







■ Medium-term Sustainability Plan of the Yamato Kogyo Group

	Materiality	Item	Corres-ponding SDGs	Risks/opportunities for the Group	Vision	FYE March 2026 Medium-term targets *1	FYE March 2025 Annual targets *1
Environment	Climate change	Response to climate change risks		<Opportunities> <ul style="list-style-type: none">If CO₂ emissions are reflected in taxes, prices, etc., electric furnace products, which emit less CO₂ at the manufacturing stage than blast furnace products, could become more competitive than blast furnace products. <Risks> <ul style="list-style-type: none">The cost of raw materials, energy (such as electricity), water, etc., could rise or supplies could become unreliable.Fuel prices could soar due to carbon pricing, etc., resulting in higher costs.	We will take measures towards a carbon-neutral society in 2050 by introducing innovative decarbonization technologies, promoting energy conservation, and using renewable energy in sectors where this is feasible.	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Continue to calculate the potential impact and disclose risk response costs if carbon pricing is introduced according to TCFD recommendations.
		Reduction of greenhouse gas ("GHG") emissions				<ul style="list-style-type: none">We will reduce CO₂ emissions by 38% from the FYE March 2014 level. *2, *3	<ul style="list-style-type: none">Continue to collaborate with specialist suppliers and university research institutes to capture the status of next-generation industrial furnace development using CO₂-free fuels (hydrogen, ammonia, etc.) and the status of CO₂-free fuel supply chain expansion.Scope 1 and Scope 2 will disclose all GHG emissions of domestic consolidated subsidiaries and overseas consolidated subsidiary, SYS.Scope 1 and Scope 2 will establish a system for calculating all GHG emissions in our new site in Indonesia.Scope 3 will be calculated and disclosed for Yamato Steel on a non-consolidated basis.
		Efficient energy use				<ul style="list-style-type: none">We will reduce CO₂ emission intensity by 20% from the FYE March 2014 level. *2	<ul style="list-style-type: none">Same as above
		Use of renewable energy				<ul style="list-style-type: none">We will introduce renewable energy in specified business areas by FYE March 2026.	<ul style="list-style-type: none">Establish solar power generation equipment and its operating systems after installation.
	Resource recycling	Cyclic use of resources		<Opportunities> <ul style="list-style-type: none">Because electric furnaces produce iron using scrap iron as a raw material, we can improve our competitiveness by emphasizing, to the public, our recycling activities and cyclic use of resources.By increasing the waste to reuse ratio, we can achieve a higher level of resource recycling. <Risks> <ul style="list-style-type: none">If there are fewer buyers for waste products, it will become impossible to reuse waste, resulting in a lower recycling ratio.	By enhancing and expanding systems that facilitate efficient recycling of scrap iron, we will contribute to the creation of a circular economy and realization of a sustainable society.	<ul style="list-style-type: none">We will take up the challenge of reducing general waste emissions to zero.We will improve our industrial waste recycling ratio by 5%.	<ul style="list-style-type: none">Continue to provide environmental education on waste and recycling, and expand the use of recycled fuels such as plastics to reduce general waste.Continuing to search for new markets to sell valuable resources and to consider processing methods to meet the market needs, to further reduce waste.
Social	Eco-friendly products	Development of eco-friendly products and services		<Opportunities> <ul style="list-style-type: none">If CO₂ emissions are reflected in taxes, prices, etc, we will gain a competitive advantage. (Clients would be more likely to choose electric furnace products, which have lower CO₂ emissions and lower prices.)	By enhancing and expanding systems that facilitate efficient recycling of scrap iron, we will contribute to the creation of a circular economy and realization of a sustainable society.	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Continue to explore the possibility of utilizing waste as a valuable resource with other industries.Continue to implement PR activities to raise awareness of environmental certification. *4Establish a system to develop an optimal bio-coke production process.Continue to study the development of products that contribute to reducing environmental burden.
	Product liabilities	Ensuring product quality		<Risks> <ul style="list-style-type: none">Issues with product quality could have a major negative impact.We could be exposed to reputational risk due to late deliveries by outsources or quality problems.	We will remain aware of our responsibility to support social infrastructure through our iron and steel products, heavy engineering, and rail products' business. We will prioritize the provision of safe, dependable, high-quality, high-added-value products and services.	<ul style="list-style-type: none">We will reduce the number of complaints by 25% from the FYE 2021 level.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.	<ul style="list-style-type: none">With the reduction in blast furnace production, a higher sales ratio of large-scale products for specific projects is anticipated. Dedication to improving product quality and maintaining strict quality control standards remains a priority.
		Strengthening of disclosure to and communication with customers		<Opportunities> <ul style="list-style-type: none">By improving customer satisfaction, we can increase the likelihood that customers will choose our products. <Risks> <ul style="list-style-type: none">By disclosing product information only to the customers (as/when we are required to), the market may view this as selective disclosure and it may cause us loss of opportunities and reputational risks.	We will heed the voices of our customers and the public, offer added value, and work toward continual improvement.	<ul style="list-style-type: none">We will clarify the needs and expectations of interested parties and work to improve customer satisfaction.	<ul style="list-style-type: none">To maintain the quality of large-scale products, stricter quality assurance measures will be implemented, along with enhanced on-site guidance and employee training.Enhance communication with customers and work to improve customer satisfaction through integrated production and sales initiatives.
	Human resource development	Human resource development		<Opportunities> <ul style="list-style-type: none">By recruiting human resources with a diverse range of skillsets, we will be able to create high-added-value products and services <Risks> <ul style="list-style-type: none">Business expansion could lead to labor shortages without commensurate recruitment.Competition to recruit talented people is escalating.	We will enhance the loyalty of our employees by focusing on sustainability. We will evolve as a company capable of success in a global arena by rotating our workforce to achieve diverse skills and advanced technological skills and flexible planning capabilities needed to realize our corporate philosophy (MISSION, VISION, Yamato Spirit) throughout our entire group.	<ul style="list-style-type: none">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.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.	< System Development and Implementation > <ul style="list-style-type: none">Establish and enhance the new HR system and various policies, regular reviews will be conducted as needed.Implement specific measures related to human capital management.Ongoing implementation of engagement surveys and reflection in measures. < Improvement of organizational capability > <ul style="list-style-type: none">Implement cross-group job rotation.Strengthen recruitment of new graduates and mid-career workers to enhance the workforce.Implement overseas business trip training in collaboration with overseas joint ventures.

