






■ Medium-term Sustainability Plan of the Yamato Kogyo Group

| | Materiality | Item | Corresponding SDGs | Risks/opportunities for the Group | Vision | FYE March 2026 Medium-term targets *1 | FYE March 2024 Annual targets *1 | | |
|---|---|--|--|--|--|--|---|--|--|
| 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"> We will consider the calculation of potential impact and disclosure of risk response costs if carbon pricing is introduced according to TCFD recommendations. | | |
| | | Reduction of greenhouse gas ("GHG") emissions |  | <p><Opportunities></p> <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. <p><Risks></p> <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 reduce CO₂ emissions by 38% from the FYE March 2014 level. *2, *3 | <ul style="list-style-type: none"> 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. Reinforce group collaboration to figure out and disclose CO₂ emissions for the consolidated scope, including overseas sites. | | |
| | | 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"> Continue to study the introduction of renewable energy to offices, warehouses, etc. | |
| Environment | Resource recycling | Cyclic use of resources |  | <p><Opportunities></p> <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. <p><Risks></p> <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 conduct environmental education on waste and recycling, and consider specific actions to reduce general waste. Continue to search for new customers to sell valuable resources and consider more efficient processing capacity to further reduce waste. | | |
| | | | Eco-friendly products | Development of eco-friendly products and services |  | <p><Opportunities></p> <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 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. |
| | | | | | Product liabilities | Ensuring product quality |  | <p><Risks></p> <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. |
| Strengthening of disclosure to and communication with customers |  | <p><Opportunities></p> <ul style="list-style-type: none"> By improving customer satisfaction, we can increase the likelihood that customers will choose our products. <p><Risks></p> <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"> 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. | | | |
| Social | Human resource development | Human resource development |  | <p><Opportunities></p> <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 <p><Risks></p> <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. | <ul style="list-style-type: none"> 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. 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. 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. | | |


*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 |  | <Opportunities> <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. | 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 the results of evaluations of the effectiveness of the Board of Directors. Implement measures to ensure that the new personnel system takes root and permeates the company's operations. Establish a new organization dedicated to risk management to enhance risk management. |
| | | Compliance | | <Risks> <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. | | | |

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