group implements measures related to both production processes (Scopes 1 and 2) and the raw materials used in them (Scope 3). The total CO₂ emissions of production increased by approximately 12% from the previous fiscal year in fiscal 2021. This was mainly attributable to a 16% year-on-year increase in production (with the start of new production activities in India).

On the other hand, the per-unit CO₂ emissions of production decreased by approximately 4.1% from the previous year. Although we have been promoting energy-conserving measures, such as the improvement of equipment and operations at our bases, it was only a slight decrease due to the operation of inefficient equipment to respond to rapid fluctuations

in production volume and increased energy consumption for preprocessing of raw materials to facilitate recycling.

As a Scope 3 initiative, we are also focusing on the reduction of CO₂ emissions by reducing the use of primary aluminium. Large amounts of CO₂ are emitted during smelting and transportation of primary aluminium (10 tons CO₂ per ton of primary aluminium), and reduction of their use greatly helps reduce CO₂ emissions on a global scale.

In fiscal 2021, the use of primary aluminium was reduced by 7,529 tons compared with our base fiscal year (fiscal 2019), leading to a reduction in CO₂ emissions of 75,290 tons CO₂.

We will continuously work to reduce CO₂ emissions in all areas of Scopes 1, 2, and 3.

*The results presented above include information for our consolidated subsidiaries in Japan and overseas.

Conservation of the global environment

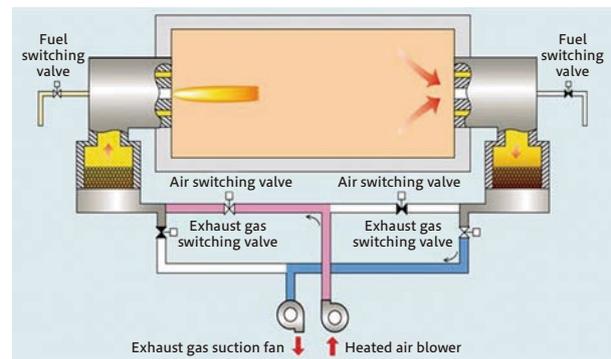
Pillar III Reduction of CO₂ emissions in production and distribution processes

Promotion of energy conservation in connection with the renovation of a holding furnace at Kameyama Plant

Kameyama Plant took the following energy-conserving measures in connection with the renovation of its No. 1 holding furnace.

1 Introduction of regenerative burners into the holding furnace

Instead of conventional high-pressure burners, we introduced regenerative burners into the holding furnace for the first time at a domestic plant. A regenerative burner is a type of burner that makes effective use of the exhaust heat from a melting furnace, and it can reduce the use of heavy oil by more than 30% compared with a conventional burner.



Mechanism of a regenerative burner

2 Furnace sealing

Although materials were previously charged via an open well, the furnace was converted into a sealed type with a structure that allows charging of materials via a charging door. This prevents the dissipation of heat via an open well, conserving energy and improving the working environment in front of the holding furnace.



Holding furnace before renovation



After renovation

3 Use of high-performance insulation materials and heat insulation paint

Although general insulation materials were previously used for the furnace, high-performance insulation materials with low thermal conductivity (photo 1) were employed for the furnace interior this time. At the same time, heat insulation paint (photo 2) was applied as the surface paint for the furnace to enhance its energy-conserving performance.



Photo 1: High-performance insulation material

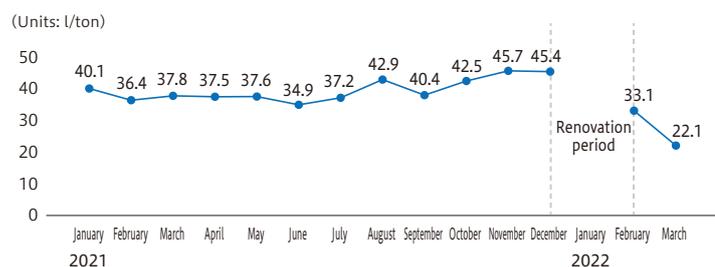


Photo 2: Heat insulation paint

By implementing measures 1, 2, and 3 at the time of renovation, the per-unit use of heavy oil for the holding furnace was reduced by approximately 45%. The perceived temperature in front of the holding furnace is also lower, improving the working environment.

