東京製鐵株式会社

For the tomorrow's Earth

Integrated Report 2025

Editorial Policy

This report is published to communicate Tokyo Steel's sustainability initiatives to its stakeholders. Beginning with FY 2022, the report underwent a major upgrade from the previous Environmental Report format. The scope of disclosure was expanded to cover the S (Social) and G (Governance) dimensions of ESG, prompting the name change to Integrated Report. On environmental (E) matters, the Company continues to articulate its specific approach toward 2050 under the Long-Term Environmental Vision "Tokyo Steel EcoVision 2050," and provides climate-related financial disclosures in accordance with the TCFD recommendations, including scenario analysis. Given the nature of Tokyo Steel's business, the sustainability topics identified as most material to both the Company and its stakeholders are contributing to the realization of a decarbonized society and circular society; safety, environment, and quality; and corporate governance. The report is organized around these topics.

* This report contains not only past and present facts but also plans and forward-looking statements as of the date of publication. These statements are based on assumptions and judgments derived from information available at the time of writing, and activities and results may differ from the contents herein.

Publication Date

February 2026

Organization Scope

Head Office, Tahara Works, Okayama Works, Kyushu Works, Utsunomiya Works

Reference Guidelines

International Integrated Reporting Council (IIRC):
International Integrated Reporting Framework

Ministry of Economy, Trade and Industry:
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

Global Reporting Initiative: GRI Standards

Ministry of the Environment:
Environmental Reporting Guidelines (2018 Edition)

Financial Stability Board:
Task Force on Climate-related Financial Disclosures (TCFD)
Taskforce on Nature-related Financial Disclosures (TNFD)

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Meaning Behind the Logo

A new logo mark was created and adopted in pursuit of "Tokyo Steel EcoVision 2050." It embodies two concepts uniquely achievable by Tokyo Steel: "carbon negative" (a dramatic reduction of CO_2 emissions across society through the widespread adoption of EAF steel) and "upcycling" (the regeneration of steel scrap into high-value-added products through its advanced utilization). The "X" at the center of the design reflects the Company's firm resolve to contribute to decarbonized society and circular society through activities aimed at achieving "Tokyo Steel EcoVision 2050," multiplying the power of "carbon negative" and "upcycling" to generate greater value.

CARBON MINUS × UP CYCLING
EcoVision 2050

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Top Message



Thank you for your continued understanding and support of our business.

Since its founding in 1934, Tokyo Steel has recycled steel scrap, a valuable resource, into a wide variety of steel products, supporting Japan's "sustainable manufacturing." Iron undergoes virtually no quality degradation through recycling and can be reborn into countless different products time and again. Moreover, producing steel through recycling is widely regarded as an extremely effective method for reducing CO_2 emissions in steel manufacturing.
Japan holds approximately 1.4 billion tons of steel in accumulated stock. Tokyo Steel's mission is to maximize this valuable resource in a country with limited natural resources, toward realizing a circular and decarbonized society.
With the aim of expanding the supply of recycling-based steel products, the Company has supplied H-beams to construction-sector customers, the core of domestic steel demand, since 1969, and has since actively pursued larger-size products to match evolving building structures. In 1991, it pioneered Japan's first EAF hot coil production, subsequently broadening its customer base in flat-rolled steel through pickled coil and galvanized coil. From 2007, the Company also commenced production of heavy plates, actively expanding its steel sheet product lineup.
Unfortunately, since the latter half of the 1990s, steel scrap generated within Japan has continued to be exported overseas, exceeding domestic consumption. Through the continuous expansion of product varieties and sizes, the Company has honed its proprietary, globally recognized technologies, grounded in the belief that transforming the most standard steel scrap generated from demolished buildings and end-of-life vehicles, long considered difficult to process, into higher-value-added steel products is the true path to genuine resource recycling.
As attention grew to the utility of EAF steelmaking from an environmental perspective, Tokyo Steel announced the Long-Term Environmental Vision "Tokyo Steel EcoVision 2050" in 2017, beginning a new challenge that leverages the characteristics of EAF steel, namely the direct link between expanding steel scrap circulation and decarbonizing the steel industry.
Today, the Company is seeing "solidarity" with the many stakeholders who have resonated with this challenge to take concrete form. While demonstrating that Tokyo Steel can serve as one solution to the societal challenges of resource recycling and decarbonization, the Company will bring its full capabilities to bear.

We sincerely welcome partners who will join hands in this endeavor.

Nobuaki Nara

President and Representative Director,
Tokyo Steel Manufacturing Co., Ltd.

Company Overview



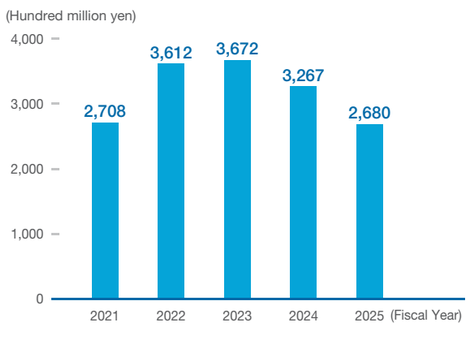
We operate four manufacturing sites across Japan, recycling locally generated steel scrap, a valuable resource, into a range of decarbonized, recycling-based steel products.

Basic Information

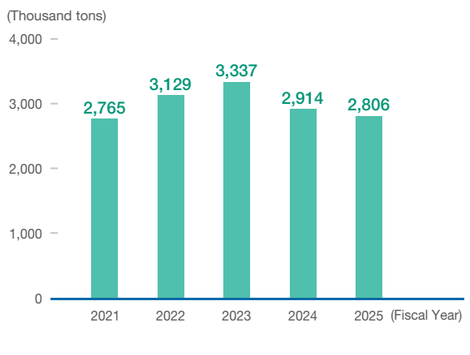
Date of Establishment: November 23, 1934
Capital: 30,894 million yen
Representative: Nobuaki Nara,
President and Representative Director

Number of Employees: 1,135 (as of March 31, 2025)
Business Description: Manufacturing and sales of steel ingots, various steel materials, special steel, and finished steel products

Net Sales Trends



Production Volume Trends



Corporate History

1934 Established in Adachi-ku, Tokyo, with a capital of 1 million yen to manufacture and sell various steel products. Subsequently produced various specialty steels using two open-hearth furnaces, one electric arc furnace, and medium and small rolling mills.
1962 Completed and commenced operations of the No. 1 open-hearth furnace at the Okayama Works. Subsequently completed five 120-ton open-hearth furnaces and medium/small rolling mills, and produced medium and small structural steel sections.
1969 Completed a large-section rolling mill at the Okayama Works and commenced production of H-beams.
1971 Absorbed and merged with Daimaru Steel Co., Ltd.
1973 Completed a medium-section rolling mill at the Kyushu Works.
1974 Listed on the Second Section of the Tokyo Stock Exchange.
1975 Absorbed and merged with Tosa Denki Seikojo Co., Ltd.
1976 Listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange.
1978 Completed the No. 1 and No. 2 140-ton electric arc furnaces at the Okayama Works.
1979 Opened Osaka Sales Office. Completion of small bar mill at Okayama Works.
1984 Completed a large-section rolling mill at the Kyushu Works and commenced production of large H-beams and universal plates.
1987 Renamed Osaka Sales Office to Osaka Branch.
1989 Completed a 130-ton DC electric arc furnace at the Kyushu Works.
1991 Completed a hot strip rolling mill at the Okayama Works.
1992 Completed a 150-ton DC electric arc furnace at the Okayama Works.
1994 Opened Nagoya Branch, Kyushu Branch, Hiroshima Sales Office, and Takamatsu Sales Office. Commenced production of steel sheet piles at Kyushu Works.
1995 Completed a hot-rolled wide strip pickling facility at the Okayama Works, as well as a rolling mill and steelmaking plant at the Utsunomiya Works.
1996 Completed a 60-ton DC electric arc furnace at the Takamatsu Works.
1997 Completed a wire rod rolling facility at the Takamatsu Works, as well as cold rolling and surface treatment facilities at the Okayama Works.
1999 Opened Utsunomiya Sales Office.
2000 Completion of ISO 9002 (Quality Management System) certification at all plants.
2001 Obtained ISO 14001 (Environmental Management System) certification for all plants.
2003 Obtained ISO 9001 (Quality Management System, 2000 edition) certification for all plants.
2004 Integrated Nagoya Branch and Takamatsu Sales Office into Osaka Branch.
2005 Decision to acquire new plant site (104 ha) in Tahara City, Aichi Prefecture.
2007 Completed a heavy plate manufacturing facility at the Kyushu Works and commenced construction of the Tahara Works.
2008 Opened Okayama Sales Office.
2009 Opened Tahara Sales Office. Renamed Osaka Branch to Osaka Sales Office. Completion of hot strip rolling mill at Tahara Works.
2010 Completed an SHS (Square Hollow Section) facility and a steelmaking plant at the Tahara Works.
2011 Completed a hot-rolled wide strip pickling facility at the Tahara Works.
2012 Suspension of production at Takamatsu Works. Opened Takamatsu Steel Center.
2013 Opened Osaka Branch and Nagoya Branch.
2015 Renamed Kyushu Sales Office to Kyushu Branch. Decision to introduce new continuous casting equipment at Okayama Works.
2017 Announced Long-Term Environmental Vision “Tokyo Steel EcoVision 2050.”
2018 Completed new continuous casting equipment at the Okayama Works.
2020 Acquired land adjacent to Utsunomiya Works.
2021 Revised Long-Term Environmental Vision “Tokyo Steel EcoVision 2050.” Completion of solar power generation facilities at four domestic plants.
2022 Opened Nagoya Satellite Yard. Recommencement of operations at hot strip rolling mill at Okayama Works.
2024 Opened Kansai Satellite Yard. Recommencement of operations at pickling facility at Tahara Works.
2025 Opened Tokyo Bay Satellite Yard.