*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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Governance	Corporate management base	Governance		<div><Opportunities></div> <ul style="list-style-type: none">By continually improving corporate governance, we can create a flexible and resilient management structure.The dissemination of our corporate philosophy (MISSION, VISION, Yamato Spirit) fosters awareness of governance and leads to improved engagement and performance. <div><Risks></div> <ul style="list-style-type: none">We could lose the trust of the public and our business partners in the event of a lack of governance awareness and compliance violations.	We aim to maintain our position as a company trusted by the general public, strengthen our corporate governance, and become a sustainable company capable of responding with resilience to climate change and other major environmental threats.	<ul style="list-style-type: none">We will continually implement corporate governance reforms.We will disseminate our corporate philosophy across the entire group.We will build a sustainability management structure for the entire group.	<ul style="list-style-type: none">Develop and implement a plan to address issues identified from assessments of the effectiveness of the Board of Directors.Implement specific measures to improve employee engagement and plan new measures based on the results of the all-employee survey.Review and implement measures that reflect feedback from investor and market stakeholder IR meetings in management meetings and business strategies.Establish a PDCA (Plan-Do-Check-Act) cycle for risk management activities and operational rules and regulations according to the actual conditions of each group company in Japan and overseas.
		Compliance		<div><Risks></div> <ul style="list-style-type: none">As our business expands globally, our approach to regulatory compliance and response to ethical issues will determine whether we are likely to experience suspensions of operations or serious impairment to the reputation of our brand.Compliance violations or lack of appropriate compliance awareness could damage our reputation with the market and our business partners.		<ul style="list-style-type: none">There will be no serious regulatory breaches.	<ul style="list-style-type: none">Focus on the following themes to strengthen compliance at group companies.<ul style="list-style-type: none">Prevention of insider tradingHuman rights in the supply chainHuman rights due diligenceAnti-bribery and anti-corruption

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