We will continue to work actively to conserve energy.

Per-unit use of heavy oil for the holding furnace at Kameyama Plant



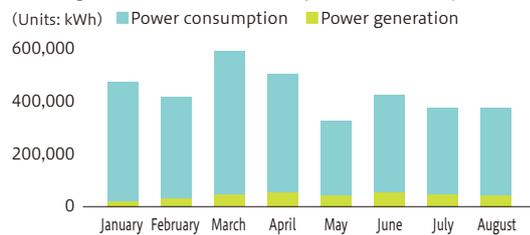
Pillar III Reduction of CO₂ emissions in production and distribution processes

Start of solar panel power generation at Seishin Seisakusyo

Solar panel power generation started in December 2021. All of the electricity generated is consumed internally, covering approximately 8% of the company's annual usage. Numerically, this is equivalent to a reduction in CO₂ emissions of 165 tons per year. All the employees of Seishin Seisakusyo will make concerted efforts to help realize a sustainable society.



Power generation and consumption in 2022 by month



Solar panel power generation accounts for more than 20% of power consumption some days and has a cost advantage.

Solar power generation plans of the Daiki Aluminium Group

Applicable bases	Domestic bases				Overseas bases							Total
	Seishin Seisakusyo	Shiga Plant	Shirakawa Plant	Technical Center	Seishin (Thailand)	DAT No. 1 Plant	DAT No. 2 Plant	DAI	DAP	DAH	DAM	
Introduction schedule	Introduced in FY 2021	FY 2022			FY 2022	FY 2023					Under consideration	
Solar panel capacity (kW)	455	235	1,000	50	216	139	405	893	142	2,255	120	5,909
Annual power generation (thousand kWh/year)	430	236	1,094	47	298	193	570	1,314	197	1,582	184	6,146
Annual reduction of CO ₂ emissions (t CO ₂ /year)	199	109	505	21	95	62	342	815	97	981	59	3,286

Introduction of electric forklifts

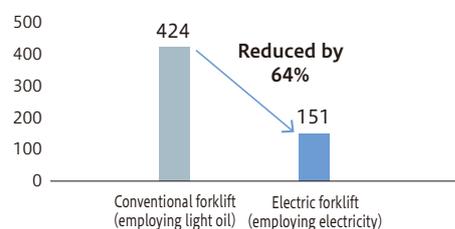
As an initiative to reduce CO₂ emissions, some departments conducted tests of the introduction of battery-powered electric forklifts for the forklifts used at each plant.

Plant	Comparison of CO ₂ emissions		
	Conventional forklift (using light oil; kg CO ₂ /month/unit)	Electric forklift (using electricity; kg CO ₂ /month/unit)	CO ₂ emissions reduction effect (kg CO ₂ /month/unit)
Kameyama	190	62	-127
Shiga	486	188	-297
Shinshiro	195	116	-79
Yuki	646	199	-447
Shirakawa	605	188	-416
Average	424	151	-273

Although the tests introduced only a single forklift at each plant, an average CO₂ emissions reduction effect of approximately 64% was achieved, as shown in the graph on the right. We will continue to increase the number of electric forklifts to reduce our CO₂ emissions.

Comparison of CO₂ emissions

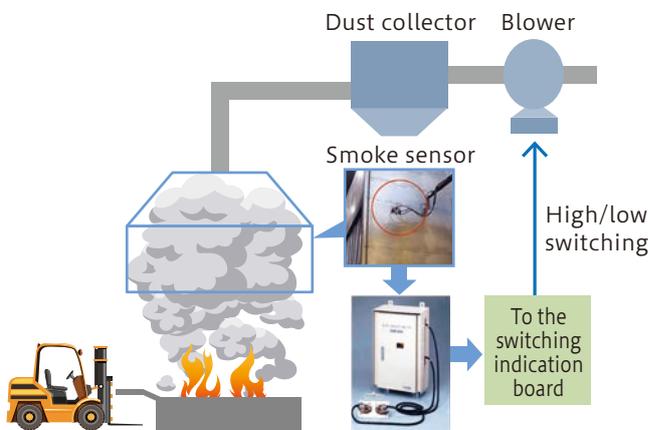
(Units: kg CO₂/month/unit)