Product Introduction

Hot-rolled Coils (Hot Coils)



Tokyo Steel’s hot rolled wide strip achieves precise dimensional accuracy and a beautiful surface finish under excellent equipment and rigorous quality control. The consistent quality is highly regarded by customers.

Pickled and Oiled Coils (P/O Coils)



Tokyo Steel’s pickled and oiled coils feature a beautiful, smooth surface appearance and excellent flatness. They offer superior workability and are ideal for painting.

Hot-dipped Galvanized Steel Coils (T-Zinc, T-Alloy)



Tokyo Steel’s hot-dip galvanized steel coils achieve excellent zinc adhesion and a beautiful, uniform surface finish. Its high-quality workability and superior corrosion resistance are highly valued.

Checkered Coils



Tokyo Steel’s checkered coils feature a 45° checkered pattern with excellent anti-slip performance. They are widely used for flooring, staircases, and a wide range of other structural applications.

Hot-Rolled Steel Sheets (Cut Sheets)



Tokyo Steel’s steel sheets utilize hot-rolled, pickled, and checkered coils as base materials to achieve stable dimensional accuracy and flatness. Their tight mill scale also ensures superior laser-cutting performance.

Heavy Plates (Steel Plates)



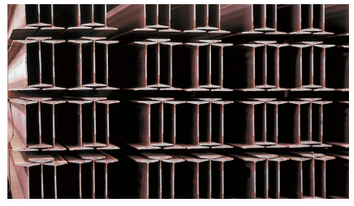
Tokyo Steel’s heavy plates excel in flatness, surface quality, and sharp edge finishes. They suit a broad range of applications, including construction, industrial machinery, bridges, shipbuilding, and plants.

H-Beams



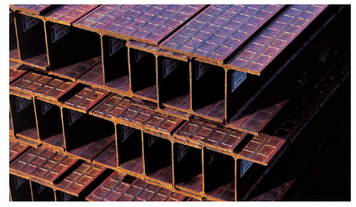
Tokyo Steel’s H-beams leverage extensive manufacturing experience to serve various fields, including construction and civil engineering. Sizes range from H100×50 to H918×303. The lineup includes “High-Standard EAF H-Beams” and “TH: Tuned H (Custom-Dimension H-Beams).”

I-Beams



Tokyo Steel’s I-beams are used in construction machinery and many other mechanical applications. They have an established reputation for excellent dimensional accuracy and consistent shape.

Checkered H-Beams



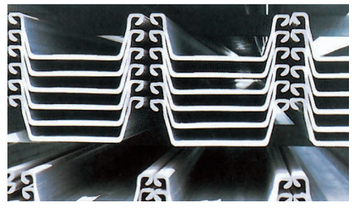
Tokyo Steel’s checkered H-beams feature a grid pattern on the upper flange surface that provides anti-slip performance. They are primarily used as road decking panels in subway construction and similar projects.

Channels



Tokyo Steel’s channels are used in a wide range of applications in construction and machinery. Available in sizes from 100×50 to 380×100.

U-Type Steel Sheet Piles (Sheet Piles)



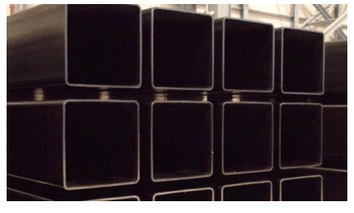
Tokyo Steel’s U-type steel sheet piles (TSP) are used in harbors, rivers, and other civil engineering works. The size lineup includes TSP-II, III, and IV, plus 600 mm wide types (IIw, IIIw, IVw).

Deformed Bars (Blue Bars)



Tokyo Steel’s deformed bars, long known as Blue Bars, feature excellent pressure-welding performance, bending workability, and superior adhesion to concrete.

SHS (Square Hollow Section) / (Totetsu Column)



Tokyo Steel’s “Totetsu Column” SHS is manufactured entirely in one plant, from steelmaking to tube forming. Its wide size ranges from 150×150×4.5 to 400×400×22.0 suits various applications, including structural columns for buildings, construction and industrial machinery, and other structures.

Our Commitment



Tokyo Steel continues to manufacture decarbonized steel products using steel scrap as its main raw material. Being at the forefront of resource recycling, the Company believes it must work seriously on measures for environmental challenges, including climate change.

Sustainability Trends and Tokyo Steel's Approach

At present, challenges that threaten human survival, including natural disasters and food shortages caused by the progression of climate change, the spread of infectious diseases, and geopolitical tensions, are becoming increasingly serious. The World Economic Forum's The Global Risks Report 2022 ranked failure of climate change adaptation as the greatest global risk, and also identified social fragmentation and livelihood crises as major risks. Resource and waste issues, such as ocean plastic, and human rights issues, including forced labor in developing countries and gender inequality, are also growing in importance.

Among these sustainability challenges, Tokyo Steel recognizes issues related in particular to climate change and resources and waste as its material issues. Regarding climate change, since the entry into force of the "Paris Agreement" in 2016, an increasing number of countries and regions have declared carbon neutrality, and Japan also declared in October 2020 that it would aim for "carbon neutrality by 2050." While limiting the temperature increase from pre-industrial levels to below 1.5°C has effectively become the common goal of the international community, the adverse effects of climate change are becoming manifest worldwide, and urgent action to reduce greenhouse gas (GHG) emissions is demanded. Realizing the desired society of 2050 will require transformation of industrial structures and socio-economic systems, and there are high expectations for companies to actively address the climate change challenge. The resource and waste challenge, characterized by mass consumption of natural resources and increasing waste generation, is also intensifying; while global population is projected to exceed 9 billion by 2050 and consumption pace is expected to accelerate further, it is considered impossible to expand consumption beyond current levels. Effectively utilizing finite resources and building a circular society are becoming essential for sustaining growth.

To address these social issues, Tokyo Steel will contribute to achieving a circular society and a decarbonized society by delivering the world with high-quality products at lower environmental impact and lower cost through the recycling of steel scrap.

Climate Change Issues	Resource Issues	Human Rights Issues, etc.
• Government announcement of carbon neutrality target (2020) • "1.5°C" effectively becomes the common goal of the international community at COP26 (2021) • IPCC publishes "Sixth Assessment Report," noting that widespread adverse impacts and "loss and damage" are being caused by climate change and that the urgency of achieving the "1.5°C" target is extremely high (2021)	• Growing risks of resource depletion and procurement disruption • Growing need to reduce CO_2 emissions from resource extraction, processing, and smelting • Growing necessity for restricting plastic use and promoting circular utilization, beginning with the ocean plastic problem • Potential for a sharp increase in the proportion of the population affected by severe water shortages	• In the context of advancing globalization in corporate activities, the importance of securing diverse talent, promoting gender equality, and respecting human rights is increasing • Growing importance of work environment management with due consideration for occupational health and safety, including ensuring employee safety and maintaining employee health
Growing pressure on fossil fuels and rapid advancement of policies and regulations on greenhouse gas reduction	Growing necessity to build a circular economy (Circular Economy)	Growing social expectations regarding human rights, diversity, and occupational health and safety

Expectations for the Company

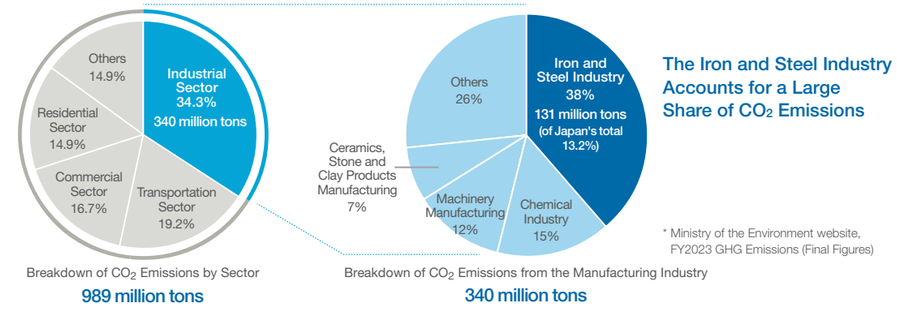
Addressing Climate Change through Business and Contribution to Building a Circular Economy

What is required of Tokyo Steel
Widespread adoption of decarbonized, recycling-based steel products

Toward Achieving a Decarbonized Society

Iron is an indispensable metal in human life, inexpensive yet high in strength and suited to mass production. Having undergone numerous technological innovations, it is used across countless industrial fields and fundamentally supports modern civilization. Iron is not only superior in manufacturing cost and productivity, but also one of the most recyclable materials of all. As natural resource depletion grows more serious, society increasingly demands its further utilization toward a circular society. However, CO_2 emissions from Japan's domestic steel manufacturers amount to approximately 13.2% (approximately 131 million tons per year) of Japan's total CO_2 emissions (approximately 980 million tons per year). Tokyo Steel considers that the steel industry, which emits the most CO_2 of any industrial sector, bears a greater responsibility than any other industry to reduce its emissions.

