

Legal Compliance

Thorough legal compliance meeting society's expectations and requirements

At the Daishinku Group, in addition to the observance of all applicable laws and regulations and internal rules, we ensure to conduct our corporate activities to meet society's expectations and requirements. Moreover, we endeavor to be a corporation whose each and every employee engages in business activities in a fair and sincere manner, winning society's trust, ensuring our continued development, and contributing to realizing a sustainable society.

Compliance Education

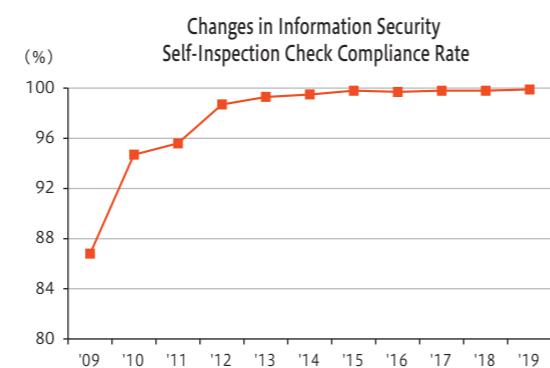
To effectively promote legal compliance in our corporate activities, we believe it is important to educate employees to equip them with the necessary legal knowledge and criteria to serve as a foundation for their conduct and sound and practical decision making in various business situations. We promote various educational programs on legal compliance to raise employee awareness on the importance of compliance and improve their knowledge. These programs are held as a part of our regular personnel development programs, and offered at the time of recruitment, promotion to higher-grade or executive posts, and other milestones.

Information Security

Information security is one of the most important conditions that must be fulfilled to conduct business normally and smoothly. Societal need for information security is expected to grow even more strongly in the future.

To remain a trusted company, the Daishinku Group has established the "Information Security Basic Policy" aimed at protecting our information assets and other related internal regulations and is working on development and improvement of rules and systems for appropriate handling of information.

Further, "Regulations on Cyber Security Measures" have been established to respond to cyberattacks, so that appropriate measures can be taken against cyberattacks, including vulnerability measures, technological measures, personal measures, and threat monitoring. As awareness-raising activities for employees, a periodic information security self-inspection check is implemented to increase awareness, and the results show that the employees' information security awareness is increasing year by year. Since there is a limit to ensuring information security through only technological measures, and awareness of each employee is important, we will continue to develop rules focused on early detection and strengthening of responses, as well as reinforce personal measures through employee education.



Security Export Control

The Daishinku Group will aim to be a company trusted by its customers and society, complying with the Foreign Exchange and Foreign Trade Act and other import and export-related laws established for the purpose of maintaining international peace and security, maintaining an equilibrium in international payments, and sound development of foreign trade and the national economy. We have established the "Export Control Management Regulations," our internal regulations for compliance with export-related laws and notified the Ministry of Economy, Trade and Industry, as well as implemented periodic audits by the Internal Audit Section on the enforcement of such regulations and provide education to related sections to ensure thorough security export controls.

Respect for Intellectual Property Rights

Recognizing that intellectual property (IP) activities are important for a stable continuation of business, we promote active IP activities according to business development. As for the activity to protect our own technologies such as intellectual property, we promote IP activities by adopting either a global strategy to promote global actions according to business development or a closed strategy to keep useful information such as manufacturing know-how confidential based on our mid- to long-term perspectives. In addition, to further promote IP activities, we organize patent incentivizing conferences with the Engineering Department and provide in-house education, as well as strive to improve incentives for inventors through enhancement of our IP-related awards system. Furthermore, we have constructed and operate a supervisory system for the Engineering Department to continuously monitor third-party IP rights to prevent cases of infringement.