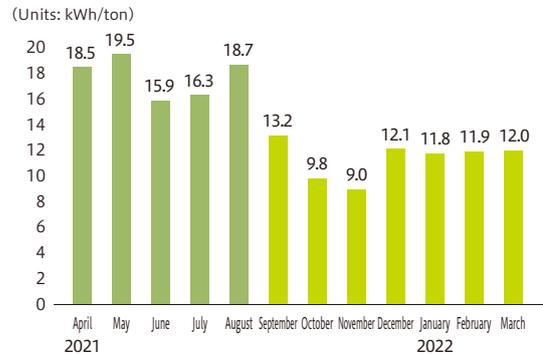
Pillar III Elimination of smoke and odors

Automation of airflow switching in a black smoke dust collector

In September 2021, an automatic dust collection airflow switching system using a continuous dust monitoring device, which had been effective at Shirakawa Plant in the previous fiscal year, was introduced at Shiga Plant. Automation has enabled operation with an appropriate dust collection airflow at all times for the amount of smoke generated. This has also prevented inefficient operation due to forgetting to switch the airflow by conventional manual control, leading to a reduction in power consumption. This system will also be introduced into other plants one by one.



Change in black smoke dust collector power consumption by month



Pillar III Elimination of waste generated in manufacturing processes

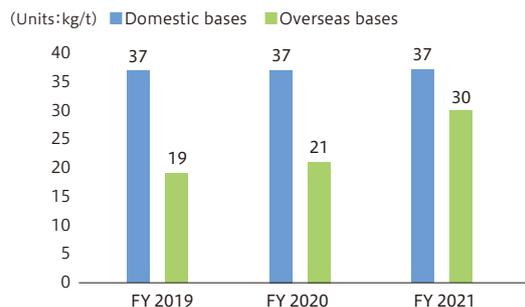
Reduction of per-unit waste generation and improvement of the recycling rate

The Daiki Aluminium Group (in Japan and overseas) takes measures to reduce the amount of waste generated from plants, including reduction of the volume and reuse of the dust collected from dust collectors within the company, recycling of aluminium dross (as deoxidizer for steel, etc.), and recovery of magnesium chloride from ash generated in aluminium refining processes.

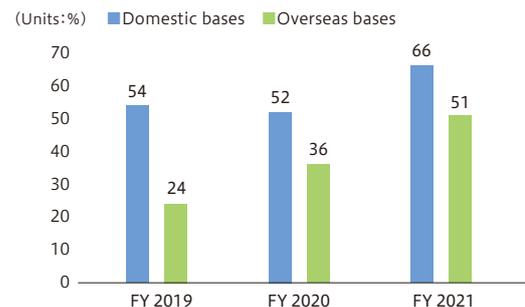
Furthermore, even when outsourcing waste disposal, we strive to increase the waste recycling rate by preferentially selecting discharge destinations that lead to recycling after treatment.

* The handling of waste at overseas bases is in line with the handling of waste items in Japan.

