

Human Rights Due Diligence

Principle and Outline

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Daigas Group is committed to establishing systems in order to respect the human rights of all people affected by the Group's business activities, and proactively disclose its initiatives in this area. Based on the Daigas Group Human Rights Policy, the Group conducts human rights due diligence as part of its efforts to respect human rights and realize business sustainability.

System for Promotion of Human Rights Due Diligence

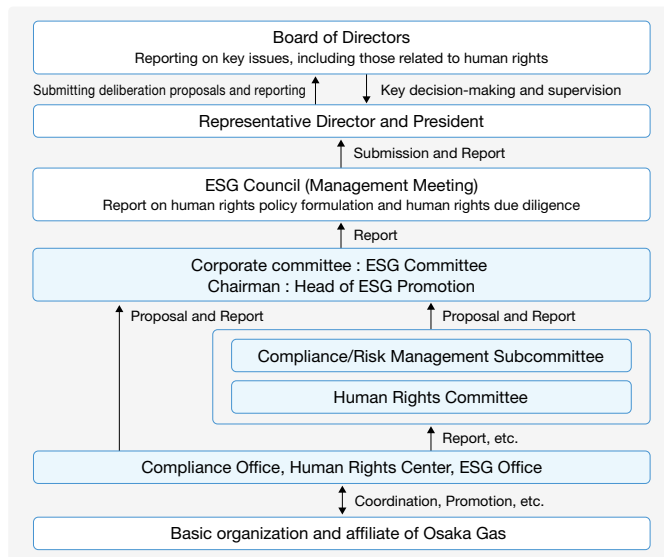
Human rights due diligence is jointly promoted by the Human Rights Center in the Human Resources Department; Compliance Office and the Internal Control Planning Team in the General Affairs Department; and the ESG Office in the Corporate Strategy Department.

The Board of Directors, which makes decisions and supervises other important business activities across the Daigas Group, is responsible for supervising activities aimed at tackling human rights issues and other related issues.

At the ESG Council (Management Meeting), which meets three times a year, officers deliberate on action plans and reports concerning ESG issues, including human rights issues, and report to the Representative Director and President.

The Group also has the ESG Committee, chaired by the Head of ESG Promotion (Representative Director and Executive Vice President), who supervises the Group's sustainability activities, and consisting of the heads of related organizations and other members. In principle, the ESG Committee meets three times a year for cross-organizational deliberation, coordination, and supervision of the formulation, promotion, etc. of plans for human rights due diligence activities.

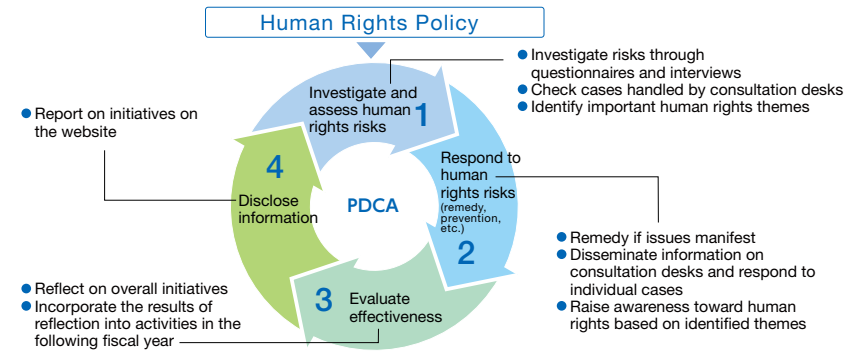
System for Carrying Out Human Rights Due Diligence



Human Rights Due Diligence Cycle

We have built a cycle in which human rights risks that may arise from our business activities are investigated and identified, the identified human rights risks are addressed through corrective and remedial measures, education and awareness-raising activities, etc., and the effectiveness of these measures are evaluated and linked to improved initiatives.

Human Rights Due Diligence Cycle



Results of Initiatives in FY2024.3

Identification of key human rights risks (process)

By reference to the dual axes of the seriousness of each potential human rights infringement and the likelihood of it occurring, we identify key human rights risks that the Daigas Group needs to consider in the course of its business activities and establish a priority order for addressing them.

In FY2024.3, we continued to conduct checks through the “G-RIMS,” a self-inspection tool, a compliance survey of employees to see how well they understood compliance, and questionnaire surveys targeting major business partners of the Daigas Group. In addition, upon receiving opinions from external experts in the previous fiscal year that highly serious human rights issues may occur overseas, we have worked to identify and address human rights risks at our overseas subsidiaries. We undertook efforts to gradually expand the scope of our investigation, including starting to conduct questionnaire surveys targeting major suppliers and conducting on-site audits by adding the confirmation of human rights risks to the existing quality audit framework.

The investigation results showed no serious risks related to human rights.

