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.
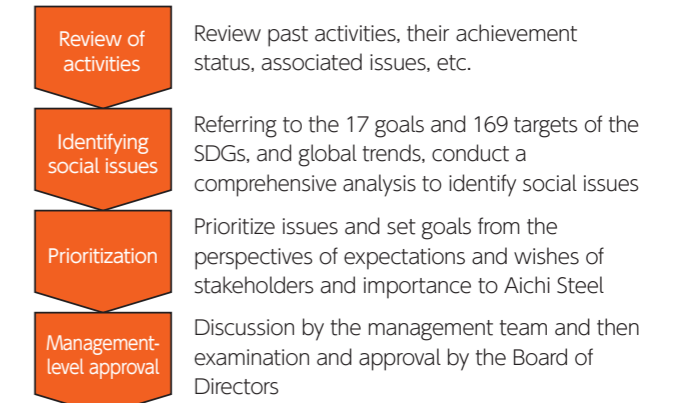
Promotion structure

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

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┌─────────────────────────────────────┐
│         Board of Directors          │
│   Submission ↑      ↓ Supervision   │
│     Managing Executive Officer      │
└─────────────────────────────────────┘
      Submission ↑      ↓ Supervision
┌─────────────────────────────────────┐
│  Top Management Meeting and other   │
│    business promotion meetings      │
└─────────────────────────────────────┘
      Submission ↑      ↓ Supervision
┌─────────────────────────────────────┐
│             Divisions               │
└─────────────────────────────────────┘
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Identification process

Step	Description
Review of activities	Review past activities, their achievement status, associated issues, etc.
Identifying social issues	Referring to the 17 goals and 169 targets of the SDGs, and global trends, conduct a comprehensive analysis to identify social issues
Prioritization	Prioritize issues and set goals from the perspectives of expectations and wishes of stakeholders and importance to Aichi Steel
Management-level approval	Discussion by the management team and then examination and approval by the Board of Directors

Materiality	KPI	FY2023 results	Main initiatives	Related SDGs
Climate Change	CO₂ emission reduction rate (compared to FY2013)	20.5% [Targets] 2030: 50% reduction 2050: Carbon neutrality	• 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	7, 13
Resource Recycling	Byproducts sent to landfill	2,430 t/year	• Promoting recycling of by-products (slag, dust, scale, etc.) • Promoting efforts to keep SOx and NOx emission levels low	9, 12
	Atmospheric pollutant emissions (NOx, SOx)	Total emissions: NOx 96 t/yr, SOx 1.90 t/yr		
	Industrial wastewater pollution load (COD, nitrogen, phosphate)	COD 10.57 t/yr, nitrogen 4.87 t/yr, phosphate 0.19 t/yr		
Procurement	Green Procurement Guidelines dissemination rate	100%	• 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 Declaration of Partnership Building	12
	Number of breaches of the Subcontracting Act	0		
Technology Innovation	Number of patent applications	61	• Promoting R&D 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 technologies and strategic patent applications	9
Cybersecurity	Serious incidents due to cyberattacks	0	• 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.	9
Quality and Production	Number of defects released to customers	19	• 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	12
	Crude steel production	943,000 tons		
	Forged product production	242,000 tons		
	Electronic component production	45.6 million sets		
Safety and Health	Number of serious accidents	0	• 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	3, 8
	Lost worktime rate due to injury or sickness	0.95%		
Workstyles and Human Resource Development	Days of annual paid leave taken	15.2 days	• 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	8, 10
	Monthly overtime (per person, office)	13.9 hours		
	Education time per person	13.4 hours		
Diversity	Number of female managers	5		
Coexistence with Community	Volunteer activity participation rate	78%	• Promoting biodiversity preservation and activities to achieve harmony with nature through efforts such as creating a natural ecosystem in the Nakashinden green space around our plant (about 20,000 m²) • Communication with local communities through social contribution activities	15
Human Rights	Human rights education in job-specific training	100%	• 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	16
Legal Compliance	Serious violations of laws and regulations	0	• 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	16

*FY2023 results are non-consolidated for Aichi Steel