CO_2 Emissions by Industry Sector



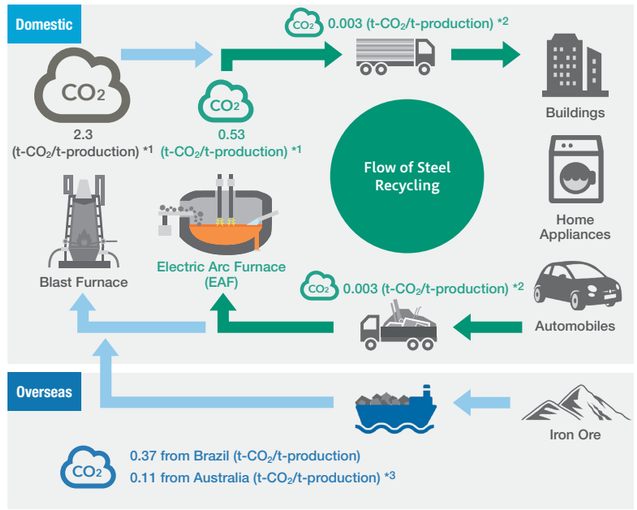
The Iron and Steel Industry Accounts for a Large Share of CO_2 Emissions

* Ministry of the Environment website, FY2023 GHG Emissions (Final Figures)

More than 90% of CO_2 emissions in the steel sector are emitted by blast furnace steel manufacturers. When comparing CO_2 emissions per ton of steel produced, it is understood that the CO_2 emissions during manufacturing at electric arc furnace (EAF) steel manufacturers are approximately one-fifth of those at blast furnace steel manufacturers.

In the blast furnace process, "reduction" (the removal of oxygen from iron oxide using coal (coke)) is required to extract iron from iron ore, generating large quantities of CO_2 in the process. The EAF process, on the other hand, manufactures iron by melting steel scrap with electricity. The CO_2 generated when this electricity is produced at power plants accounts for the large majority of CO_2 emissions under the EAF process. Even at the current power generation mix, CO_2 emissions under the EAF process are overwhelmingly lower compared to the blast furnace process. As decarbonization of the power sector advances through the spread of electricity from non-fossil fuel energy sources such as renewable energy, CO_2 emissions from the EAF process will decrease further. Furthermore, for CO_2 generated in the raw material transportation process, EAF steel manufacturers that practice "local production for local consumption" (recycling locally sourced steel scrap within their communities) emit far less than blast furnace steel manufacturers, which import the majority of their primary raw materials from overseas.

CO_2 Emissions from Japan's Steel Sector and Flow of Steel Recycling



*1 Source: Makoto Nishino, "Theoretical Evaluation of CO_2 Emissions by Integrated steel manufacturers," Bulletin of the Iron and Steel Institute of Japan, Vol. 3, No. 1, 1998
*2 Source: Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism, "Guidelines for Calculating CO_2 Emissions in the Logistics Sector," p. 6
*3 Source: Ship & Ocean Foundation, "A Report on Research Concerning the Reduction of CO_2 Emissions from Vessels," p. 92, 2000; Assumption: Iron contained in iron ore is 60%

Comparison of CO_2 Emissions per Ton of Crude Steel : EAF vs. Blast Furnace

	Adjusted GHG Emissions (t-CO_2)	Crude Steel Production (tons)	t-CO_2 / Production ton
Top 10 EAF producers (by crude steel production)	3,494,811	9,760,145	0.35
Top 3 blast furnace producers	131,757,788	62,239,086	2.11

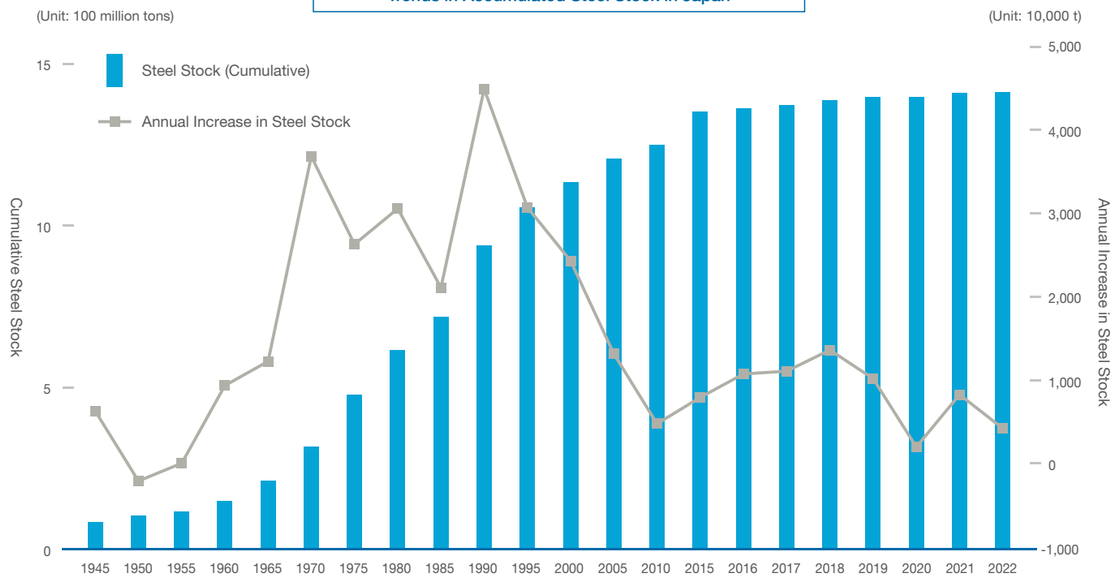
1/5 or less

Source: Compiled from Ministry of the Environment, "Results of Aggregate GHG Emissions for FY2020 under the Calculation, Reporting, and Publication System Based on the Act on Promotion of Global Warming Countermeasures," etc.

Toward Achieving a Circular Society

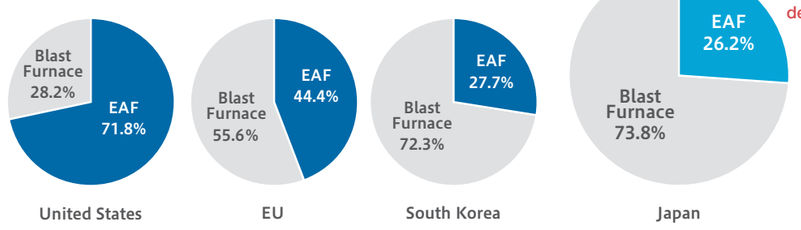
As of the end of FY 2022, Japan's accumulated steel stock is estimated at approximately 1.4 billion tons, the fifth largest in the world after China, the EU, the US, and Russia. Accumulated steel stock refers to iron resources utilized as steel products and accumulated domestically in various forms, such as buildings, bridges, automobiles, and home appliances, serving as a future source of obsolete scrap. These resources will eventually be recovered as scrap and transformed into new steel products by electric arc furnace (EAF) steel manufacturers.
Japan has an accumulated stock equivalent to several decades of domestic steel demand. Recycling this valuable scrap is critically important for curbing natural resource consumption and maintaining sustainable growth. However, since steel scrap exports began exceeding imports in the 1990s, the pace of increase in Japan's accumulated steel stock has remained low, with over 6 million tons of this valuable resource continuing to flow overseas in 2024.

Trends in Accumulated Steel Stock in Japan



Japan's electric arc furnace (EAF) production ratio remains only in the 20% range. This is a significantly low figure even compared to the United States (approximately 70%) and the EU (approximately 40%).
Despite approximately 30 EAF steel manufacturers operating domestically and one of the world's largest levels of accumulated steel stock, one factor behind this situation is that many EAF steel manufacturers have remained confined to limited markets known as "EAF product grades," such as round bars.

EAF Share in Steel Production by Country (2024 Results)



Japan's low EAF production ratio stands out among major developed countries.

Source: Compiled based on "2023 World Steel in Figures" by the World Steel Association

Materiality Assessment



We address societal challenges through the supply of EAF steel. We are committed to expanding production toward the realization of a "decarbonized society" and a "circular society."

Identification of Materiality in Sustainability Issues

Tokyo Steel has identified four material topics (materiality) in response to emerging sustainability challenges: "climate change," "resource recycling," "safety, environment, and quality," and "corporate governance." Expanding the production and sales of EAF steel, the Company's principal business, leads to the reduction of CO_2 emissions across the supply chain and the promotion of resource recycling through the effective utilization of steel scrap. Tokyo Steel will address challenges with strong societal expectations, such as realizing a decarbonized society and building a circular society, through collaboration with a variety of stakeholders.

Materiality Determination Procedure

① **Listing Key Sustainability Issues:**
Referencing social trends and international standards and guidelines, the Company listed management issues generally considered important.

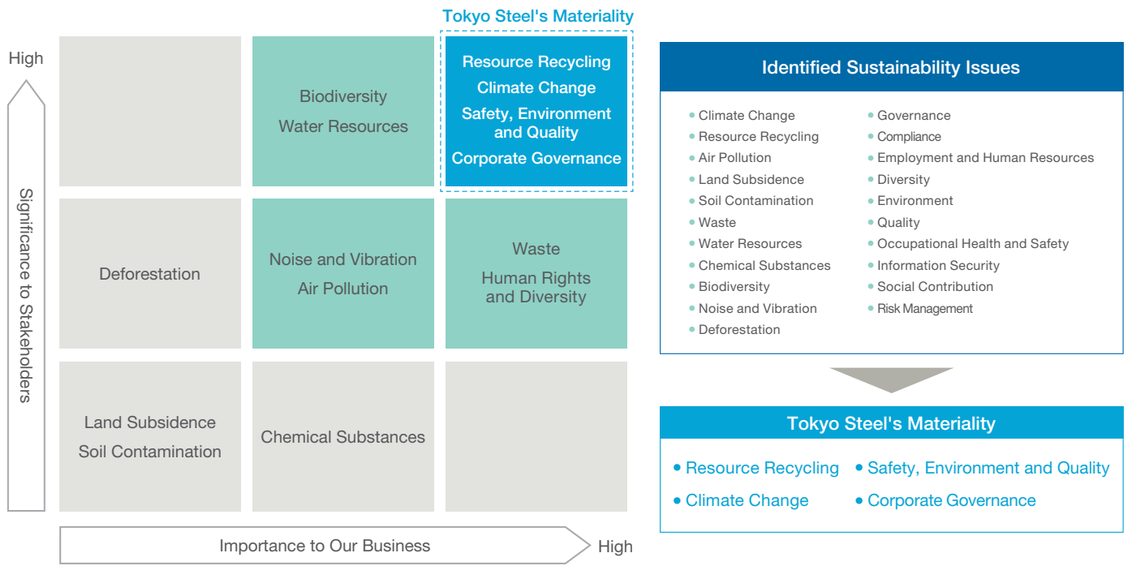
② **Evaluating Materiality:**
Management evaluated the listed sustainability issues from two perspectives:
"importance to the Company's management" and "importance to stakeholders," and compiled the results into a materiality map.

