

Priority Issues (Materiality)

I Basic approach

In line with Our Vision, "We will strive to make positive contributions to society by providing appealing products from global perspectives and based on our vibrant and trustworthy corporate qualities." Aichi Steel considers that contributing to the realization of a sustainable society through our businesses activities will lead to improved medium to long-term corporate value. To achieve this, we established "Enhance earnings capacity by reforming business and manufacturing while putting ESG management into practice" as our basic policy in Vision 2030, while identifying priority issues to address and setting KPIs as specific targets. Through these initiatives, we aim to realize our Vision 2030 and address social issues.

I Promotion structures

Aichi Steel brings together the leadership of its management team, cross-division functions of administrative divisions, and business focus of in-house companies to drive sustainability initiatives. The business promotion councils manage action plans and progress to ensure KPIs are achieved, and regularly report to the Top Management Meeting and Board of Directors. The Top Management Meeting carries out regular reviews based on progress of each initiative, social trends, and changes in the business environment. After revising priority issues (materiality) and KPIs, and discussing and considering how to reflect the changes in management policy, planning, and strategy, the Top Management Meeting decides important matters through discussion with the Board of Directors.

I Identification of priority issues



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I Priority issues, main KPIs, target years, and targets

Priority issues	Main KPIs	Target years	Targets
Climate Change	CO ₂ emission reduction rate (compared to FY2013)	2030	-50%
Resource Recycling	Byproducts sent to landfill	2030	2,000 t
Procurement	Green Procurement Guidelines dissemination rate	Yearly	100%
Technology Innovation	Number of patent applications	Yearly	50 or more
Cybersecurity	Number of serious incidents due to cyberattacks	Yearly	None
Quality and Production	Reduction of quality-related loss (compared to FY2018)	2030	-80%
Safety and Health	Overall accident frequency rate	2030	0.0
Workstyles and Human Resources Development	Employee engagement	2030	4.0 pts
Diversity	Number of female managers	2030	10 or more
Coexistence with Community	Nakashinden green space bioindicator species	2030	35 species
Human Rights	Human rights education in position-specific education	Yearly	100%
Legal Compliance	Serious violations of laws and regulations	Yearly	None



Climate Change

Related SDGs



I Main initiatives

- Promoting thorough energy saving activities by streamlining manufacturing processes, etc.
- Promoting utilization of clean energy from solar power generation, including in-house power generation, etc.
- Developing innovative technologies, including use of high-efficiency electric furnaces, and hydrogen and ammonia

KPIs	Targets	FY2022 results
CO ₂ emission reduction rate	2030: 50% reduction (compared to FY2013) 2050: Carbon neutrality	22%
Adoption of renewable energy	2030: 100% adoption of renewable energy by 1 plant	100% adoption of renewable energy by 5 plants



Resource Recycling

Related SDGs



I Main initiatives

- Promoting recycling of byproducts (slag, dust, scale, etc.)
- Promoting initiatives to maintain low levels of SO_x and NO_x emissions

KPIs	FY2022 targets	Achievements
Byproducts sent to landfill	2,500 t/year	2,507 t/year (Byproduct recycling rate: 99.0%)
Atmospheric pollutant emissions (NO _x , SO _x)	80% or higher emissions than regulation level 0	0 (Total emissions: NO _x 118 t/yr; SO _x 1.85 t/yr)
Industrial wastewater pollution load (COD, nitrogen, phosphorus)	80% or higher emissions than regulation level 0	0 (COD: 9.80 t/yr; nitrogen: 4.98 t/yr; phosphorus: 0.54 t/yr)



Procurement

Related SDGs



I Main initiatives

- Promoting environmental conservation activities based on the Green Procurement Guidelines in collaboration with suppliers (priority purchase of environmentally friendly products, etc.)

KPIs	FY2022 targets	Achievements
Green Procurement Guidelines dissemination rate	100%	100%
Number of breaches of the Subcontracting Act	0	0



Technology Innovation

Related SDGs



I Main initiatives

- Promoting research and development integrated with business strategies to realize the management guideline of "Creation of a prosperous society through business reform"
- Strengthening development infrastructure through advanced IT and analysis technologies (AI, etc.) and strategic patent applications

KPIs	Achievements
R&D expenses	¥4.40 billion (previous fiscal year: ¥4.34 billion)

KPIs	FY2022 targets	Achievements
Number of patent applications	50	64



Cybersecurity

Related SDGs



I Main initiatives

- Enhancing security through establishment of internal structures, and communication, education, and inspection of rules, in compliance with the All Toyota Security Guidelines (ATSG) shared by Toyota Group companies, etc.