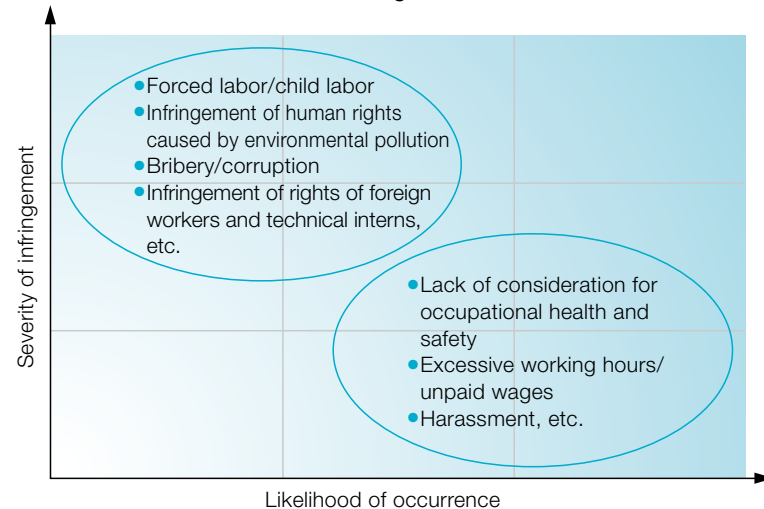
■ Identification Process

1. Confirm the likelihood of occurrence and seriousness of human rights infringements based on the results of the human rights risk investigation and human rights consultations.

2. Conduct a discussion among internal stakeholders and evaluate each item of human rights risks using the matrix shown in the figure below.

3. Consult with experts to identify the Group's significant human rights risks.

■ Matrix Assessment of Human Rights Risks



Identify important human rights themes (assessment)

Based on the FY2024.3 investigation results and cases handled by consultation desks, as well as discussions with experts, we identified important human rights themes that the Daigas Group should consider in the course of its business activities. As a result, no significant changes from FY2023.3 were identified.

Among the human rights risks that may occur in the course of the Group's business activities, 14 items were identified as significant human rights risks. Such risks include forced labor, child labor, and bribery/corruption in the international business, and infringement of the rights of foreign workers or technical interns in the domestic business, in addition to lack of consideration for occupational health and safety, infringement of human rights caused by excessive working hours or unpaid wages, and harassment. We take various measures to prevent and mitigate these risks, under relevant policies and other systems.

In addition, during discussions with experts, recommendations were made regarding the importance of assessing human rights risks by business in the value chain, and continuing to conduct surveys, investigation, and audits in areas identified as those with priority human rights risks. We will continue to consider and respond to such issues.

We also assess human rights risks in new businesses. For example, we investigate the status of legal compliance concerning labor standards and health and safety as part of due diligence for M&A deals. We thus confirm that serious human rights risks do not exist in companies joining the Group.

■ Identified Human Rights Themes and Classification of Entities of Rights

| | | Entity of rights | | | | Relevant policy |
|---|---|------------------|-----------|----------------------------|-----------|---|
| | | Group employees | Customers | Local residents and others | Suppliers | |
| Daigas Group's important human rights risks | Forced labor | ●*1 | | | ● | Daigas Group Human Rights Policy |
| | Child labor | ●*1 | | | ● | Daigas Group Human Rights Policy |
| | Lack of consideration for occupational health and safety | ● | | | ● | Occupational health and safety |
| | Infringement of human rights caused by excessive working hours or unpaid wages | ● | | | ● | Occupational health and safety |
| | Discrimination on the basis of disability, race, nationality, gender, etc. | ● | | ● | | Daigas Group Diversity Promotion Policy |
| | Discrimination based on one's origin | ● | | ● | | Daigas Group Human Rights Policy |
| | Harassment | ● | | ● | | Daigas Group Code of Business Conduct |
| | Infringement of the rights of foreign workers or technical interns | ●*2 | | | ● | Daigas Group Human Rights Policy |
| | Infringement of rights to privacy | ● | ● | ● | | Initiatives to protect personal information |
| | Infringement of the rights of indigenous peoples or local residents | | | ● | | Daigas Group Code of Business Conduct |
| | Human rights problems caused by environmental pollution | | | ● | | Daigas Group Environmental Policy |
| | Defective quality of products or services, and inappropriate provision of information | | ● | | | Daigas Group Code of Business Conduct |
| | Bribery/corruption | ●*1 | | ● | ● | Daigas Group Code of Business Conduct |
| | Procurement of conflict minerals | | | ● | ● | Daigas Group Procurement Policy |

*1 Overseas subsidiaries, *2 Domestic subsidiaries

Consultation Desks for Human Rights

The Daigas Group accepts consultation regarding human rights from not only employees but also customers, the local community, suppliers, and all other stakeholders.

Information on consultation desks is provided to employees through channels such as the intranet and posters and to external stakeholders via our website.

■ Consultation Desks

| | |
|--|---|
| <p>Employees</p> | <ul style="list-style-type: none"> • Human rights promoters are assigned to each organization, including key affiliated companies, as an initial point of contact. • The Human Rights Center provides consultation services (for officers, employees, and temporary employees of all Group companies). • The Compliance Desks accept requests for consultation and reports concerning compliance with laws, regulations, and internal rules (for officers, employees, and temporary employees of all Group companies). |
| <p>Customers, local communities, etc.</p> | <ul style="list-style-type: none"> • Customer Centers accept inquiries. |
| <p>Suppliers</p> | <ul style="list-style-type: none"> • Consultation and reports are accepted at the consultation/reporting desk on the website. |

