

Realize sustainability through the power of “diamond”



# SUSTAINABILITY BOOKLET



Asahi Diamond Industrial Co., Ltd.



# Create new value for society through the power of diamond tools

## Making the impossible possible in society through manufacturing

As a “global diamond tool manufacturer,” our group has adapted to worldwide changes since its founding, supporting the development of society by contributing to manufacturing in various industries.

Marking the 85th anniversary since our founding in 1937, we as a group, together with more than 2,000 employees, conduct manufacturing and sales in 12 countries around the world. Our group provide tools for industrial use using CBN and diamond, said to be the hardest materials in the world. They are used for manufacturing across a broad range of fields, from electronics and semiconductors, to transportation equipments, machineries, stone materials and constructions. Diamond tools, which enable various types of processing, such as cutting, shaving, polishing, and drilling, have continued to make the impossible possible in various industries.

When our company was first founded as a diamond tool manufacturer, foreign products were the mainstream among diamond tools in Japan. Our foresight enabled us to forecast growing demand amid industrial development in the early Showa Era, marking the beginning of our company’s history. Since our founding, every time we faced an opportunity or a crisis, we have sincerely grasped the opportunity or turned

the crisis into a further opportunity. Following the period of rapid economic growth, at times we were faced with unprecedented crises as a company, such as the collapse of the bubble economy, and the collapse of Lehman Brothers. Nevertheless, our main business, diamond tools, has continued to meet the requirements of society through our efforts to change and expand such tools in line with the times.

## Giving back to society by maximizing the value of diamond tools

The diamond tools our group provide can be used for a long time. Generally, diamond tools have lives an order of magnitude longer than other tools. Because they can not only be used for a long time, but can also provide quick and highly efficient processing, using diamond tools leads in turn to energy saving at the manufacturing site. As such, diamond tools have the advantage of contributing to our customers’ efforts to reduce their environmental load and improve productivity.

Recently, many companies have aimed to solve social issues through their business in order to realize a sustainable society. We believe that if the performance of our products improves, we will be able to contribute to our customers’ manufacturing from a wide range of fields, which in turn will

lead to the solution of various social issues. In addition, what is needed in this age of rapid change is innovation. Our company’s tools play an indispensable role and can be a key for innovation.

Our stance of sticking resolutely to diamond will never change. We will continue to be a professional group that realizes various types of application development by expanding the potential of diamond tools. We will continue to take steps as a company that continues to make the impossible possible by fostering workers and polishing our technologies.




Kazuki Kataoka  
President

## Sustainability Policy

In addition to our management philosophy and Charter of Corporate Behavior, our group has set these sustainability policies as basic matters to be practiced and observed by each of our executives and employees so that they can contribute to society, which is the core of all of our business activities. In line with these policies, we will take proper action by ensuring our corporate ethics and compliance toward our group’s future sustainable and healthy development and growth.

<b>Human Rights</b> <ul style="list-style-type: none"><li>- Respect for human rights and prohibition of discriminatory treatment</li><li>- Ensuring and accepting diversity</li><li>- Prohibition of harassment</li><li>- Prohibition of forced labor and child labor</li><li>- Respect for basic labor rights</li></ul>	<b>Society</b> <ul style="list-style-type: none"><li>- Adapting to social demands</li><li>- Community communication and social contribution</li><li>- Terminating relationships with antisocial forces</li><li>- Relationship with politics</li></ul>	<b>Labor Environment</b> <ul style="list-style-type: none"><li>- Compliance with labor laws and regulations</li><li>- Ensuring health and safety</li><li>- Creating a motivating workplace</li></ul>	<b>Global Environment</b> <ul style="list-style-type: none"><li>- Compliance with environmental laws and regulations</li><li>- Conservation of the global environment</li><li>- Contributing to a society that coexists with nature</li></ul>	<b>Customers and Business Partners</b> <ul style="list-style-type: none"><li>- Prohibition of bribery</li><li>- Moderate entertainment, gifts and invitations</li><li>- Partnerships</li></ul>	<b>Products and Services</b> <ul style="list-style-type: none"><li>- Understanding and observing rules relating to quality</li><li>- Ensuring safety and reliability</li><li>- Providing products and services from the customer’s perspective</li></ul>	<b>Fair Trade and International Transactions</b> <ul style="list-style-type: none"><li>- Fair trade</li><li>- Prohibition of abuse of superior bargaining position</li><li>- Respect for code of conduct in international transactions</li><li>- Compliance with import/export-related laws and regulations</li><li>- Non-use of conflict minerals</li></ul>	<b>Information Disclosure</b> <ul style="list-style-type: none"><li>- Timely and appropriate information disclosure</li><li>- Ensuring the appropriateness of financial reporting</li><li>- Ensuring the appropriateness of tax filing</li><li>- Prohibition of insider trading</li></ul>	<b>Asset Maintenance and Management</b> <ul style="list-style-type: none"><li>- Asset maintenance and management</li><li>- Protection of intellectual property rights</li><li>- Appropriate management and use of information</li><li>- Protection of information systems</li></ul>	<b>Obligations of Officers and Employees</b> <ul style="list-style-type: none"><li>- Implementation of compliance</li><li>- Management responsibility</li><li>- Prohibition of acts in conflict of interest</li><li>- Response to violations of laws and regulations</li><li>- Crisis management and business continuity plans</li></ul>
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For details, please see our official website.





