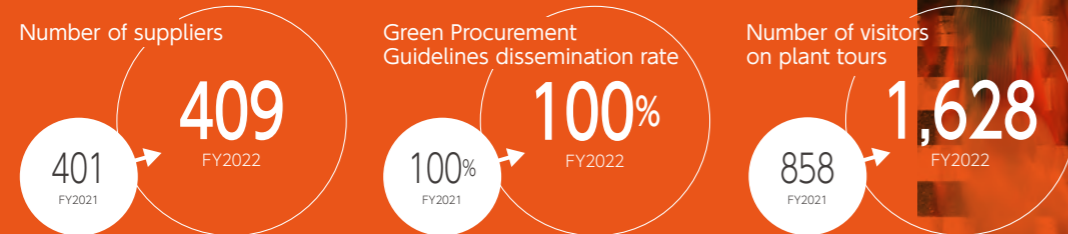




Capital to create value

## Social and Relationship Capital

Aichi Steel conducts its business activities through relationships with various stakeholders, so building positive relationships with those stakeholders is important for improving corporate value. Through proactive dialogue with stakeholders, we are able to incorporate the needs of society and expectations for us into our business activities, and encourage them to feel a sense of closeness with Aichi Steel. In this way, we are able to grow alongside all of our stakeholders, including customers, shareholders and investors, employees, suppliers, and local communities.



### Promotion of Dialogue with Stakeholders

| Stakeholders               | Initiatives to promote dialogue  | FY2022 achievements  |
|----------------------------|--|--|
| Customers                  | • Customer consultation service<br>Improvements by responding to customer comments and providing feedback internally   | Number of inquiries <b>1,399</b>                                   |
| Shareholders and investors | • General Meeting of Shareholders<br>Business reports, discussions and resolutions on financial account items, and Q&As with shareholders<br>• Dialogue with investors<br>Dialogue through financial account and future strategy briefings, individual meetings, etc.  | Number of dialogues with institutional investors (total) <b>21</b> |
| Employees                  | • Regular meetings of the Labor-Management Committee<br>Mutual understanding between labor and management, discussions and negotiations, and exchange of opinions<br>• Attitude surveys<br>Surveys on organizational and workplace culture, working lives, etc.  | Number of meetings between labor and management <b>17</b>          |
| Suppliers                  | • Suppliers Convention<br>Sharing of procurement policy, mutual learning opportunities, strengthening of partnerships  | Number of participating companies <b>113</b>                       |
| Local communities          | • Collaboration and volunteer activities with NPOs, etc.<br>Communication through proactive participation in social contribution activities and community volunteering activities<br>• Collaboration with industry groups<br>Proposals concerning common industry issues and facilitation of information sharing through the Japan Iron and Steel Federation, etc. | Number of volunteers (total) <b>6,581</b>                          |

### Promotion of Dialogue with Employees

To provide value to society and achieve sustainable growth, it is essential for Aichi Steel to ensure a high level of employee engagement, which is the source of value creation. We are promoting initiatives to increase employee engagement by building dialogues with our employees, creating comfortable workplaces, and improving human resources systems. In 2020, the 80th anniversary of our founding, we signed the Declaration on Labor-management Cooperation, in which labor and management mutually confirm and share the goal of overcoming any difficulties through mutual trust between labor and management and aiming for a company full of smiles with everyone involved. In addition, labor-management meetings were reviewed and new labor-management roundtables were newly established at the in-house company and headquarters levels to allow the two parties to more frankly exchange opinions and accelerate reform.

We are making efforts to have labor and management honestly exchange opinions, deepen understanding, and cooperate with each other on familiar issues and countermeasures at the in-house company and headquarters levels. As one of the initiatives for fiscal 2023, labor and management are working on a greeting campaign to revitalize communication after the COVID-19 pandemic. From the perspective of creating diverse, open, and comfortable workplaces, we are also focusing on improving workplace environments for employees to work with peace of mind by conducting a morale survey on all employees, improving rest areas at workplaces, and constructing a multi-story parking garage and new dormitory for single employees.



### Strengthening of Relationships with Suppliers

Superior raw materials, parts, and technologies supplied by our suppliers are essential for manufacturing Aichi Steel's products, including specialty steels. We also need to collaborate with our suppliers in addressing various sustainability issues such as carbon neutrality and human rights. We are working to build a relationship of trust with our suppliers through close communication, and to establish and strengthen a sustainable supply chain that allows us to grow together and share our achievements.

See the following link for Aichi Steel's procurement policy.  
<https://www.aichi-steel.co.jp/ENGLISH/about/procurement/>



### Strengthening of partnerships with suppliers

Every year in April, Aichi Steel holds the Hokokai\* General Meeting to explain the business environment and company policies to major suppliers in Japan, and shares information on initiatives and goals regarding safety, compliance, and sustainability. We also provide support activities to each company by offering advice on safety, quality, and other issues according to their circumstances, and engage in improvement activities throughout the supply chain, such as mutual improvement through improvement case study meetings and the VA Exhibition as well as the horizontal development of good practices. To achieve carbon neutrality, in addition to study meetings with suppliers, our technical staff provides specific advice on energy saving initiatives at each company, and we work to advance our activities together with our suppliers.

\* An organization consisting of suppliers aiming for mutual development based on partnership and mutual trust with Aichi Steel

### Enhancement of supply chain resilience

Amidst rising geopolitical risks in addition to natural disasters and accidents, Aichi Steel is focusing on the stable procurement of raw materials and resources. By gaining information on the location, source of materials, and processes of our suppliers' manufacturing sites and quantifying the risks, we are taking necessary measures such as multi-sourcing and securing of inventories, while building structures that enable prompt initial response and recovery actions.

### Strengthening of Relationships with Local Communities

#### Sustainable coexistence and co-prosperity with local communities

Aichi Steel aims for sustainable coexistence and co-prosperity with local communities. Recognizing our role as a good corporate citizen, we value communication through social contribution activities and other means to gain understanding and trust in our business activities, and work toward becoming a company that people want to remain in the area forever. Specifically, we are developing activities based on the four pillars: clean, green, creative, and volunteer support. Our ongoing initiatives include Cleanup Campaign, a community cleanup activity; flowerbed maintenance to maintain and improve the beauty of the rotary in front of Shurakuen Station; and the Lesson about Iron, held in cooperation with Tokai City, to encourage local children to learn about the potential and role of steel and foster their creativity. We also operate the Aichi Steel Volunteer Fund, encouraging employees and related parties to cooperate in fund-raising activities, and supporting volunteer activities by welfare organizations and facilities. These activities not only strengthen relationships with local communities, but also help employees to develop a mindset of solving social issues and provide feedback to our business activities. We will continue to expand the scope of our activities so that each and every employee can contribute to the realization of sustainable local communities.



Plant tours for children conducted as part of the Monozukuri Dojo manufacturing program held by Tokai City

#### Person in charge of promotion



**Hiroyuki Sakakibara**  
CSR Promotion Department,  
General Affairs Division

Participation in community events is an important opportunity to interact with local residents. Although these events were suspended for some time due to the COVID-19 pandemic, we are finally seeing signs of their resumption. Some of the events that we participate in include traditional festivals that have been held for hundreds of years. We will continue to cherish these events as a way to build a relationship of trust with local residents and as a valuable opportunity to experience local history. As the person in charge, I hope to further strengthen our ties with local communities through participation in and support for local events.