

Basic Policy

Daido Steel views corporate governance as one of the key issues for management in today's rapidly changing business environment. We strive to increase management efficiency, accelerate and improve decision-making, and ensure management transparency.

In addition to determining the Daido Steel Group Management Philosophy and Guidelines, the Company has also established the Daido Steel Corporate Code of Ethics to clarify its responsibilities as a corporation that contributes to society. Through these measures, the Company endeavors to maintain its foundation as a corporation that is open to society.

Governance System

Daido Steel uses an Audit & Supervisory Board system. By using a system that supervises and oversees business execution through a Board of Directors, including two external directors, and an Audit & Supervisory Board, including two external Audit & Supervisory Board members, Daido Steel enhances its corporate governance, optimizes and accelerates decision-making and secures fair and transparent management.

Internal Control System

Risk Management Initiatives

Daido Steel emphasizes risk management and legal compliance in its management. To this end, the Company has set out basic points for risk management in the Risk Management Regulations. In addition, the Risk Management Committee discusses management of projected upcoming and latent risks within the Group.

The Company has appointed a director who is responsible for the Company-wide supervision of risk management and compliance.

The Company has formulated regulations for emergency countermeasures in the event of a major accident or other issue, with the purpose of promptly sharing information with concerned parties, speedy and smooth response to the issue, and minimizing the impact on business activities. The Company disseminated the regulations to all employees and Group companies while determining rules for emergency countermeasures and contact systems with the Group companies. The Company and Group companies also participate in Group CRM study sessions for information exchange and the study of auditing techniques related to risk management, compliance, internal controls and other topics.

Efforts to Enhance Compliance

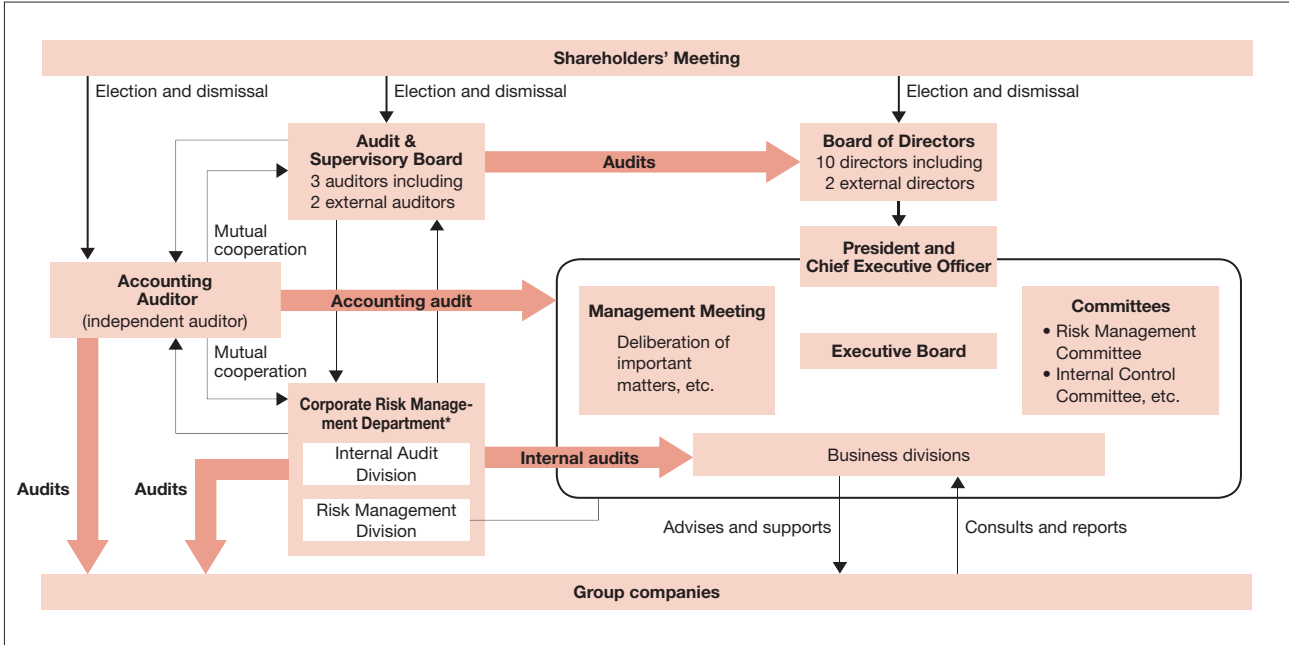
Daido Steel has established the Daido Steel Corporate Code of Ethics and the Daido Steel Code of Conduct, and works to disseminate them to all employees and Group companies. The Company also maintains a hotline for the purpose of consultation and reporting on compliance for employees in charge of risk management and compliance, as well as directors in charge of management, divisions in charge, and outside attorneys.

Efforts to Ensure the Reliability of Financial Reporting

In order to ensure the reliability of financial reporting and enhance the level of response of the Company and Group companies to J-SOX, the Daido Steel Group prescribes the basic points for system improvement and operation in the Internal Control Regulations and has established an Internal Control Committee.

MECHANISM FOR BUSINESS EXECUTION, AUDIT, SUPERVISION AND INTERNAL CONTROL

(As of June 27, 2018)



* As of June 28, 2017, Daido has realigned its organization to strengthen the auditing and risk management operations, and changed the Auditing Department to the Corporate Risk Management Department.

OFFICERS

CHAIRPERSON OF THE BOARD OF DIRECTORS, REPRESENTATIVE EXECUTIVE DIRECTOR



Tadashi Shimaō

PRESIDENT & CEO, REPRESENTATIVE EXECUTIVE DIRECTOR



Takeshi Ishiguro

REPRESENTATIVE EXECUTIVE DIRECTORS, EXECUTIVE VICE PRESIDENTS



Tsukasa Nishimura



Kazuto Tachibana

DIRECTORS, MANAGING EXECUTIVE OFFICERS



Satoshi Yoshida



Susumu Shimura



Takeshi Muto



Hajime Amano

DIRECTORS (OUTSIDE DIRECTORS)



Tadashi Imai



Hitoshi Tanemura

MANAGING EXECUTIVE OFFICERS

Kazuhiko Hirabayashi
Yoshiaki Mori
Hiroataka Yoshinaga

EXECUTIVE OFFICERS

Tomoki Hanyuda
Kimihiro Seki
Hiroshi Matsui
Kunihito Kawanishi
Takaaki Taketsuru
Tetsuya Shimizu
Kazuhiro Toshimitsu
Akihito Kajita

Yuji Noguchi
Toshiaki Yamashita
Tadayuki Kashima
Tatsushi Iwata

AUDIT AND SUPERVISORY BOARD MEMBERS

Toshinori Koike
Shinichi Nishikawa
Kenji Matsuo