# Concepts of Asahi Diamond Industrial Co., and three values we provide

Asahi Diamond Industrial Group's  
Corporate Philosophy

Four commercial  
industries

Social values we offer

## Corporate Philosophy

### Manufacturing excitement through innovation

At Asahi Diamond Industrial Group we are committed to making the impossible possible. We contribute to excellence in manufacturing across all industries, and support the development of society.

In the world of manufacturing, where the pace of technological progress is ever accelerating, tackling complex problems is a daily challenge.

“Every solution starts with innovation”

Our unique technologies and solutions are continuously emerging. This is sparked by the excitement that comes from imagining advancements in the future.

Together with our customers, we strive to enhance manufacturing processes, contributing to the development of society.

## Vision

### One and Only

We are at the vanguard of world change, and shall use our groundbreaking technology and global organizational strength to continue providing products and solutions that only we can make possible

### Eternal Growth

In order to make growth sustainable we establish ourselves as the most trustworthy choice for customers engaged in manufacturing across the globe.

### Job Satisfaction

We strive to be an efficient company, by linking job satisfaction with individual growth while fostering character.

## Values

Challenge

Customer

Cooperation

Character

Speed

Electronics and  
semiconductor  
industry

Transportation  
equipment industry

Machinery industry

Stone material and  
construction industry

## What are the SDGs?

The SDGs (Sustainable Development Goals) are “international goals that aim to create a sustainable and better world” by 2030, which were adopted at the UN Summit in September 2015.



### Contributing to the improvement of manufacturing ability by realizing what was previously impossible

The diamond tools we offer contribute to the improvement of manufacturing productivity through the realization of highly efficient processing with reliable quality.

With its characteristic “hardness,” diamond can be used to cut materials that had previously been impossible to cut, and to polish materials more splendidly than before. To produce results that exceed our customers’ expectations, we need to repeat our development process and tests tenaciously. To this end, we will continue to take up challenges.

Diamond tools not only support manufacturing, but also have the potential to lead the development of manufacturing around the world.



### Contributing to our daily lives by meeting all demands at the manufacturing site

The diamond tools we offer contribute to the manufacture of diverse products, including smartphones, automobiles, and industrial machines. Our diamond tools are used in the manufacturing processes of various products from upstream to downstream, and more efficient and convenient products have been launched onto the market to support not only the industrial world but also the daily lives of all consumers. We believe this success is attributable to our technological strength, our longtime accumulation of technologies, and our continuous human resource development.



### Contributing to the environment through the unique characteristics of diamond

Our diamond tools have the features of a longer life and being able to process products more quickly than other tools. Our ability to provide our customers with a recyclable manufacturing environment that produces less waste is a value that can only be achieved with our company’s diamond tools. Also, their highly efficient processing capability will lead to a reduction in working hours. Each of our tools’ benefits, such as rendering our customers’ manufacturing sites energy-saving and recyclable, may be small, but through their accumulation, we are contributing to the preservation of the earth’s environment.





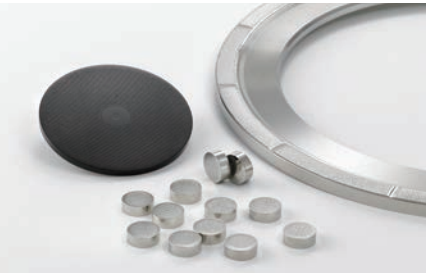
# Our efforts for sustainability

## Efforts for our customers

### Efforts for quality

Our group has built a production system designed to stably provide high-quality products by obtaining ISO9001 certification and establishing production bases in six locations around Japan. Furthermore, we have actively conducted technological exchanges between our bases in collaboration with our overseas production bases.

When a quality problem is found, our manufacturing department identifies the causes according to the manufacturing process in order to improve the quality in cooperation with our technical department.



### Toward improving our customer satisfaction

Almost all of our products are manufactured to order according to our customers' requirements. We believe that providing valuable products for our customers is our most important duty, and that our company's production process extends to our customers' satisfaction post-delivery.

Because of this, in order to meet the diverse needs of our customers, our company provides a technical service whereby our engineers visit our customers to directly inquire about their requests. We have striven to improve our products so that our customers' requests lead to the "development of better products" and the "improvement of our services."



### Efforts for stable supply

We have established a mechanism for stable supply in all processes, from purchasing and production to delivery to our customers after inspection.