Per-unit waste generation



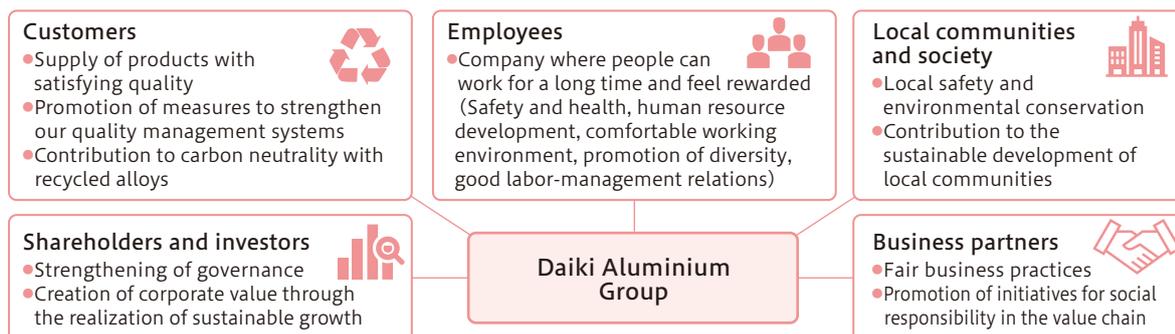
Waste recycling rate



Society

Engaging in dialogue with all stakeholders and building relationships of trust with society, we will contribute to the realization of a sustainable society through our business activities.

Stakeholder engagement

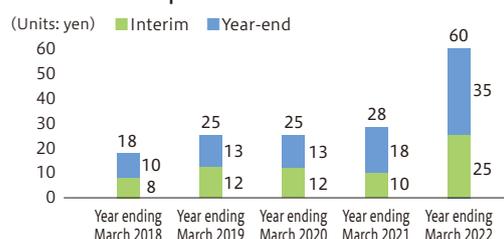


Initiatives for shareholders and investors

Based on our solid and sound management system, we disclose our business and financial conditions and results in a timely and proper manner to realize corporate accountability.

We aim to maintain the long-term stability of dividends as a basic policy for shareholder returns.

Annual dividend per share



Initiatives for employees

Respect for human rights

Based on ethical norms, we recognize that respect for human rights is an important social responsibility that we must fulfill, and we will act in accordance with the following action guidelines.

<Prohibition of discrimination>

Our officers and employees shall respect human rights and shall not subject others to discrimination or harassment on the basis of nationality, race, ethnicity, gender, age, religion, creed, social status, or disability.

<Equal employment opportunities and comfortable working environments>

Our officers and employees shall ensure equal employment opportunities and maintain healthy and comfortable working environments.

Pillar V Promotion of diversity

Initiatives for diversity

We actively and continuously recruit and promote diverse human resources. While we are working on the promotion of globalization and diversity as materialities in our mid-term management plan, we recognize that the ratios of women and non-Japanese employees among our core personnel are insufficient. We will therefore strive to develop human resources and improve the internal environment to increase their ratios.

As of March 31, 2022

Basic data (staff)		Male	Female	Total
Non-consolidated	All employees	289	35	324
	Management staff only	35	3	38
Consolidated	All employees	912	327	1,239
	Management staff only	96	18	114

<Reemployment system>

We have introduced a system to reemploy retired employees who wish to continue working, until they reach the age of 65 in principle. As of March 31, 2022, 22 people have been reemployed, accounting for approximately 6% of all employees.

<Intragroup transfer system>

We accept intragroup transferees from Thailand, Indonesia, and the Philippines to our plants in Japan and strive to provide technical guidance and opportunities for exchanges. As of March 31, 2022, there are 48 intragroup transferees.

Pillar V Promotion of diversity

Initiatives for human resource development

We are working on the development and effective use of human resources as a materiality set in our medium-term management plan. To make more effective use of them in the future, we will strive to improve our human resource development and internal environments.

