

Environmental Management/Resource Circulation/ Biodiversity

Environmental Management

Basic approach

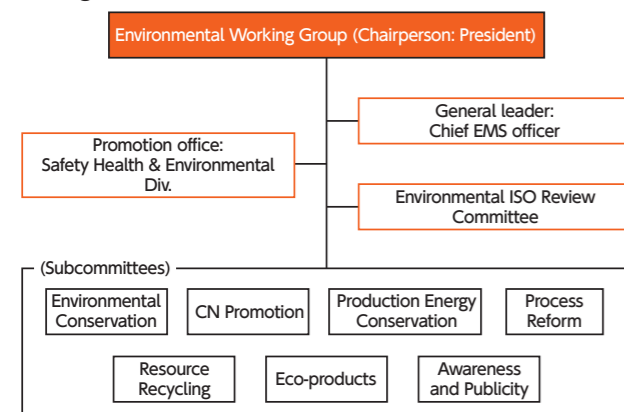
To achieve the Vision 2030 management guideline of "Contribution to a sustainable global environment," Aichi Steel formulated the Aichi 2025 Environmental Action Plan to chart a course of action through to 2025. It defines targets that should be accomplished by 2025, and we are currently working to achieve these targets, focusing on the three pillars: eco-energy, eco-production, and eco-management.

	Initiatives	Targets for 2025
Eco-energy	<ul style="list-style-type: none"> Pursuing energy efficiency Reforming manufacturing processes Adopting clean energy 	CO ₂ emissions: 29% reduction (compared to FY2013)
Eco-production	<ul style="list-style-type: none"> Developing eco-friendly products and technologies Contributing to next-generation infrastructure Pursuing resource circulation 	Amount of landfill waste: 2,400 t/year or less
Eco-management	<ul style="list-style-type: none"> Ensuring environmental responsibility Conserving nature and biodiversity Disseminating and disclosing environmental information 	Nakashinden environmental indicator species: Attract 27 species

Promotion structure

Aichi Steel is working to implement environmental management through effective employment of the PDCA cycle mainly through the Environmental Working Group, which operates under the supervision of its Board of Directors with the president as chairperson. The Environmental Working Group is in charge of executing strategy, establishing targets, and checking progress in accordance with company policies and the Aichi Environmental Action Plan. Seven subcommittees have been established under the Environmental Working Group with clear areas of responsibility to promote efficient and targeted activities based on specialized perspectives. In addition, the Aichi Steel Group Environmental Committee was established to share information and successful case studies to promote Groupwide activities.

Organization chart

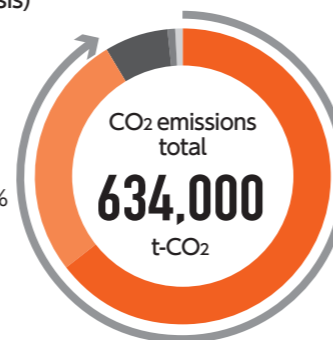


Eco-energy

Approximately 90% of our CO₂ emissions come from electricity and city gas used to melt steel scrap and heat steel materials. Based on the roadmap formulated toward achieving carbon neutrality by 2050, we are promoting the reduction of energy consumption through efforts to deepen the energy-saving technologies that we have cultivated, the elimination of waste in our daily operations, and drastic improvements in manufacturing processes. In FY2023, we conducted 251 energy-saving activities. We have also actively engaged in energy-saving activities outside the manufacturing process, such as visualizing the power consumed on each office floor by use, and implementing an Office Energy-Saving Challenge Award System to recognize offices that have contributed to energy-saving activities.

◆ Breakdown of CO₂ emissions in FY2023 (Scope 1 + Scope 2 emissions from Aichi Steel on non-consolidated basis)

- Electricity 64.7%
- City gas 26.9%
- Coke 6.9%
- Heavy oil class A 0.8%
- Other 0.7%