For the purchase of raw materials, we have established a mechanism to ensure we only do business with suppliers that we have confirmed their risk conformity to our supplier evaluation, second-party audit, and Green Procurement Guidelines. For items that may become difficult to procure in terms of quality, supply, and price in the future, we purchase them from several suppliers to diversify the risk.

We also ensure thorough management of our manufacturing devices by conducting comprehensive periodic maintenance, in order to maintain their high precision.



### Development of new products

We believe that the significance of our company's product development is to "realize the enhancement of our customers' manufacturing capability and development of the industry through created products."

We have worked on manufacturing products that are continuously recognized and chosen by our customers based on our questions, of what kinds of technologies can realize our customer needs, and what kinds of products can make us useful to our customers.



## Our efforts for employees

### Efforts for safety

We believe that our company's business activities are built on the foundation of our comfortable working environment, namely, a safe, hygienic environment where workers can work in both mentally and physically healthy conditions, and that we are responsible for continuously improving this environment.

Based on the item "ensuring health and safety" in our sustainability policies, we have made continuous improvement by promoting our health and safety activities and solving issues and problems. We have also striven to secure the health and safety of our workplaces by continuously developing safety patrols by the Health and Safety Committee.



### Human resource development / employee education

In consideration that each employee's growth leads to our company's growth, we have made this a policy of our human resource development. By providing hierarchy-specific training in which employees are divided into management, mid-career employees, young employees, and new employees, we support the innovation of our employees' own behavior by learning about the "views and ideas" required for each hierarchy level. Also, by engaging in "job-type-based capacity development" for learning the knowledge and skills required for each occupational category, we support their growth so that they can play active roles in their respective fields.

In recent years, aiming to become a truly global company, we have valued our global relationships by continuously providing joint technical training with our overseas group companies in addition to in-house technical training. In the future, we will also develop experts in diverse fields while maintaining our high expertise.

### Building worker-friendly workplaces

Believing that people should play the leading role in a company, we aim to become a company where employees can experience self-realization by participating in corporate activities. Recognizing the diverse values of our employees, we have provided opportunities without discrimination based on gender, age, nationality, race, religion, or academic background, allowing our employees to display their abilities while making the most of their individuality.

To maintain worker-friendly workplaces where each employee's individuality is respected, Asahi Diamond rewards employees based on a suggestion system, holds workshops designed to improve their work-related knowledge and ability to take action, and shares workplace information through its in-house journal.

## Our efforts for the environment

### Reduction of CO<sub>2</sub> emissions

Our company has obtained ISO14001 certification at all of our plants in Japan after establishing an environmental management system.

We have also promoted the manufacture of environmentally friendly products through the "Green Procurement Guidelines." In our medium- to long-term environmental measures, we have made company-wide efforts to reduce greenhouse gas (CO<sub>2</sub>) emissions, and provide environmental education and conduct awareness-raising activities for employees.

At several of our plants in Japan, we have also striven to reduce CO<sub>2</sub> emissions by installing photovoltaic power generation equipment.



### Efforts to reduce waste

Toward the realization of a recycling-oriented society, our company has made efforts to reduce waste. We have realized environmentally friendly manufacturing not only through the proper disposal of waste but also by promoting recycling.

#### [ Major achievements of our activities ]

- Proper management of the volume of waste solutions by purifying grinding fluid for our processing machines
- Use of reusable shipping cartons when transporting products
- Reduction of paper resources through the use of digital documents

## Our efforts for local communities



### Cultivation of the next generation

Our company also recognizes the promotion of education for the next generation and the promotion of regional symbiosis as our important tasks. We wish to develop human resources who will be involved in manufacturing in the future by conveying the fun of manufacturing to children, who represent the next generation.

### Collaboration with local communities

As part of our social contribution activities and environmental conservation activities, our group periodically conducts cleanup activities around each of our plants. As a member of our respective local communities, we will promote the preservation of local environments by actively engaging in beautification activities.

#### [ Major achievements of our activities ]

- Receiving study tours for social studies of neighboring elementary schools
- Receiving internships
- Cooperation with blood donation
- Greening of plants
- Opening of corporate facilities (such as a baseball ground) for local communities

### Disaster measures

Based on our “Action Policy for BCP / BCM,” our company has established a system mainly handled by the Central Emergency Task Force, to safeguard against the occurrence of a natural disaster, such as a large earthquake, or a large-scale accident, which may cause serious damage to our corporate activities, to ensure the continuation of our business activities or quick recovery from the damage. When a major di-

saster or accident occurs, we first clarify the important business and operations to be resumed quickly. We also assess threats and risks that jeopardize the continuation of our business, and clarify a response plan in the event of an unforeseen situation.

We have also striven to improve our organization’s ability to withstand crises by continuously providing related education and training.

### Corporate Profile



## Asahi Diamond Industrial Co., Ltd.

Established    October 9, 1937  
President      Kazuki Kataoka

Capital        4,102 million yen  
Location      The New Otani Garden Court, 11th Floor, 4-1, Kioi-cho,  
Chiyoda-ku, Tokyo 102-0094, Japan