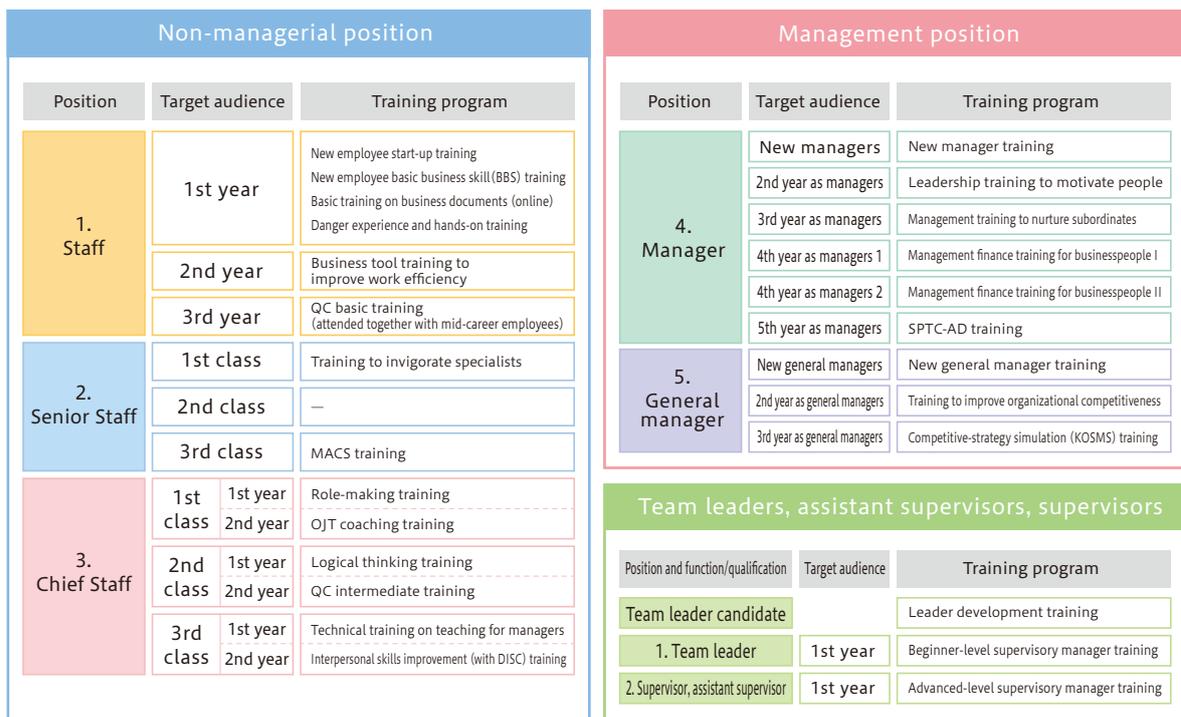
<Position-based training program>

We launched a new training system in fiscal 2022 with the aim of realizing human resources and organizational development that create the future.

The new training system mainly comprises face-to-face training and aims to stimulate exchanges with employees of other bases of the Group and communication between superiors and subordinates.

With the three years from fiscal 2022 to fiscal 2024 set as the transition period for the training system and the period from 2025 onwards as the period in which it will be firmly established, we will operate the training system so that all employees have access to training opportunities.

Training system diagram



Initiatives for QC activities

We have been conducting QC circle activities since 1982 for self and mutual development as well as quality control and quality improvement. Each circle suggests ideas for management and improvement of the workplace, and the circles that win the preliminary rounds at their respective bases make presentations to all bases at a company-wide convention.

In 2021, the event was broadcast to 32 bases, including overseas bases, in an online conference format in which case studies were presented and opinions were freely exchanged.

We will continue to carry out activities with the participation of all employees.



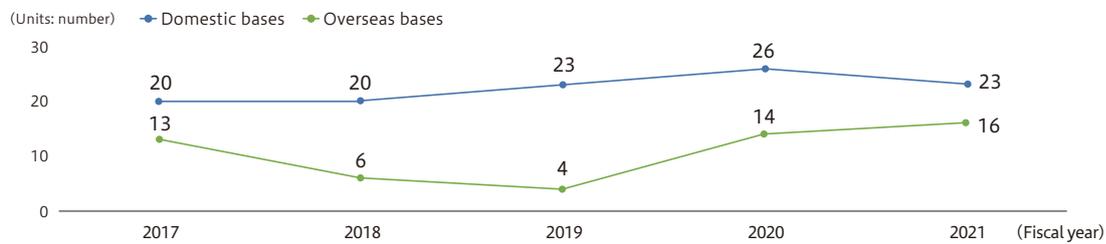
Pillar V Development of safe working environments and prevention of occupational accidents

Initiatives for safety and health and comfortable working environments

The Daiki Aluminium Group strives to create safe working environments and prevent occupational accidents. In fiscal 2021, we had 23 occupational accidents (7 with lost workdays and 16 without lost workdays) at domestic bases and 16 occupational accidents (10 with lost workdays and 6 without lost workdays) at overseas bases. Although the total number decreased by 1 compared with the previous fiscal year, the total number of occupational accidents was still high.

