






■ Medium-term Sustainability Plan Initiatives and achievements in FYE March 2023

| | Materiality | Item | Corresponding SDGs | FYE March 2026 Medium-term targets *1 | FYE March 2023 Annual targets *1 | FYE March 2023 Initiatives and achievements |
|-------------|---------------------|---|---|---|---|--|
| Environment | Climate change | Response to climate change risks | | <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"> Disclose the impact of climate-related risks and opportunities on us based on the TCFD recommendations, and steadily promote the initiatives that have been established. | <p>< Disclosure based on TCFD recommendations ></p> <ul style="list-style-type: none"> Declared support for TCFD recommendations and disclosed the impact of risks and opportunities related to climate change on our company (April 2022). <p>< Carbon neutral in 2050 ></p> <ul style="list-style-type: none"> Participation in the Global Steel Climate Council (GSCC), an international initiative to promote the decarbonization of the steel industry. |
| | | 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"> Establish a framework for periodic review of management targets to strengthen activities to improve efficient energy use and maintain an appropriate PDCA cycle. Carry out detailed studies concerning the reduction of energy use through large-scale strategic equipment investment in consideration of optimization of energy efficiency and other effects. | <p>< Strengthening activities to improve efficient energy use ></p> <ul style="list-style-type: none"> Reduced energy consumption loss by strengthening checking functions through the sharing of accumulated data and enhancing communication between departments by utilizing an environmental management system based on ISO14001. <p>< Detailed study of reduction of energy use and other effects ></p> <ul style="list-style-type: none"> Large-scale strategic equipment is expected to reduce both energy consumption and CO₂ emissions by 0.5%. Changed the burner specifications of the steelmaking ladle facility and the heavy industry 50-ton annealing furnace. Equipment expected to reduce both energy consumption and CO₂ emissions by 0.6%. <p>< Carbon neutral in 2050 ></p> <ul style="list-style-type: none"> The company has established an environmental vision for 2030/2050 in Japan, disclosing a medium- to long-term vision that calls for a 46% reduction in CO₂ emissions in 2030 (compared to fiscal 2013) and carbon neutrality by 2050 (March 2023). |
| | | Efficient energy use | | <ul style="list-style-type: none"> We will reduce CO₂ emission intensity by 20% from the FYE March 2014 level. *2 *3 | <ul style="list-style-type: none"> Same as above | <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"> Continue to study the introduction of renewable energy to offices, warehouses, etc. | <ul style="list-style-type: none"> Decided to make a capital investment to install SVC (Static Var Compensation) considering the increase in renewable energy supply by electric power companies. |
| Environment | Resource recycling | Cyclic use of resources |  | <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"> Provide education on waste and recycling to employees and foster recycling awareness. Consider the possibility of further improving the recycling rate by reducing the amount of waste destined for landfill. | <p>< Zero emissions of general waste ></p> <ul style="list-style-type: none"> Conducted environmental education with enhanced content on waste and recycling for new and career employees of Yamato Kogyo Group to raise their initial awareness. During the environmental month, the company enhanced education on waste and recycling for managers in each department to deepen their awareness that this is an issue that should be addressed by the organization as a whole. <p>< Increase in the recycling rate of industrial waste ></p> <ul style="list-style-type: none"> Started selling some of the waste for landfill disposal as valuable resources, in compliance with the guidelines on slag. |
| | | Development of eco-friendly products and services |  | <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 our consideration with other industries regarding the possibility of converting waste into valuable resources. Continue to implement marketing activities designed to raise awareness of environmental certification *4. | <p>< Consideration of the possibility of utilizing waste as valuable resources ></p> <ul style="list-style-type: none"> Conducted PR activities for public offices and various private industries to supply public works projects. <p>< Raising awareness of environmental certification ></p> <ul style="list-style-type: none"> Promoted environmental certification through TV commercials, newspaper ads, YouTube, etc. Promoted our initiatives mainly to construction companies. <p>< Development of technologies that help to reduce CO₂ emissions in society ></p> <ul style="list-style-type: none"> Participated in an industry-academia consortium to reduce CO₂ emissions in the steel industry by replacing coal coke with bio-coke. |
| Social | Product liabilities | Ensuring product quality |  | <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"> The suspension of blast furnace operations is expected to lead to an increase in the sales ratio of large products and the acquisition of new customers which increases the number of complaints. Even in such circumstances, we will work to maintain the current level of the number of complaints. | <p>< Number of complaints ></p> <ul style="list-style-type: none"> The number of complaints was reduced by 29% (from FYE March 2021 level). While the sales ratio of large products increased and new customers were acquired, the number of complaints decreased, and quality improvement and prevention of leakage were achieved. <p>< Serious liability accidents ></p> <ul style="list-style-type: none"> Maintained zero serious liability accidents of in rail and sea transportation. |
| | | Strengthening of disclosure to and communication with customers |  | <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"> Continue to improve customer satisfaction by strengthening quality improvement and quality assurance systems, guidance, and education based on the ISO 9001 quality management system. | <ul style="list-style-type: none"> Although the sales ratio of large products increased, customer satisfaction with quality items remained at the current level. |