③ **Identifying Material Topics:**
Following deliberation at the management level, four items determined to be particularly important were identified as the Company's material topics: "climate change," "resource recycling," "safety, environment, and quality," and "corporate governance."

④ **Approval by the Board of Directors:**
The identified material topics were reported to the Board of Directors and approved.

⑤ **Review of Materiality:**
The identified material topics are reviewed on a regular basis.

Materiality Map



Tokyo Steel's Value Creation Process



Since its founding in 1934, Tokyo Steel has consistently developed advanced steel scrap recycling technologies as Japan's largest EAF steel manufacturer, supporting sustainable manufacturing in the industrial and construction sectors. Products such as H-beams (in which the Company holds the top domestic market share) and sheet steel products (in which it was the first domestic EAF manufacturer to enter the market) were previously considered technically impossible to produce via the EAF process. Leveraging its cultivated recycling technologies, the Company will remain committed to enhancing corporate value and resolving societal challenges by maximizing the deployment of diverse management capital in its business activities.

Outputs / Outcomes

Supply of environmentally friendly electric arc furnace steel



FY2024

Financial Results

Net Sales	¥326.7 billion
Operating Income	¥30.1 billion

Production Volume

Crude Steel	3.204 million tons
Steel Products	2.914 million tons

Emissions & Discharge

CO_2 Emissions	1.219 million tons
Wastewater Volume	2.48 million m^3
Waste	466kt

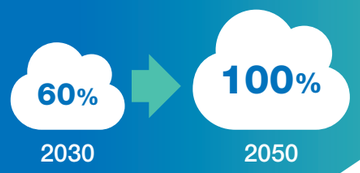
Vision for 2050

To contribute to the realization of a decarbonized society and a circular society through the achievement of "Tokyo Steel EcoVision 2050"

CARBON MINUS × UPCYCLING
EcoVision 2050

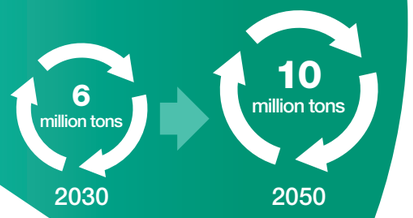
Contributing to a Decarbonized Society

Carbon Neutrality by 2050



Contributing to a Circular Society

Production target of 10 million tons by 2050





Through the production and sales of decarbonized and recycling-based steel products

Achieving Carbon Negative for Customers and Society

Tokyo Steel's Strengths

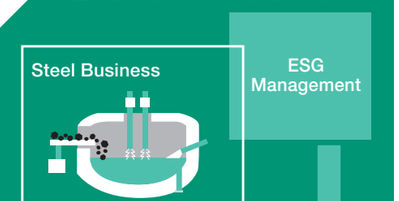
- Establishment of upcycling technology for steel scrap and commitment to supplying high-value-added products
- High level of fairness and transparency through the public disclosure of steel product selling prices and steel scrap purchase prices
- Diverse product lineup unavailable at other EAF manufacturers
- A nationwide product supply network supported by four domestic manufacturing sites
- Annual production of more than 3 million tons of EAF steels: decarbonized, recycling-based steel products

Inputs

Key Management Capital:

- Human Capital
- Manufacturing Capital
- Intellectual Capital
- Social & Relationship Capital
- Financial Capital
- Natural Capital

Business Model



Human Capital Number of Employees: 1,135 **Intellectual Capital** Research Sites: 1

Financial Capital Total Capital: 292.9 billion yen

Manufacturing Capital Manufacturing Sites: 4 domestic / Capital Expenditure: 24.2 billion yen

Social & Relationship Capital Customer Accounts (delivery destinations): approx. 1,500

Natural Capital Steel scrap (recycled raw materials): approx. 3.402 million tons (FY2024)

All figures are as of March 31, 2025.

Key Management Issues (Materiality)

- Resource recycling
- Climate Change
- Safety, Environment, and Quality
- Corporate Governance

E (Environment)
Contributing to the realization of a decarbonized society and a circular society through the supply of environmentally friendly electric arc furnace steel

S (Society)
Contributing to society through respect for human rights and coexistence with local communities

G (Corporate Governance)
Strengthening corporate governance

Long-Term Environmental Vision



Tokyo Steel's vision for the future: a "decarbonized and circular" society. We present "Tokyo Steel EcoVision 2050," formulated to realize that vision. "Act now." This is our approach in practice.

Long-Term Environmental Vision: Tokyo Steel EcoVision 2050

To achieve Japan's carbon neutrality by 2050, it is necessary to reduce approximately 13% of current emissions in the steel sector, equivalent to 131 million tons. Moreover, Japan's continuously growing steel scrap is expected to reach a quantity that could satisfy the majority of domestic steel demand by 2050.
As the leading EAF manufacturer that has continued to venture into new product categories, Tokyo Steel has formulated its long-term environmental vision, "Tokyo Steel EcoVision 2050," to address the two challenges facing society: reducing enormous CO_2 emissions and promoting the domestic circulation of steel scrap, a valuable resource. The Company views this vision both as a contribution to society that only Tokyo Steel can make and as a challenge that Tokyo Steel itself must take the lead in addressing, in order to realize the envisioned future of 2050: a decarbonized society and a circular society.
"Tokyo Steel EcoVision 2050" is built upon the pillars of realizing a "decarbonized society" and a "circular society." Through the supply of EAF steel, decarbonized, recycling-based steel products, the Company will substantially reduce CO_2 emissions in Japan and improve resource efficiency through the further effective utilization of valuable domestic steel scrap, thereby contributing to the realization of the envisioned future of 2050.

Challenge toward 2050 (Medium- to Long-Term Targets: Scope 1 and 2 Emissions Reduction and Avoided Emissions)

Tokyo Steel has set quantitative targets for 2030 and 2050 toward realizing a "decarbonized society" and a "circular society," and is committed to achieving them. By reducing CO_2 intensity in product manufacturing and advancing the utilization of domestic steel scrap, the Company will contribute significantly to realizing the envisioned future of 2050: a "decarbonized society" and a "circular society."

Tokyo Steel EcoVision 2050

Contribution to a Decarbonized Society[*1,*2]
Reduction of CO_2 emissions intensity in the manufacturing process
* CO_2 emissions: reduction relative to FY2013 levels

60% (2030) → 100% (2050)

Contribution to a Circular Society
Increase in domestic steel scrap procurement volume through the promotion and advanced utilization of steel recycling

6 million tons (2030) → 10 million tons (2050)

Achieving Carbon Negative Impact for Customers and Society through the Production and Sales of Decarbonized, Recycling-based Steel Products[*3,*4]
Contributing to CO_2 emissions reduction across society (avoided emissions)

8 million tons reduction (2030) → 13 million tons reduction (2050)

FY2030 -1.4 t-CO_2/t (blast furnace steel: 1.6 t-CO_2/t – EAF steel: 0.2 t-CO_2/t) × volume of blast furnace steel substituted: 6 million tons = approximately 8.4 million tons

FY2050 -1.3 t-CO_2/t (blast furnace steel: 1.3 t-CO_2/t – EAF steel: 0 t-CO_2/t) × volume of blast furnace steel substituted: 10 million tons = approximately 13 million tons CO_2

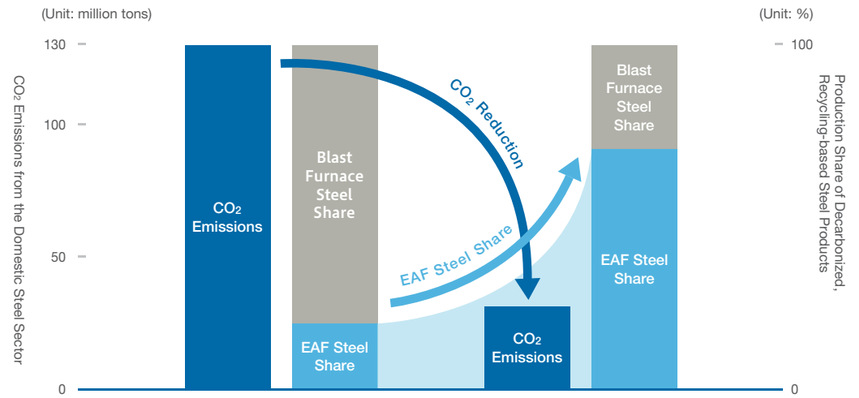
*1: In formulating the 2030 reduction targets, reference was made to the CO_2 emission factor for electricity under the Sustainable Development Scenario (SDS) of the IEA's "World Energy Outlook 2020."
*2: Based on the assumption that the renewable energy share in the primary energy supply mix reaches 100% by 2050, as set out in the 100% renewable energy scenario of WWF Japan's "Long-Term Scenario toward a Decarbonized Society."
*3: Based on the assumption that the CO_2 emissions intensity per ton of the Company's products will reach 0.2 t-CO_2/t in 2030 and 0 t-CO_2/t in 2050, through the expansion of the renewable energy share and the promotion of energy-saving activities.
*4: Calculated as production volume × (CO_2 emissions intensity of blast furnace steelmaking – CO_2 emissions intensity of the Company). The blast furnace emissions intensity is based on the maximum BAT (Best Available Technology) adoption scenario of the Japan Iron and Steel Federation.