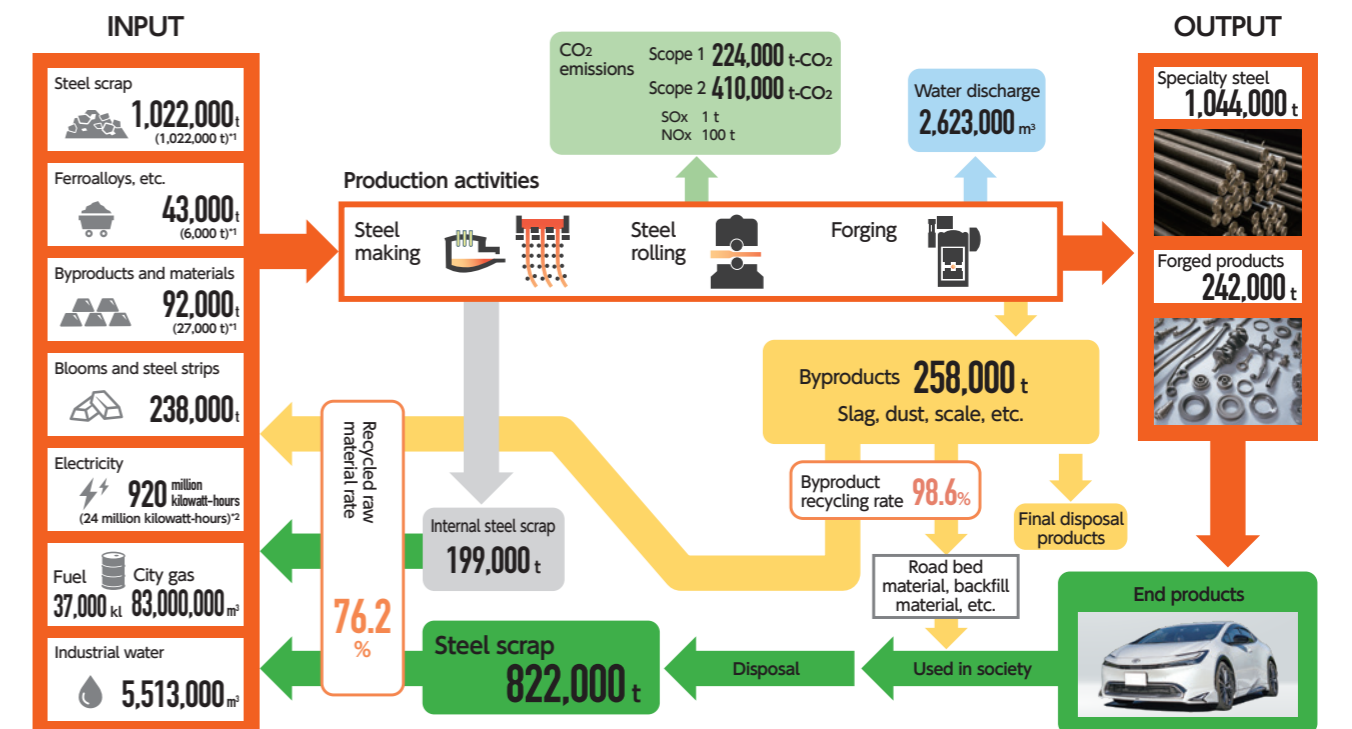
Subcommittees	Roles
Environmental Conservation	Abnormality and complaint prevention, biodiversity and green space conservation activities
CN Promotion	CO ₂ related information gathering, strategic planning, etc.
Production Energy Conservation	Improving energy conservation, production efficiency, etc.
Process Reform	Developing innovative technologies in production processes, etc.
Resource Recycling	Initiatives to reuse resources, reuse waste and raw materials, etc.
Eco-products	Developing environmentally friendly products, etc.
Awareness and Publicity	Messaging internally and externally to promote activities such as CN and SDGs

Resource Recycling

Eco-production

Aichi Steel is a resource circulation company that both recirculates steel resources and achieves economic value, by recycling steel scrap generated from the dismantling of automobiles and infrastructure into high-quality specialty steel products, automotive

components, and other products. We aim to transition to a circular economy by further accelerating our efforts to reuse products and parts and recycle waste and raw materials while reducing resource input and consumption through the efficient use of resources and energy.



*1 Figure in parentheses represents recycled raw materials *2 Figure in parentheses represents electricity derived from renewable energy sources

Biodiversity

Eco-management

Based on the belief that symbiosis with local communities and nature is necessary for its sustainable growth, Aichi Steel is working on local environmental conservation activities in collaboration with related organizations.

Biodiversity conservation initiative

Aichi Steel has been working since fiscal 2012 to create an environment where 50 indicator species can flourish in the Nakashinden green space adjacent to the Chita Plant under the slogan of "creating a forest where beetles live." The Nakashinden green space is part of the Chita Peninsula Green Belt, which is a collaboration of 11 organizations, including our company, government, students, experts, and NPOs, and has been certified as one of the first "Natural Symbiosis Sites*" under the Ministry of the Environment's certification system

launched in FY2023.

Aichi Steel also uses Aichi water, which has its source in Otaki Village, Nagano Prefecture, for its operations. As part of our activities to protect this water source, we have been engaging in water source forest cultivation activities since 2006. In 2019, we concluded a "forest caretaker" agreement with Otaki Village. Approximately 28.4 hectares of forest has been designated as the "Forest of Aichi Steel Group," where our employees and their families regularly clear trees and prune branches. We are working with the village of Otaki and local residents to create a rich forest, and in FY2023 we planted 350 saplings.

*An area designated by the government as "an area where biodiversity is being conserved through private sector initiatives, etc." Part of Japan's 30 by 30 initiative based on the G7 2030 Nature Compact agreed to at the G7 Summit in June 2021.