*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

■ Medium-term Sustainability Plan Initiatives and achievements in FYE March 2023

| | Materiality | Item | Corres-ponding SDGs | FYE March 2026 Medium-term targets *1 | FYE March 2023 Annual targets *1 | FYE March 2023 Initiatives and achievements |
|------------|---|---|---|--|--|---|
| Social | Human resource development | Human resource development |  | <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. | <ul style="list-style-type: none"> Revise and improve the human resource management, wage, evaluation, and education systems to establish and implement effective human resources strategies (effective April 2023). Aim to strengthen our organization by actively deploying personnel as well as carrying out mid-career recruitment. 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. | <p>< The human resource management, wage, evaluation, and education systems ></p> <ul style="list-style-type: none"> The grading, evaluation, wage, and education system, etc. have been completely revised in preparation for the introduction of the new personnel system in April 2023. Introduced a new personnel system centered on the systematic development and increase in the number of high-level management personnel, high-level professional personnel, and global personnel active in overseas offices who practice our corporate philosophy through the development of various training programs. <p>< Strengthen our organization ></p> <ul style="list-style-type: none"> Yamato Kogyo Group recruited 22 mid-career and 21 new graduates in FYE March 2023 (23 mid-career and 13 new graduates in the previous fiscal year). <p>< Creating educational opportunities for Yamato Kogyo Group's young employees ></p> <ul style="list-style-type: none"> Invited outside lecturers to conduct training for young career-track employees twice. Invited outside lecturers to conduct training for mid-level career-track employees three times. Invited outside lecturers to conduct training for chiefs and team leaders in technical positions three times. Conducted 9 overseas business trips for young and mid-career employees. Developed young employees by promoting data science DX in the steelmaking division and encouraging them to understand and acquire basic knowledge and the latest technologies through participation in related study groups and workshops. |
| | | | | Corporate management base | Governance |  |
| Compliance | <ul style="list-style-type: none"> There will be no serious regulatory breaches. | <ul style="list-style-type: none"> Continue to provide compliance seminars to group companies in Japan and overseas. Enhance in-house compliance education. | <p>< Compliance seminars for group companies ></p> <ul style="list-style-type: none"> Compliance e-mail magazines are issued to domestic and overseas group companies to educate employees (issued monthly, 12 times in total). <p>< Reinforcement of compliance education in Yamato Kogyo Group's internal training programs ></p> <ul style="list-style-type: none"> Conducted compliance training for new Group employees and career hires three times by inviting outside lecturers. Invited outside lecturers to conduct compliance training for first-time supervisors. Invited outside lecturers to conduct power harassment training for directors and employees. <p>< Implementation of legal training ></p> <ul style="list-style-type: none"> Conducted contract training for directors and employees of domestic group companies to raise awareness of the importance of legal checks and internal procedures. | | | |

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