KPIs	FY2022 targets	Achievements
Serious incidents due to cyberattacks	0	0
ATSG (Ver. 8) compliance (Aichi Steel unconsolidated)	90%	90%
ATSG (Ver. 2) compliance (Aichi Steel unconsolidated)	79%	79%



Priority Issues (Materiality)

Quality and Production

Related SDGs 

Main initiatives

- Further strengthening the quality management system through acquisition of IATF 16949 certification
- Fully implementing measures to prevent recurring complaints by strengthening efforts to pursue their true causes
- Building TPS-based production infrastructure that enables on-time stable supply of products



Electronic component line No. 3 completed in October 2022 in response to high demand accompanying an increase in electrified vehicles



In-house education on ISO 9001 (quality management systems) for internal auditors

Quality KPIs	FY2022 targets	Achievements
Total number of complaints (release of defects to customers)	8	19
Number of recurring complaints (release of defects to customers)	3	0
Reduction of quality-related loss (compared to FY2018)	-35%	-38%

Production Achievements	Achievements
Crude steel production	891,000 t (previous fiscal year: 884,000 t)
Forged product production	225,000 t (previous fiscal year: 261,000 t)
Electronic component production	39,800,000 sets (previous fiscal year: 36,900,000 sets)

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Safety and Health

Related SDGs  

Main initiatives

- Creating workplaces without accidents through safety risk assessments
- Promoting recurrence prevention to eliminate similar accidents
- Promoting health and productivity management to maintain and improve mental and physical health



Conducting training at the Denshinkan safety education facility



Maternity uniform developed with safety, function, and comfort in mind through discussions with female employees

Safety KPIs	FY2022 targets	Achievements
Number of serious accidents	0	0
Overall accident frequency rate	0.60%	0.93%
Number of fires and explosions	0	1

Health KPIs	FY2022 targets	Achievements
Lost worktime rate due to injury or sickness	0.50%	1.44%
Lost worktime rate due to mental health	0.17%	0.38%
Rate of employees over appropriate weight (BMI of 25 and higher)	27%	32%

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Workstyles and Human Resources Development

Related SDGs 

Main initiatives

- Developing flexible working systems for balancing work with important life events
- Developing and adopting workplace environments and human resources systems that enable diverse employees to be highly motivated while playing active roles
- Enhancing off-the-job training using job-specific and position-specific education systems, and promoting investment in skill and capability development in connection with management strategies

Workstyles

KPIs	FY2022 targets	Achievements
Days of annual paid leave taken	20 days	17.4 days
Monthly overtime (per person, office)	11.4 hours	13.4 hours
Employee satisfaction (out of 5)	N/A	N/A
Office workplace management survey (positive response rate)	79.0%	80.7%
Workplace capability survey (positive response rate)	71.0%	71.0%

Human resources development

	Achievements
Investment in education (per person)	24,000 yen (previous fiscal year: 21,000 yen)
Time invested in education (per person)	10.9 hrs (previous fiscal year: 14.9 hours)

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Diversity

Related SDGs 

Main initiatives As above

KPIs	FY2022 targets	Achievements
Number of female managers	4	4
Employee satisfaction (aged 60 and above, out of 5)	N/A	N/A*
Employees with disabilities	2.3%	3.0%

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Human Rights

Related SDGs 

Main initiatives

- Conducting business activities that respect human rights in line with the Aichi Steel Group Action Guidelines
- Fostering a high level of ethics and awareness of human rights through employee education
- Developing and strengthening human rights protection structures such as the whistle-blowing system

KPIs	FY2022 targets	Achievements
Human rights education in job-specific training	100%	100%

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* Survey conducted once every two years, so no targets or achievements for FY2022

Coexistence with Community

Related SDGs 

Main initiatives

- Promoting biodiversity preservation and activities to achieve harmony with nature through efforts such as creating a natural ecosystem in part of the Nakashinden green space around our plant (about 20,000 m²)
- Promoting communication activities with local communities through social contribution activities

KPIs	FY2022 targets	Achievements
Nakashinden indicator species	23 species	19 species
Number of volunteers (total)	10,000	6,581

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Legal Compliance

Related SDGs 

Main initiatives

- Sharing a high level of ethics, improving awareness and knowledge through training and seminars, etc., and continuing to strengthen internal structures that eliminate violations, in line with the Aichi Steel Group Action Guidelines

KPIs	FY2022 targets	Achievements
Serious violations of laws and regulations	0	0
Serious failings of internal control systems	0	0

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