By accident type, the rates of burn and crush accidents, which have historically accounted for a high number of occupational accidents, are still high. We will further enhance our daily checks for unsafe conditions in plants, as well as other initiatives, such as company-wide safety patrols in which patrols are performed at bases together with representatives from other plants or bases and remote patrols jointly conducted by overseas bases. In the future, we will also promote the automation of equipment to prevent accidents and disasters.

Occupational accidents by year (accidents with lost workdays + accidents without lost workdays)



Pillar I Establishment of a new production system

Automation of equipment (automatic adjustment device for the volume of molten aluminium)



As part of our efforts to establish a new production system, we introduced an automatic adjustment device for the volume of molten aluminium on a trial basis for the No. 2 furnace of Kameyama Plant. While the volume of molten aluminium, which affects the per unit weight of products, has conventionally been adjusted manually based on visual checks by workers, linking the actuator to a surface sensor enabled the volume to be adjusted automatically. We will make further improvements in the future to automate production processes and create safe working environments for workers.

Initiatives for customers

I Basic approach to quality

Better products and services at better prices, a management policy of our company, is our basic stance. To ensure the quality of our products and services (safety, suitability, and reliability) as required, we have established a quality management system committee in each base and conduct quality control according to international certification.

Basic policies

- Aiming to improve customer satisfaction, we will pursue quality and cost performance and earn the trust of customers while improving the quality of all aspects of our work and continuously providing products and services that appeal to customers.
- We will continue to pay the utmost attention to harmony with society from the perspective of the global environment.
- We will enhance our organizational vitality and eliminate stagnation in all aspects through the activation of our employees.

■ Quality management structure



Initiatives for suppliers

I Participation in the “White Logistics” promotion movement

The “White Logistics” promotion movement is a movement in response to the growing shortage of truck drivers that aims to contribute to economic growth by ensuring the stable distribution of goods necessary for people’s lives and industrial activities. In 2019, we agreed to the essential items of the “Declaration of Voluntary Action” for the realization of sustainable logistics and expressed our support.



Action policy

Recognizing that securing the sustainable and stable logistics necessary for business activities is a management challenge, we will work to improve logistics based on mutual understanding and cooperation with suppliers, logistics companies, and other interested parties for the realization of more productive logistics and work style reforms.

Consideration for legal compliance

We will give the consideration required to ensure that the logistics companies used by our suppliers are able to comply with laws and regulations related to labor or truck transportation business, including appropriate responses to reviews of contract and transportation details in cases that may lead to violations of laws or regulations.

Clarification of contract details and compliance

We will clarify the details of contracts related to transportation, loading and unloading, and services other than transportation, such as inspections, and strive to comply with them by cooperating with suppliers, logistics companies, and other interested parties.

Initiatives for local communities and society

Pillar IV Creation of jobs and contribution to local communities in rapidly growing emerging countries

I Activities to contribute to local communities



Daiki Om Aluminium Industry (Philippines) donates clothing, daily necessities, and other items to children’s homes and nursing homes for the aged in the local area. Through such activities, we communicate with local communities.



Governance

To achieve sustainable growth and improve corporate value, we will establish a solid and sound management structure and work to strengthen governance.