Corporate Governance

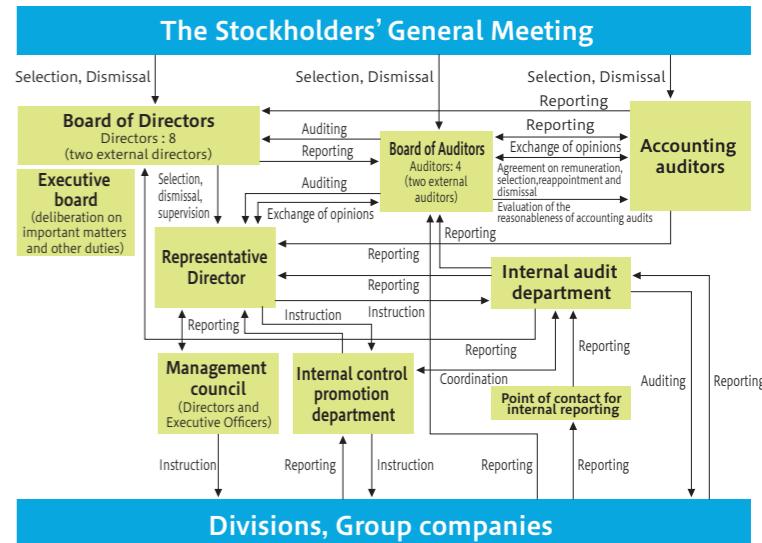
Building a structure of management enabling accurate understanding of the business environment, decision making for rapid and precise responses to changes in the business environment, and lawful and reasonable operation, for globally competitive management that is fair and transparent for stakeholders.

We exert efforts to enhance our corporate value to protect and augment the interests of all stakeholders supporting our corporate activities and to maximize our long-term and continued stockholder value. At the same time, we believe it is essential to reinforce our corporate governance to remain a company that continues to enjoy society's trust. To clarify our structure for, and realize, effective corporate governance, we have established the Daishinku Corporate Governance Guidelines.

(URL:<https://www.kds.info/investors/management-policy/corporate-guideline/>)

Corporate Governance Structure

Daishinku's corporate governance structure basically comprises two entities: The Board of Directors exercises the decision-making right on basic management policies and other important matters and supervises the operational execution of the President and Representative Director. The Board of Directors includes external Directors who are independent of the Company and have specialized knowledge and experience in financial, accounting, or legal areas. The Auditors and the Board of Auditors supervise the operational execution of the Directors. The Auditors supervise the Company's management mainly by attending Board of Directors' meetings and other important meetings at which they present their views from an independent and neutral viewpoint. Furthermore, accounting auditors are appointed to provide accurate information relating to accounting, thereby ensuring an environment in which audits are conducted in a fair and impartial manner.



Messages from New Directors

Based on our corporate motto, "reliance," we consider it our social responsibility to implement the three types of reliance (reliable people, reliable products, and reliable company) into practice steadily. To meet needs for higher precision, we take advantage of our vertically-integrated organization from crystal ore to products to achieve product development, manufacturing technology capability and quality in pursuit of craftsmanship in crystal products. In the manufacturing process, since a large amount of water resources and electric power are used, we aim to further reduce usage to contribute to the development and sustainability of society.

Masashi Kawasaki

Our management philosophy, "Reliance" a policy we offer to all our customers around the world" serves as the cornerstone of our business activities, and we consider that continuing our business activities in accordance with this philosophy will lead us to always be a reliable company for all our stakeholders. Crystal devices are called "salt of industry" and used in various products. Being aware of the weight of responsibility on us, who have significant impact not only on our customers but also on the development of society and the global environment, we will listen to the voices of all our stakeholders and contribute to realizing a sustainable society.

Shimpei Hasegawa

As a sense of crisis regarding the global environment and the sustainability of society is increasing, it is necessary to promote corporate sustainability as well as social responsibility, management responsibility and accountability to society. We are committed to increasing corporate value in order to earn the trust of all our stakeholders, always in consideration of the environment, society and the economy, not only from a corporate perspective, but also based on the opinions and perspectives of all our stakeholders on how to contribute to society.

Toshiro Hiroshima



From left to right, Masashi Kawasaki, Toshiro Hiroshima, Shimpei Hasegawa