Toward Achieving a Decarbonized Society

Action in the steel sector, which accounts for approximately 13% of Japan's total CO_2 emissions, is indispensable for realizing a decarbonized society. Tokyo Steel will advance the reduction of CO_2 emissions across society through the expansion of production and sales of EAF steel, i.e., decarbonized, recycling-based steel products.

1. Tokyo Steel will increase production of EAF steel, i.e., decarbonized, recycling-based steel products, whose CO_2 emissions are one-fifth those of blast furnace steel.
2. Through expanding the market share of decarbonized, recycling-based steel products, the Company will reduce CO_2 emissions from the domestic steel sector.
3. Through energy-saving activities and the use of electricity from non-fossil fuel energy sources such as renewable energy, the Company will reduce CO_2 across the full product life cycle.

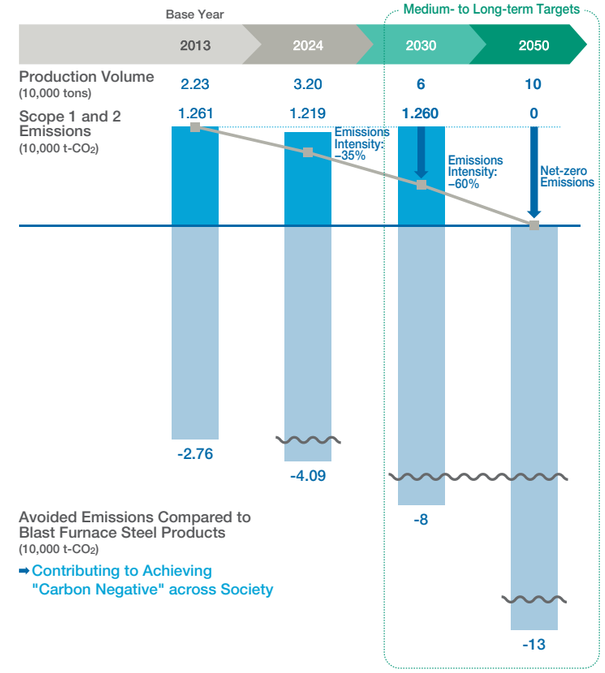
Conceptual Illustration of CO_2 Reduction and Growing Share in Domestic Crude Steel Production



Medium- to Long-Term Emissions Reduction Targets

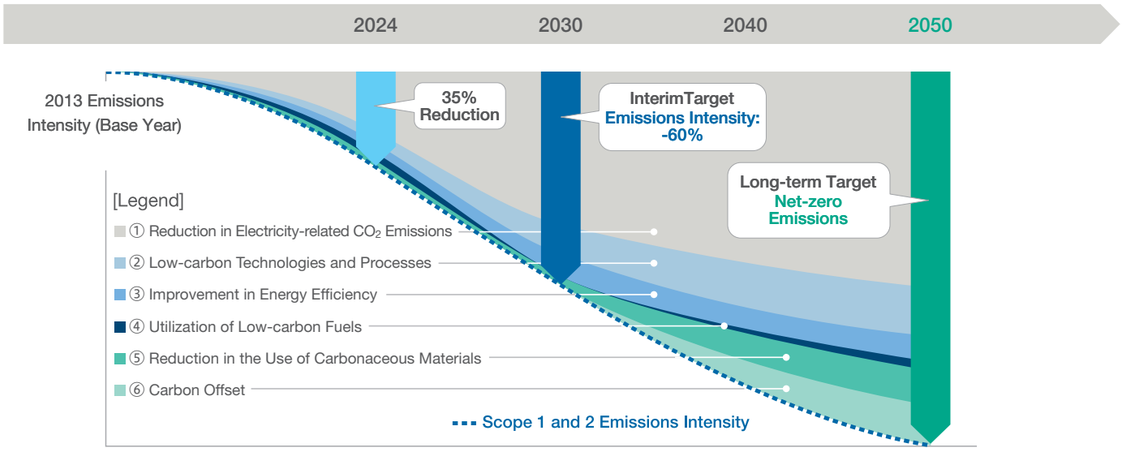
Under "Tokyo Steel EcoVision 2050," the Company has set emissions reduction targets for 2030 and 2050. Scope 1 and 2 CO_2 emissions intensity achieved a reduction of more than 35% compared to FY2013 (base year) as of FY2024. The Company targets total Scope 1 and 2 emissions equivalent to FY2013 levels and a 60% reduction in emissions intensity, both by FY2030, and aims to achieve carbon neutrality by FY2050. Through the "upcycling" of steel scrap, the Company will expand its production to 6 million tons in 2030 and 10 million tons in 2050, and contribute to achieving a "carbon negative" society by promoting the replacement of blast furnace steel with EAF steel.

Emissions Reduction Targets



Scope 1 and 2 Emissions Reduction Roadmap

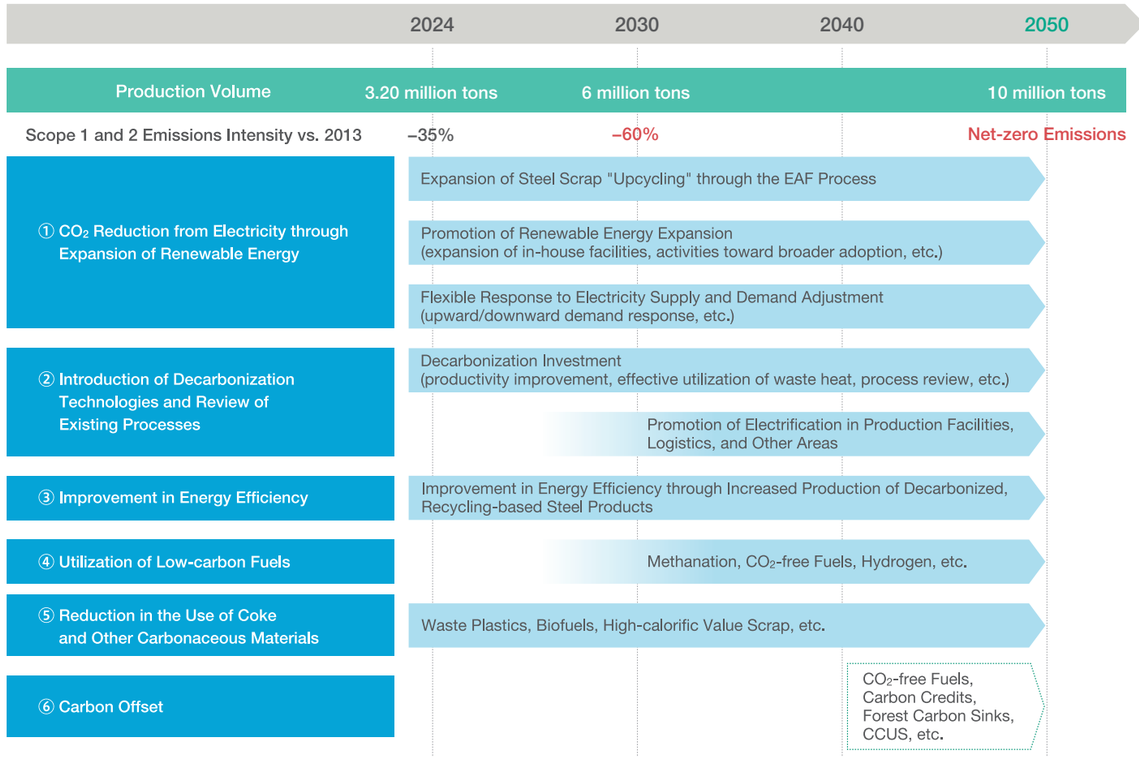
The Company will substantially reduce CO_2 emissions intensity in the manufacturing stage toward carbon neutrality in 2050. Six principal measures have been identified, with reduction contributions specified for each measure. For CO_2 emissions attributable to electricity, which currently accounts for a large proportion, the Company will achieve substantial reductions in emissions intensity by utilizing electricity that is increasingly decarbonized through the wider diffusion of renewable energy across society, and by expanding the “upcycling” of steel scrap. As a receiver for renewable energy, still an unstable power source, the Company will also implement Demand Response (DR) leveraging EAF operational flexibility, contributing to expanding renewable energy use and stabilizing the power grid.
With a target of reducing CO_2 emissions intensity in the manufacturing stage by at least 1% per year, the Company will implement, on a company-wide basis, proactive decarbonization investment, review of existing processes, and improvement of energy efficiency. Through these measures, the Company will work toward carbon neutrality in FY2050.



