

Priority Issues (Materiality)

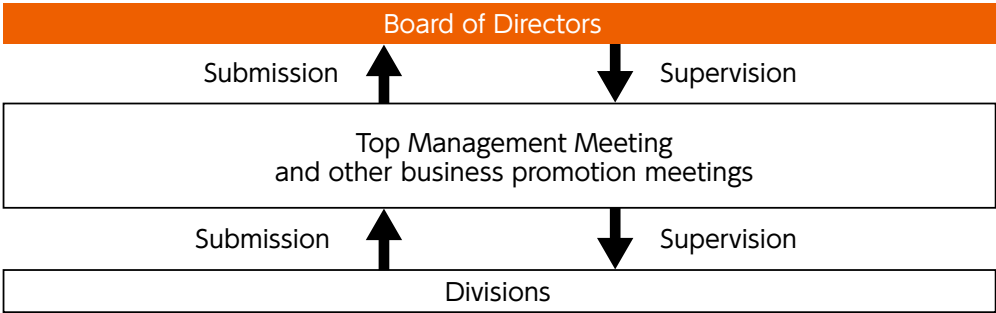
Basic approach

In line with Our Vision, we believe that helping to realize a sustainable society through our business activities will enhance our corporate value in the medium to long term. To realize this, we formulated a basic policy in our Vision 2030: “Enhance earning power by reforming business and manufacturing while implementing ESG management.” We have identified key issues to be addressed and set KPIs as specific goals. By working to achieve these, we aim to realize our Vision 2030 and solve social issues.

Management system

Under the leadership of the management team, Aichi Steel brings together the cross-division functions of administrative divisions and the business focus of in-house companies to drive our 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 the 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.

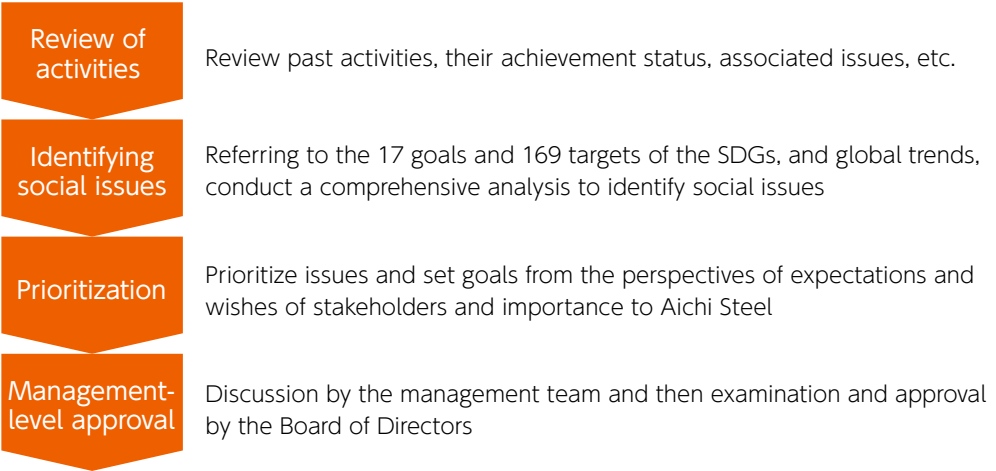
● Management system




















Identification process

In identifying materiality, we reviewed our past activities and achievements in addressing social issues. Referring to SDG goals and emerging global challenges, we conducted internal discussions based on the demands and expectations of diverse stakeholders, including customers and shareholders, to determine what is most important for our company. We then prioritized these challenges and established targets.

Our management team then held discussions, which were followed by deliberation and approval by the Board of Directors. In terms of key indicators from the perspectives of circular manufacturing, the environment, safety, and people, we aim to enhance sustainability by promoting the resolution of critical issues for both society and our company. We will achieve this through various initiatives that involve setting KPIs and managing performance in each responsible department.



