

■ Medium-term Sustainability Plan Initiatives and achievements in FYE March 2024

	Materiality	Item	Corresponding SDGs	FYE March 2026 Medium-term targets *1	FYE March 2024 Annual targets *1	FYE March 2024 Initiatives and achievements
Environment	Climate change	Response to climate change risks		<ul style="list-style-type: none"> <li>We will disclose to the market the potential financial impact of transitional and physical risks relating to climate change in the period to FYE March 2026.</li> </ul>	<ul style="list-style-type: none"> <li>We will consider the calculation of potential impact and disclosure of risk response costs if carbon pricing is introduced according to TCFD recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Disclosure based on TCFD recommendations &gt;</li> <li>Disclose to the CDP the potential impact of carbon pricing, as well as the capital investment costs needed to address climate-related risks and opportunities.</li> </ul>
		Reduction of greenhouse gas ("GHG") emissions		<ul style="list-style-type: none"> <li>We will reduce CO2 emissions by 38% from the FYE March 2014 level. *2, *3</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with specialized companies to capture the status of next-generation industrial furnace development using CO2-free fuels (hydrogen, ammonia, etc.) and CO2-free fuel supply chain expansion.</li> <li>Reinforce group collaboration to figure out and disclose CO2 emissions for the consolidated scope, including overseas sites.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Collaboration on CO2-free fuels &gt;</li> <li>Commence a joint research with Osaka University on the material impacts of ammonia combustion.</li> <li>Gathered information on the development status of combustion burners using CO2-free fuels</li> <li>&lt; Understanding of CO2 emissions in the consolidated scope &gt;</li> <li>Scope 1 and Scope 2 have disclosed CO2 emissions of consolidated subsidiaries including overseas sites.</li> </ul>
		Efficient energy use		<ul style="list-style-type: none"> <li>We will reduce CO2 emission intensity by 20% from the FYE March 2014 level. *2 *3</li> </ul>	<ul style="list-style-type: none"> <li>Same as above</li> </ul>	<ul style="list-style-type: none"> <li>Same as above</li> </ul>
		Use of renewable energy		<ul style="list-style-type: none"> <li>We will introduce renewable energy in specified business areas by FYE March 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to study the introduction of renewable energy to offices, warehouses, etc.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Study on Introduction of Renewable Energy &gt;</li> <li>Installation of SVC (Static Var Compensator - used to prevent voltage flicker, etc.).</li> <li>The decision to install 3MW-scale solar power generation equipment and system.</li> </ul>
Environment	Resource recycling	Cyclic use of resources		<ul style="list-style-type: none"> <li>We will take up the challenge of reducing general waste emissions to zero.</li> <li>We will improve our industrial waste recycling ratio by 5%.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to conduct environmental education on waste and recycling, and consider specific actions to reduce general waste.</li> <li>Continue to search for new customers to sell valuable resources and consider more efficient processing capacity to further reduce waste.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Environmental Education &gt;</li> <li>During Environment Month, sustainability management and environmental management departments will conduct education on waste disposal and recycling for department managers and responsible personnel from collaborating companies. This aims to reinforce awareness that achieving zero emissions for general waste is a priority issue for the group. (Zero emissions of general waste)</li> <li>The Environmental Management Division of Yamato Kogyo Group will conduct environmental education for recruits and career employees, enriching content on waste disposal and recycling to instill environmental awareness.</li> <li>Promoted classification of general waste and utilization of recycled fuels such as plastics.</li> <li>&lt; Reduction of industrial waste &gt;</li> <li>Promoted waste reduction by implementing intermediate treatment of industrial waste and converting it into recyclable products (4.3% improvement from FY2020).</li> </ul>
				<ul style="list-style-type: none"> <li>We will contribute to the reduction of CO2 emissions by society as a whole by promoting the use of environmentally certified products and supplying products with low CO2 emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Continue our consideration with other industries regarding the possibility of converting waste into valuable resources.</li> <li>Continue to implement marketing activities designed to raise awareness of environmental certification *4.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Consideration of the Possibility of Waste Utilization for Valuable Resources &gt;</li> <li>Conducted PR activities for public offices and various private industries to supply public works projects.</li> <li>&lt; Raising Awareness of Environmental Certification &gt;</li> <li>Implemented environmental certification through external seminars featuring guest speakers.</li> <li>Implemented PR activities to promote our initiatives primarily to general contractors and developers.</li> <li>&lt; Technological Development that Contribute to Overall Societal Reduction in CO2 Emissions &gt;</li> <li>Decision to invest in manufacturing facilities for bio-coke, an alternative to coal coke (Initiatives by industry-academia consortium).</li> <li>&lt; Development of Eco-friendly Products &gt;</li> <li>Development of products that contribute to the reduction of environmental burden by utilizing carbon credits and renewable energy certificates.</li> </ul>
Social	Product liabilities	Ensuring product quality		<ul style="list-style-type: none"> <li>We will reduce the number of complaints by 25% from the FYE 2021 level.</li> <li>As a company that plays an important role in rail and sea transportation, we will maintain the most thorough quality control and continue efforts to reduce serious accidents for which we are liable to zero.</li> </ul>	<ul style="list-style-type: none"> <li>The reduction in the production of blast furnace manufacturers is expected to lead to a further increase in the ratio of large-size products sold to properties. We will focus on improving the quality of large-size products and maintaining quality control standards.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Number of Complaints &gt;</li> <li>Number of complaints improved by 26% (compared to FY2020)</li> <li>Despite an increased sales ratio of large-scale products with high manufacturing complexity, claims due to production processes (including significant defects) have decreased.</li> <li>&lt; Serious Liability Accidents &gt;</li> <li>Maintained zero serious liability accidents of in rail and sea transportation.</li> </ul>
		Strengthening of disclosure to and communication with customers		<ul style="list-style-type: none"> <li>We will clarify the needs and expectations of interested parties and work to improve customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve customer satisfaction by strengthening our quality assurance system, guidance, and education, especially in quality improvement of large products, while continuing to activities based on the ISO9001 quality management system.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Improvement of Customer Satisfaction &gt;</li> <li>The results for quality-related items in the customer satisfaction survey improved from the previous year as the Quality Control Section strengthened the quality improvement and quality assurance system, guidance, and education.</li> </ul>