Reduction Rate Targets by Measure

	2024	2030	2040	2050
Emissions Intensity Reduction Rate (vs. FY2013 Base Year)		-60%		-100%
① Reduction in Electricity-related CO_2 Emissions through Renewable Energy Expansion		-43%		-58%
② Introduction of Decarbonization Technologies/ Review of Existing Processes		-8%		-13%
③ Improvement in Energy Efficiency		-6%		-8%
④ Utilization of Low-carbon Fuels		-0%		-1%
⑤ Reduction in the Use of Coke and Other Carbonaceous Materials		-3%		-10%
⑥ Carbon Offset		-0%		-10%

Emissions Reduction Initiatives by Measure

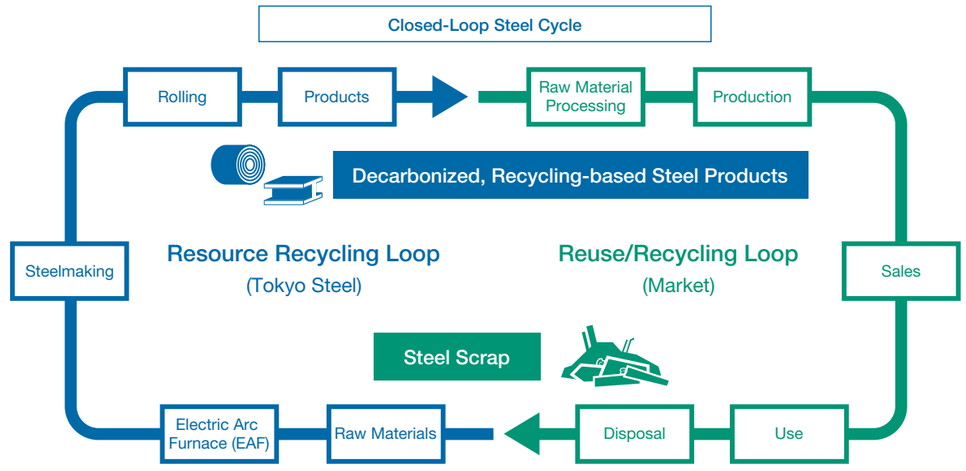


Toward Achieving a Circular Society

To realize a circular society, the Company considers it necessary to strengthen and expand the “Closed-Loop Steel Cycle,” composed of a “resource recycling loop” and a “recycled materials use loop,” through its EAF steel (i.e., decarbonized, recycling-based steel products) and the steel scrap that serves as its raw material.

1. By expanding marketplace use of EAF steel (decarbonized, recycling-based steel products) produced from steel scrap, the Company will enhance resource efficiency.
2. By expanding procurement of domestically collected steel scrap and increasing production of decarbonized, recycling-based steel products, the Company will promote resource recycling.

Closed-Loop Steel Cycle



Environmental Management Risks and Opportunities



In recent years, extreme weather events have been increasing both domestically and overseas. Climate change has been cited as a possible cause of these phenomena, posing a major risk for companies. At the same time, these phenomena have heightened societal demands for climate change response, creating a significant opportunity to expand sales of Tokyo Steel's decarbonized, recycling-based steel products.

As the climate change issue intensifies, Tokyo Steel has put forward a policy of addressing climate change as a management priority and considers it necessary to identify substantive business risks and opportunities associated with climate change. To serve as foundational information for identifying these risks and opportunities, scenario analysis examining how society will evolve from a climate change perspective, and what the Company's strategy, structure, and resilience are in response, is also necessary, and is required under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB). Tokyo Steel expressed its support for the TCFD recommendations in May 2019, and this report has been prepared in a format consistent with the TCFD recommendations. Given our business characteristics, Tokyo Steel places particular emphasis on the energy mix and carbon pricing, and has referenced relevant scenarios. The results of the scenario analysis confirmed that climate change will significantly affect the Company's business, including the costs of responding to related policies and regulations, and the impact on demand for decarbonized, recycling-based steel products, which are the core of our business. The specific risks and opportunities associated with climate change are considered to be as follows.

Climate Change-Related Risks, Opportunities, and Response Policies

Risk/Opportunity Type			Description of Risk/Opportunity for the Company	Time Horizon	Response Policy / Strategy (Ref.)
Risk	Transition Risk	Policy/ Regulation	Increased costs arising from the introduction of various regulations and systems to mitigate climate change in line with the Paris Agreement. (Examples: rise in steel product prices due to "carbon pricing"; increase in electricity costs due to higher renewable energy surcharges)	Medium-term	P17
		Technology	Decrease in demand for steel products due to development of innovative new materials that realize decarbonization of the production process.	Medium-term	P18,22,23
		Market	Continuation of a business environment in which it is difficult to anticipate growth in steel demand due to changes in material selection by the market.	Medium-term	P18,22,23
			Intensification of market competition surrounding the Company's products and competition to acquire steel scrap due to entry of domestic blast furnace manufacturers into the EAF business.	Medium-term	P18,23
		Reputation	Reputational damage resulting from heightened social awareness of climate change, advances in related evaluation frameworks (e.g., CDP), and the Company's inadequate response thereto.	Short-term	P57,58
	Physical Risk	Acute	Suspension of operations due to equipment failure at production facilities and disruption of sales and procurement logistics caused by natural disasters.	Medium-term	P18
		Chronic	Inability to operate coastal plants and logistics bases due to rising sea levels.	Long-term	P18
Opportunity	Resource Efficiency		Reduction of manufacturing costs and enhancement of production capacity through efficient production processes; utilization of efficient transportation methods.	Medium-term	P17,21,23
	Energy Sources		Reduction of environmental impact in the manufacturing stage through use of low-carbon energy sources.	Medium-term	P17,18,21
	Products and Services		Expansion of demand for decarbonized, recycling-based steel products due to the introduction of various regulations and systems to mitigate climate change in line with the Paris Agreement and growing social awareness of climate change.	Short-term	P17,18
			Establishing competitive advantage for decarbonized, recycling-based steel products if fair taxation reflecting CO_2 emissions per product is introduced for climate change mitigation.	Medium-term	P17
			Securing an environmental competitive advantage for the Company's products over blast furnace products, given that approximately 1.5 tons of CO_2 per ton of crude steel can be reduced compared to the blast furnace (converter) process.	Short-term	P17,18,21,23
			Securing an environmental competitive advantage over blast furnace products, as the primary raw material, steel scrap, is abundant domestically in Japan and emits far less CO_2 during transportation than blast furnace raw materials transported from distant locations.	Short-term	P17,18,23
	Market		Increased access to new and emerging markets and expanded diversification of financial assets. (Example: *Green bonds) *Bonds issued with the use of proceeds limited to environmental projects such as renewable energy	Short-term	P18,22,57
	Resilience		Introducing renewable energy programs, promoting energy-saving measures, and strengthening raw material procurement networks through supply chain diversification.	Medium-term	P17,18,21
			Increase in demand for products aimed at strengthening resilience.		

Scenario Analysis



Tokyo Steel has conducted scenario analysis in light of the risks and opportunities posed by climate change, and has organized the impacts on Tokyo Steel's business and strategy.

Background to Scenario Analysis

The impact of climate change is expanding year by year, and is recognized as a major risk to corporate management. Furthermore, regulatory tightening and changes in market needs arising during the transition to a decarbonized society can represent risks for businesses while simultaneously creating new business opportunities. The TCFD recommendations call for companies to analyze multiple scenarios assuming various patterns of future temperature increases, to identify and assess the risks and opportunities to their own operations, and to develop and disclose response measures. In response to these recommendations, Tokyo Steel has conducted scenario analysis covering the period from 2030 to 2050, the timeframe of its long-term environmental vision, Tokyo Steel EcoVision 2050, for a 1.5°C to below 2°C scenario and a 4°C scenario related to climate change, and has confirmed that Tokyo Steel's current environmental strategy possesses a certain level of resilience.

Scenario Analysis Process

① Identification of Climate Change-Related Risks and Opportunities
Climate change-related risks and opportunities across Tokyo Steel's value chain were identified.
See page 15.

② Identification of Material Risks and Opportunities
From the risks and opportunities identified in step 1, items considered to have a significant impact on Tokyo Steel's management were selected, and relevant factors and indicators were established.

③ Scenario Setting and Assessment of Business Impacts
Referencing existing scenarios, the trajectory of the material risks and opportunities and related factors and indicators identified in step 2 was organized, and the future impacts on Tokyo Steel were assessed quantitatively. A 1.5°C to below 2°C scenario and a 4°C scenario were established, and the impacts assumed under each scenario were compared and assessed.

④ Formulation of Tokyo Steel's Response Policies and Strategies
Based on the impacts on Tokyo Steel assessed in step 3, response policies and strategies were examined for each scenario.

Scenarios Adopted

Publicly available scenarios from the International Energy Agency (IEA) and others were used as the primary reference, supplemented by IPCC reports and other sources, to establish a "1.5°C to below 2°C scenario" and a "4°C scenario," and to analyze the impacts on key business factors/indicators. Note that the scenarios do not represent future predictions but are models constructed based on assumptions for each temperature increase level. These represent Tokyo Steel's understanding of scenarios presented by international organizations such as the IEA and do not constitute future forecasts.

Category (Temperature Rise)	Overview	Reference Scenarios
1.5°C to below 2°C Scenario	A scenario envisaging a future in which the Paris Agreement target of "limiting the increase in global average temperature from pre-industrial levels to 1.5°C to below 2°C" is achieved. While physical risks are relatively reduced, risks associated with the transition to a decarbonized society increase.	**International Energy Agency (IEA):** • Net Zero Emissions by 2050 Scenario (NZE) **Intergovernmental Panel on Climate Change (IPCC):** • Special Report on Global Warming of 1.5°C **WWF Japan:** • 100% Renewable Energy Scenario *1
4°C Scenario	A scenario assuming that all national policy targets, including the Nationally Determined Contributions (NDCs) under the Paris Agreement, are fully achieved. Global average temperatures are projected to rise approximately 4°C by 2100. Compared with the 1.5°C to below 2°C scenario, physical risks increase while corporate transition risks to a decarbonized society are relatively reduced.	**International Energy Agency (IEA):** • Stated Policies Scenario (STEPS) • Current Policies Scenario (CPS) **Intergovernmental Panel on Climate Change (IPCC):** • RCP 6.0 Scenario *2

*1 Source: WWF Japan, "2050 Zero Scenario for a Decarbonized Society," 2021
*2 Source: IPCC Fifth Assessment Report

Projected Scenarios, Impacts on Tokyo Steel, and Response Strategies

Risks and opportunities related to climate change were identified and organized based on Tokyo Steel's value chain, and the impacts on Tokyo Steel and the Company's strategies in relation to the following "key factors/indicators associated with material risks and opportunities" were assessed and organized. In addition, for certain analyses, the quantitative financial impact on Tokyo Steel as of 2030 was calculated. Focusing on the risks and opportunities with the greater degree of impact, the assessment results related to "transition risks and opportunities" under the 1.5°C to below 2°C scenario and the assessment results related to "physical risks and opportunities" under the 4°C scenario were organized.