Materiality	KPI (target)	FY2024 results	Main initiatives	Related SDGs
Climate Change	CO ₂ emission reduction rate *Compared to FY2013 (35% in 2026, 50% in 2030)	25.4%	<ul style="list-style-type: none"> Promoting thorough energy-saving activities by streamlining manufacturing processes, etc. Promoting the use of clean energy such as solar power generation, including in-house power generation Developing innovative technologies such as high-efficiency electric furnaces and the use of hydrogen and ammonia 	 
Resource Circulation	By-product landfill volume (2,400 tons in 2026, 2,000 tons in 2030)	2,430t	<ul style="list-style-type: none"> Promoting by-product recycling (slag, dust, scale, etc.) 	 
Environmental Conservation	Air pollutant emissions	NOx 121 t/yr, SOx 1.47 t/yr	<ul style="list-style-type: none"> Promoting initiatives to maintain low SOx and NOx levels 	 
	Plant effluent pollutant load	COD 8.85 t/yr, nitrogen 3.76 t/yr, phosphate 0.35 t/yr		
Procurement	Green Procurement Guidelines dissemination rate (100%)	100%	<ul style="list-style-type: none"> Promoting environmental conservation activities in cooperation with suppliers based on Green Procurement Guidelines (e.g. priority purchasing of environmentally friendly products) Complying with desirable business practices (promotion standards) with suppliers based on Partnership Building Declaration 	
	Number of breaches of the Subcontracting Act (0)	0		
Technology Innovation	Number of patent applications (50/year)	54	<ul style="list-style-type: none"> R&D promotion and early commercialization integrated with business strategy to realize "Creation of a prosperous society through business reform" Strengthening development foundation through AI and other advanced IT and analytic technology, and strategic patent applications 	
Cybersecurity	Serious incidents due to cyberattacks (0)	0	<ul style="list-style-type: none"> Enhancing security through establishment of internal structures, and communication, education, and inspection of rules, in compliance with the All Toyota Security Guidelines (ATSG) and All Toyota Plant Security Guidelines (ATPSG) shared by Toyota Group companies, etc. 	
Quality and Production	Number of defects released to customers (0)	27	<ul style="list-style-type: none"> Further strengthening quality management systems through acquisition of IATF 16949 certification Implementing measures to prevent recurrence of complaints by pursuing the true cause more thoroughly Establishing a production base capable of providing a stable supply of TPS-based products in a timely manner 	
	Crude steel production	956,000 tons		
	Forged product production	239,000 tons		
	Electronic component production	48.3 million sets		
Safety and Health	Number of serious accidents (0)	0	<ul style="list-style-type: none"> Creating a place where accidents do not occur based on a safety risk assessment Promoting recurrence prevention to eliminate similar accidents Promoting health management to maintain and improve mental and physical health 	 
	Lost worktime rate due to injury or sickness (0.25%)	0.81%		
Workstyles and Human Resource Development	Days of annual paid leave taken (20)	16.4 days	<ul style="list-style-type: none"> Establishing flexible work systems enabling employees to balance work and life events Developing and introducing a workplace environment and personnel system for diverse employees to be highly motivated and flourish Improving off-the-job training based on an education system according to job classification and level, and investing in skills and potential development in step with management strategy 	
	Monthly overtime (per person, office) (10 hours)	14.3 hours		
	Education time per person	14.0 hours		
Diversity	Number of female managers (10)	6		
Coexistence with Community	Volunteer activity participation rate (100%)	80%	<ul style="list-style-type: none"> Promoting biodiversity preservation and activities to achieve harmony with nature through efforts such as creating a natural ecosystem in the Nakashinden Greenbelt around our plant (about 20,000 m²) Communication with local communities through social contribution activities 	
Human Rights	Human rights education in job-specific training (100%)	100%	<ul style="list-style-type: none"> Business activities that respect human rights in accordance with the Aichi Steel Group Action Guidelines Fostering high ethical standards and human rights awareness through employee education Development and strengthening of human rights protection systems, including whistle-blowing system 	
Legal Compliance	Serious violations of laws and regulations (0)	0	<ul style="list-style-type: none"> 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 	

*FY2024 results are non-consolidated for Aichi Steel