\*1: Unless otherwise stated, descriptions under these items target iron and steel products business that would have the greatest impact on Yamato Kogyo Group.

\*2: To conform with the Japanese government's reduction targets, we use FYE March 2014 as the base year.

\*3: Scope 1 and 2 total. Because the electric furnace business is characterized by heavy use of electric power, it would be significantly impacted by any change in the generation mix of electric power companies.

\*4: EcoLeaf and Carbon Footprint of Products certification

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	Materiality	Item	Corres-ponding SDGs	FYE March 2026 Medium-term targets *1	FYE March 2024 Annual targets *1	FYE March 2024 Initiatives and achievements
Social	Human resource development	Human resource development		<ul style="list-style-type: none"> <li>We will facilitate the training of our global talent through open communication and regular training updates within the group, and by carrying out job transfers between group companies as well as developing various career paths across groups.</li> <li>We will globally roll out our steel-making technology through the introduction of the latest facilities and operational experience, thereby raising technological capabilities and driving DX across the entire group.</li> </ul>	<ul style="list-style-type: none"> <li>To establish effective human resource strategies and implement human resource development, interviews with employees will also be conducted to establish, disseminate, and improve new personnel, wage, evaluation, and training systems.</li> <li>Aim to strengthen the organization to respond to the accelerated global expansion of the business by expanding the global human resources development program and hiring more career personnel.</li> <li>Create educational opportunities for young employees by strengthening personnel exchange/technological training with overseas group companies, introducing the latest equipment in Japan, and participating in DX promotion projects.</li> </ul>	<p>&lt; System Development and Introduction &gt;</p> <ul style="list-style-type: none"> <li>Implementation, operation, and review of the new HR management system.</li> <li>Implementation of a new HR management system engagement survey, and reflection on measures.</li> <li>Planning and implementation of various systems related to work styles, such as the flextime system and liberalization of dress code.</li> <li>Planning and implementation of various benefit programs such as a cafeteria plan.</li> </ul> <p>&lt; Strengthening Our Organization &gt;</p> <ul style="list-style-type: none"> <li>Yamato Kogyo Group recruited 48 mid-career recruits and 9 new graduates in FY2023 (22 mid-career recruits and 9 new graduates in FY2022).</li> </ul> <p>&lt; Creating Educational Opportunities &gt;</p> <ul style="list-style-type: none"> <li>Expansion and implementation of various educational programs, such as position-specific education, education by purpose, language learning, etc.</li> <li>Participation of young employees in projects for equipment renewal and DX promotion in manufacturing divisions.</li> </ul>
				Governance	Corporate management base	
Compliance	<ul style="list-style-type: none"> <li>There will be no serious regulatory breaches.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen and continuously implement compliance education in in-house training programs of group companies.</li> <li>In addition to existing programs such as position-based training, enhance training related to various laws and regulations.</li> </ul>	<p>&lt; Reinforcement and Continuation of Compliance Education &gt;</p> <ul style="list-style-type: none"> <li>Compliance e-mail magazines are issued to domestic and overseas group companies to educate employees (issued monthly).</li> <li>Invited outside lecturers to conduct compliance training for new group employees and career hires.</li> <li>Invited outside lecturers to conduct compliance training for first-time supervisors.</li> </ul> <p>&lt; Enhancement of Training on Laws and Regulations &gt;</p> <ul style="list-style-type: none"> <li>Considered information management rules and internal operation improvement plans to prevent insider trading (Financial Instruments and Exchange Act), and planned regular training programs starting in the next fiscal year.</li> <li>Conducted training on economic security (Unfair Competition Prevention Act) by police officials for directors and employees.</li> </ul>			

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