1.5°C to below 2°C Scenario and Impacts on Tokyo Steel

①Introduction of Carbon Pricing

Social Scenario	Impact on Tokyo Steel	Degree of Impact
• Introduction of a carbon pricing scheme domestically. (Estimated carbon price in developed countries: \$157/t-CO_2 in 2030; \$180/t-CO_2 in 2035; \$250/t-CO_2 in 2050.)	• Introduction of carbon pricing increases operating costs. • As operating costs also rise for suppliers, procurement costs may increase.	Risk: High  Opportunity: High 
Tokyo Steel's Strategic Approach		
• If a fair carbon tax proportional to emissions is imposed on all steel manufacturers, EAF steel products, whose CO_2 emissions during the manufacturing stage are approximately one-fifth those of blast furnace products, are expected to see demand expand as price-competitive products. Tokyo Steel will leverage the advantages of EAF steel as decarbonized, recycling-based steel products, and will actively promote the substitution of blast furnace steel with EAF steel through dialogue with customers, with the aim of expanding sales volumes. • If a carbon tax of \$157/t-CO_2 in 2030 and \$250/t-CO_2 in 2050 is introduced, and if Tokyo Steel's CO_2 emissions in 2030 are projected at approximately 1.2 million tons, then assuming an exchange rate of ¥155 per dollar, the financial impact of the carbon tax introduction would be approximately ¥29 billion. Given that the carbon tax amount levied on Tokyo Steel's CO_2 emissions is expected to be extremely large, further energy-saving efforts in Tokyo Steel's production processes are critically important. Other examples of initiatives include investment aimed at electrifying facilities that use fossil fuels from the perspective of reducing direct CO_2 emissions, and switching electricity, which accounts for the majority of indirect CO_2 emissions, to renewable energy-derived power. In FY 2024, Tokyo Steel invested ¥1.96 billion in energy-saving measures, achieving a CO_2 reduction effect of 23,267 tons per year. In light of the risk of carbon tax introduction, the Company will continue to advance energy-saving investments and the shift to renewable energy.		

②Fuel Price Trends

Social Scenario	Impact on Tokyo Steel	Degree of Impact
• Natural gas prices are assumed to remain globally stable, with Japan's prices expected to fall below current levels. (Domestic natural gas price (LNG import price): estimated at \$13.5/MBtu in 2024, \$4.9/MBtu in 2035, and \$4.9/MBtu in 2050.)	• No significant impact on domestic operating costs is assumed; however, costs associated with energy transition and energy-saving capital investment may continue to arise.	Risk: Medium  Opportunity: Medium 
Tokyo Steel's Strategic Approach		
• While the likelihood of substantial costs arising from the future introduction of a carbon tax based on CO_2 emissions and newly required energy-saving investments is extremely high, no major fluctuations in fuel or electricity costs are anticipated. Accordingly, Tokyo Steel will pursue cost reductions by further lowering fuel and electricity intensity through a review of production processes and fuel switching.		

③Energy Mix

Social Scenario	Impact on Tokyo Steel	Degree of Impact
• The share of renewable energy in global total power generation increases significantly; the share of fossil fuels decreases substantially. • The share of renewable energy in Japan's total power generation is assumed to reach 50% in 2030 and 100% in 2050.	• Energy costs may increase due to renewable energy procurement. • As the share of renewable energy-generated electricity in Japan grows, the CO_2 emissions intensity of power generation will fall, reducing the Company's electricity-derived CO_2 emissions.	Risk: Medium  Opportunity: Medium 
Tokyo Steel's Strategic Approach		
• As Japan's largest EAF steel manufacturer, Tokyo Steel consumes vast amounts of electricity in its production processes, and electricity-derived emissions account for more than 70% of the Company's Scope 1 and 2 CO_2 emissions. Accordingly, the Company recognizes the need to increase its ratio of renewable energy use, as the use of renewable energy-derived electricity in production would enable a significant reduction in the CO_2 emissions intensity of production. As the global share of renewable energy generation is expected to rise substantially in the future, WWF Japan's "2050 Zero Scenario for a Decarbonized Society" indicates that Japan's renewable energy share will reach 50% in 2030 and 100% in 2050. In addition to benefiting from the broader penetration of renewable energy in society, Tokyo Steel aims to further expand its renewable energy consumption by leveraging the operational flexibility of the EAF process to absorb surplus solar and other renewable energy during periods of low electricity demand. The Company will also promote the installation of renewable energy generation equipment on idle land and factory building rooftops to increase usage.		

* The Company's assessment of the degree of impact is color-coded: risks are shown in red, and opportunities are shown in blue.

④Demand for Decarbonized, Recycling-based Steel Products

Social Scenario	Impact on Tokyo Steel	Degree of Impact
• Steel scrap recycling and reuse volumes increase. • Global crude steel production shows a slight upward trend through 2060. • Global steel industry heat energy consumption is approximately 15 EJ in 2014 and approximately 13 EJ in 2060.	• Expansion of production volumes and sales opportunities accompanying increased demand for decarbonized, recycling-based steel products.	Opportunity: High 
Tokyo Steel's Strategic Approach		
• Global crude steel production is projected to increase gradually from the base year of 2014 through to 2060. At the same time, the below-2°C scenario indicates that global heat energy consumption in the steel industry will decline from approximately 15 EJ in 2014 to approximately 13 EJ in 2060, contrary to the increase in crude steel production. This is attributable in part to a shift in conventional steel production processes to more energy-efficient processes. As the EAF process has lower CO_2 emissions during the manufacturing stage compared with the blast furnace- converter process, EAF steel production volumes are expected to expand in the future. Furthermore, the expected increase in the volume of steel scrap, the primary raw material for EAF steel, is expected to promote recycling and reuse, representing a significant tailwind for Tokyo Steel, which produces decarbonized, recycling-based steel products using the EAF process. • The increase in demand for decarbonized, recycling-based steel products is expected to lead to greater diversification of customer needs, potentially driving further functional advancement of EAF steel products. Tokyo Steel will promote the advanced utilization of steel scrap recycling and aims to supply high-value-added steel products. By achieving this, the Company will be positioned to capture broad demand across industries, enabling it to secure a stable management base less susceptible to fluctuations in the global economy. • In response to the expansion in demand for decarbonized, recycling-based steel products, increased engagement with customers is anticipated. Tokyo Steel will promote the circulation of steel scrap, a valuable domestic resource, and will broadly propose the development of closed-loop circular trading schemes with customers, thereby advancing the widespread adoption of EAF steel as decarbonized, recycling-based steel products.		

4°C Scenario and Impacts on Tokyo Steel

⑤Physical Risks (Chronic and Acute)

Social Scenario	Impact on Tokyo Steel	Degree of Impact
• Global average temperatures rise, and the frequency of extreme heat and heat waves increase further. • The frequency and intensity of extreme precipitation events increase across most mid-latitude land areas. • Sea-level rise through the end of the 21st century is 0.33 to 0.63 m.	• Extreme weather events and natural disasters may make raw material procurement, operations, and product shipment difficult. • Flooding damage may occur across a wide range of areas including Tokyo Steel's plants, intermediate hubs, and customers' premises due to sea-level rise. • Expanding steel demand driven by Japan's national resilience enhancement policy. (Opportunities to expand product lineup and production volumes.)	Risk: Medium Opportunity: High
Tokyo Steel's Strategic Approach		
• As climate change progresses, difficulties in raw material procurement due to the occurrence of extreme weather events are anticipated. This gives rise to the risk that the suspension or delay of raw material procurement could affect Tokyo Steel's operations and revenues. Tokyo Steel will minimize this risk by producing the same products at multiple plants and diversifying procurement sources. • Risks are anticipated in which Tokyo Steel's operations could be suspended due to the impact of sea-level rise, larger typhoons, and increasingly frequent flooding from heavy rainfall as climate change progresses. Tokyo Steel has already implemented adaptation measures at its four domestic plants and considers the risk to be limited. Furthermore, Tokyo Steel has established a production system at three domestic plants for H-beams, its principal product category, with overlapping production sizes, which serves to diversify climate change risks. However, in the event of an extreme disaster beyond anticipated levels, there is a possibility that operations could become impossible. If production facility failures due to extreme weather, paralysis of sales and procurement logistics networks, or suspension of coastal factory or logistics hub operations due to sea-level rise were to occur for two weeks, and sales declined by 3.8% (14 ÷ 365 days), the financial impact from the decline in sales would be approximately ¥12.4 billion, based on FY 2024 net sales of ¥326.7 billion. • The progression of climate change will trigger more frequent extreme weather events; however, this is also expected to heighten demand for national resilience enhancement. Tokyo Steel will contribute to strengthening Japan's infrastructure by expanding its product lineup of EAF steel as decarbonized, recycling-based steel products and increasing its production volumes.		