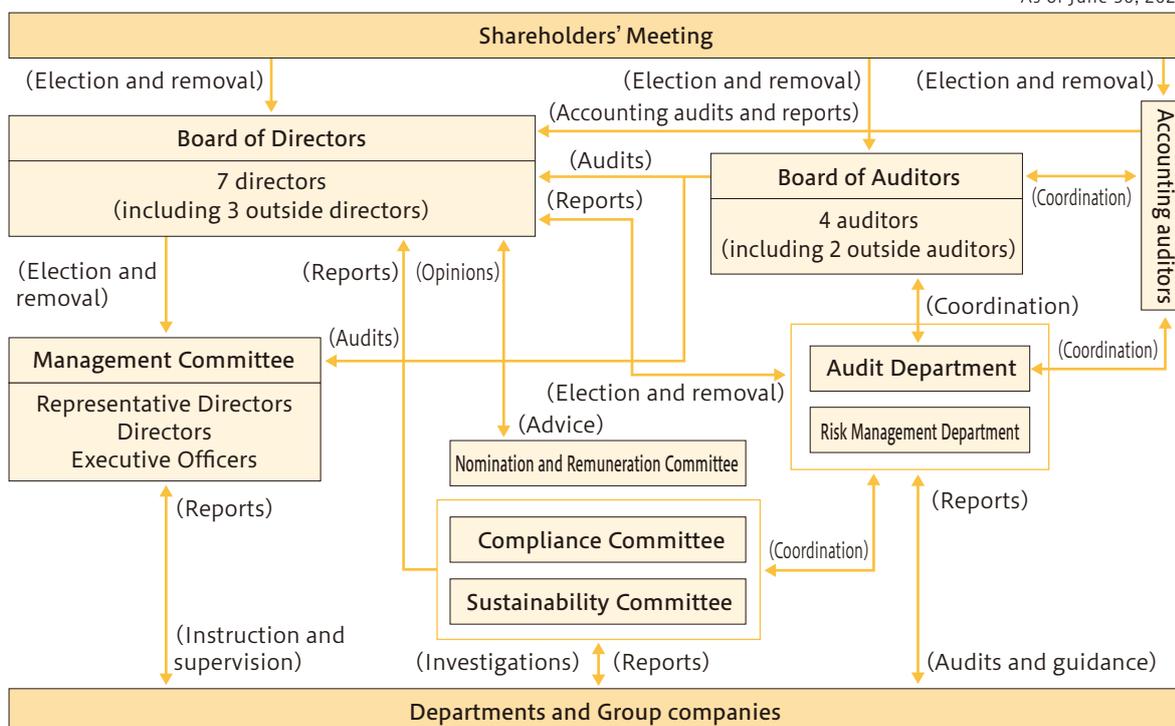
Initiatives for corporate governance

Pillar I Solid and sound management structure

We consider the strengthening of corporate governance to be the most important challenge for business development based on sound corporate management. While striving to establish a well-balanced management structure and strengthen auditing functions, we will make prompt and appropriate management decisions and strive to ensure highly fair and transparent management and execution of business through measures based on compliance (legal compliance).

Structure

As of June 30, 2022



Board of Directors

Our Board of Directors consists of seven directors, three of whom are independent outside directors as required by the rules of the Tokyo Stock Exchange. The outside directors add the perspectives of third parties with a broad range of experience, deep insight and expertise to enhance the fairness and transparency of management. Furthermore, for the election and removal of directors and the determination of officer remuneration, the Nomination and Remuneration Committee, the majority of the members of which are independent outside directors, deliberates and submits opinions.

To clearly separate decision-making and supervisory functions for management from business execution functions, we have also adopted an executive officer system, and we are working to revitalize the Board of Directors and improve the functionality of business execution.

Board of Auditors

Daiki Aluminium has adopted a corporate auditor system. The Board of Auditors consists of four members, two of whom are outside auditors. For management audit functions, we have added internal audit functions of the Audit Department to the audits performed by auditors and accounting auditors. From the perspective of corporate governance, we also conduct adequacy audits, in addition to audits of compliance with laws and regulations related to decision-making for management and business execution, to enhance audit functions.

Skill matrix for directors

The expertise, experience, and skills of each director are listed to effectively and efficiently demonstrate the functions of the Board of Directors.

Name	Position and responsibility	Skills							Independence (outside directors only)
		Corporate management Management strategy	Industry knowledge	Technology and innovation	Risk management Compliance Internal control	Financial accounting	Global	ESG Social contribution	
Takaaki Yamamoto	President & Representative Director & Executive Officer	●	●		●	●	●	●	
Shigenori Hayashi	Vice President & Representative Director & Executive Officer in charge of the Purchasing Department and TQM Promotion Department	●	●		●		●	●	
Kazushi Goto	Director & Senior Managing Executive Officer, General Manager of Overseas Business Coordination Department	●	●	●	●		●	●	
Masao Yamaoka	Director & Managing Executive Officer, General Manager of Production Management Department and General Manager of Risk Management Department and Technical Center	●	●	●	●		●	●	
Morihiko Tatsuno	Director				●		●	●	●
Eishi Isogai	Director				●	●		●	●
Kenji Tani	Director	●	●		●		●	●	●

Committees

<Compliance Committee>

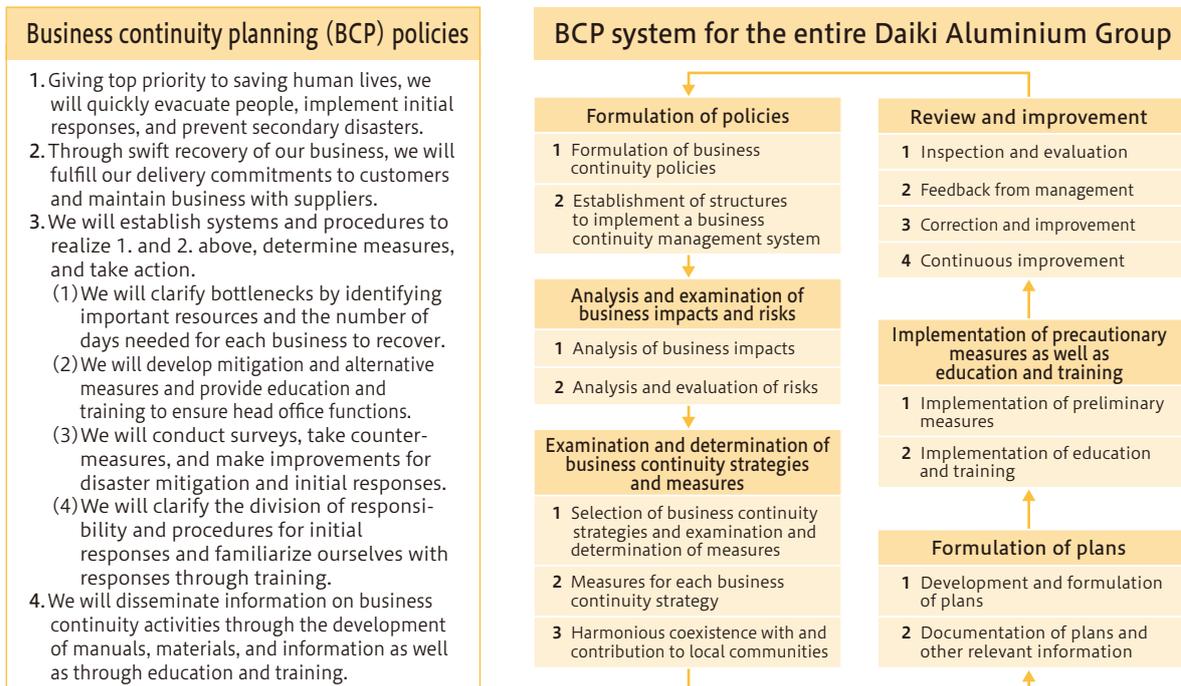
Chaired by the president, the Compliance Committee deliberates on the development of compliance systems and maintenance and improvement of their effectiveness and reports and makes recommendations to the Board of Directors on discussions, decisions, and progress four times a year in principle.

<Sustainability Committee>

Chaired by the president, the Sustainability Committee formulates basic policies on sustainability, deliberates on issues like the formulation of strategies and plans and the setting of indicators to be achieved, and monitors the status of initiatives while also reporting and making recommendations to the Board of Directors.

Business continuity planning (BCP)

We have formulated policies on business continuity planning (BCP) and hold a disaster prevention task force meeting every month to improve, operate, and review the initiatives. We developed a manual summarizing them this fiscal year.





Daiki Aluminium Website

<https://www.dik-net.com/>



Daiki Aluminium Industry Co., Ltd.

Published in November 2022