Assessment Results / Future Direction

The results of this scenario analysis confirmed that the "ideal future state" Tokyo Steel is striving toward through its long-term environmental vision, Tokyo Steel EcoVision 2050, and the direction of the targets and initiatives set out to realize that vision, are appropriate. It was also made clear that Tokyo Steel's current environmental strategy possesses a certain level of resilience.
As Japan's largest EAF steel manufacturer, Tokyo Steel has worked to expand the adoption of EAF steel as decarbonized, recycling-based steel products. The Company will continue to pursue further technological development and energy-saving efforts, confront the risks and opportunities presented by climate change, and strive to resolve societal challenges through its business activities. Through the achievement of its long-term environmental vision, Tokyo Steel EcoVision 2050, Tokyo Steel will continue to evolve in its commitment to contributing to the realization of a decarbonized society and a circular society.

Environmental Data Overview



The following presents the targets and results for key environmental themes.

Theme	Specific Target	SDGs Goal	FY 2024 Activity Results	Rating	SDGs Target
Reduction of CO_2 Emissions Intensity	Reduce CO_2 emissions intensity by 60% by 2030, compared to fiscal year 2013 (medium-term target) Achieve a 100% reduction in CO_2 emissions intensity by 2050, compared to FY 2013 (long-term target)		• Tahara Works: Phase 3 construction of rooftop solar power generation on warehouse; aluminium dross injection with increased aluminium dross input; bypass conversion of multi-tube gas cooler • Okayama Works: Inverter conversion of hot rolling water supply system; removal of torque converter from direct-suction dust collector; installation of solar power generation at contractor building and office building • Kyushu Works: Replacement of long products mill compressor; replacement of recuperator on plate mill reheating furnace; conversion to high-efficiency eco-pumps for water transfer pumps at various water treatment facilities • Utsunomiya Works: Full replacement of main drive system in rolling mill; modification of coke injection system; application of low-emissivity heat-retention paint to soaking furnace • All Plants: Improvement of electricity intensity through aluminium dross utilization; conversion of various lighting systems to LED • Energy-efficiency investment: approximately 1.96 billion yen • FY2024 performance: 357 kg-CO_2/t (a reduction of 3.3% year on year, and a reduction of 33.9% compared to FY2013)	○	Targets 7.2, 7.3, 9.4, 13.1, 13.2, 17.16, 17.17
Expansion of Market Share in Decarbonized and Recycling-Based Steel	Aims to achieve the numerical target of 6 million tons in sales volume by 2030 and a reduction of 8 million tons in CO_2 emissions across society as a whole (medium-term target) Aims to achieve the numerical target of 10 million tons in sales volume by 2050 and a reduction of 13 million tons in CO_2 emissions across society as a whole (long-term target)		• Product shipments in FY2024 totalled approximately 2.94 million tons, contributing to a reduction of approximately 4.09 million tons of CO_2 emissions across society as a whole (a 5% increase year on year). • Continued implementation of technology development, and ongoing proposals to customers, government authorities, universities, and research institutions. • Continued proposals to local governments and companies for closed-loop, recycling-based transactions. • Continued business partnership with Dongkuk Steel Mill Co., Ltd., one of the largest electric arc furnace (EAF) steel manufacturers in South Korea. Leveraging the complementary strengths of both companies, we aim to further promote EAF steel products, and to contribute to the realization of a circular society and a decarbonized society. • Selected for the “Climate Change A List,” the highest ranking in the global steel sector, for five consecutive years in the CDP 2023 Report; rated “A-” in the CDP 2024–2025 Reports. • Promoted the adoption of EAF steel products through briefings for securities analysts and dialogues with customers. • Expanded sales of “Tuned-H,” our proprietary custom-size H-beam. In January 2026, we launched a 520 N/mm² grade TMCP heavy plate for structural building applications, broadening our product offerings in line with customer needs. • Launched “Hobo Zero” (Near Zero), our low-CO_2 steel product, in July 2024; sales volume reached approximately 18,000 tons as of January 2026.	◎	Targets 11.3, 12.2, 12.4, 12.5, 12.6, 13.1, 17.16, 17.17
Strengthening and Expansion of Green Partnerships	Aims to increase steel scrap collection volume and reduce CO_2 emissions by strengthening Green Partnerships with domestic steel scrap operators who share the vision of realizing a decarbonized and circular society		• We conducted assessments of CO_2 emissions related to the processing and transportation of steel scrap in collaboration with major recyclers and domestic steel scrap dealers. The data obtained are utilized in the calculation of Scope 3 emissions and disclosed publicly (in the FY2024 survey, responses were received from all 20 companies surveyed).	○	Targets 17.16, 17.17
Recycling of Waste Materials	Advances initiatives toward achieving zero emissions while maintaining and improving a material recycling rate of 90% or above		• A recycling rate of 94.8% was achieved across all plants.	◎	Targets 11.6, 12.4, 12.5, 17.16, 17.17
Promotion of Effective Utilization of Waste Materials (Conversion of Waste to Resources)	Promotes the recovery and effective utilization of iron and other resources through the reprocessing of waste generated by municipalities and corporations using electric arc furnaces (EAF).		• Volume of waste dry-cell batteries recycled: 502 t	○	Targets 11.6, 12.5, 17.16, 17.17

* Rating column : ◎: Significantly achieved ○: Achieved –: Not applicable

Action Plan (Short-Term Targets)



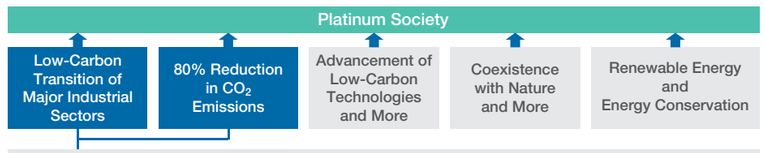
Toward realizing a decarbonized society and a circular society through the long-term environmental vision Tokyo Steel EcoVision 2050, Tokyo Steel will pursue the following initiatives across each area.

Tokyo Steel EcoVision 2050	Theme	No.	Action Plan	In-house Initiatives	Initiatives with Customers	Initiatives with Suppliers
• Reduction of CO_2 emissions across the entire product life cycle (Scope 1, 2, 3)	Reduction of CO_2 Emissions Intensity	1	■ **Implementation of energy saving** Through active energy-saving investment and review of production, procurement, and transportation processes, Tokyo Steel aims to achieve an annual reduction of 1% or more in CO_2 emissions intensity. The Company targets a reduction in CO_2 emissions intensity of 60% from FY 2013 by 2030, and achievement of carbon neutrality by 2050	○		○
		2	■ **Introduction of Renewable Energy** In step with the proliferation of electricity generated from non-fossil fuel energy sources including renewable energy, Tokyo Steel will advance the expansion of its usage.	○		○
• Expansion of Tokyo Steel's product adoption and increase in steel scrap collection volumes • Reduction of CO_2 emissions across society as a whole (Avoided Emissions)	Expansion of Market Share in Decarbonized, Recycling-Based Steel	3	■ **Promotion of Technology Development and Product Development** Through upcycling of steel scrap via ongoing technology development and product development, Tokyo Steel will enhance the appeal of its decarbonized, recycling-based steel products (*1) and expand market share.	○	○	
		4	■ Market Creation Through collaboration with customer companies, government agencies, universities, research institutions, and other parties sharing the vision of realizing a decarbonized, circular society, Tokyo Steel will advance initiatives to expand the adoption of its decarbonized, recycling-based steel products. The Company will call on national and local governments to designate EAF steel, as decarbonized, recycling-based steel products, in public investment.	○	○	
		5	■ **Increasing Steel Scrap Collection Rates Through Collaboration with Customers** Through the advanced utilization of steel scrap and ongoing technology development (*2), Tokyo Steel will expand horizontal recycling (*3) with customer companies. The Company will also increase the collection rate of processing scrap generated when customers use Tokyo Steel's products, and will expand closed-loop circular trading in which decarbonized, recycling-based steel products are delivered.		○	○
	Strengthening and expansion of green partnerships	6	■ **Strengthening Partnerships with Steel Scrap Businesses** By strengthening Green Partnerships with domestic steel scrap businesses sharing the vision of realizing a decarbonized, circular society, Tokyo Steel will aim to increase the collection volume of steel scrap.			○
	Promotion of Effective Utilization of Waste Materials (Conversion of Waste to Resources)	7	■ **Promotion of Waste Recycling Processing** Utilizing the Company's EAF, Tokyo Steel will advance the recovery and effective utilization of iron and other resources through the recycling processing (*4) of waste materials generated by local governments and companies.	○		○
• Reduction of waste generated from Tokyo Steel's production processes	Recycling of Waste Materials	8	■ **Achievement of Zero Waste Emissions** Through review of production processes and other means, Tokyo Steel will work toward achieving zero waste emissions at its four domestic plants.	○		

*1: Tokyo Steel produces and sells decarbonized, recycling-based steel products such as high-standard EAF H-beams, Totetsu Column TSC295, and TMCP heavy plates for building structural use.
*2: Technical development is being conducted for high-value-added steel materials such as those for the automotive sector.
*3: Initiatives are being advanced with environmentally leading companies such as Ricoh Co., Ltd. and Panasonic Corporation.
*4: Waste dry-cell battery processing is conducted at the Okayama Works.

Proposal for the "Transition of the Steel Industry to EAF-Based Steelmaking"

In New Vision 2050 (Nikkei BP) by Hiroshi Komiyama (former President) and Koichi Yamada (Senior Advisor, President's Office) of the University of Tokyo, a sustainable, environmentally harmonious society is defined as a "platinum society." As a measure toward a "low-carbon society," the book proposes the "transition of the steel industry to EAF-based steelmaking."



"Transition to Electric Arc Furnace Steelmaking"

■ **Establishment of a Material Cycle System**
< By 2050, steel scrap generated worldwide will significantly exceed global steel production. >
→By producing all steel products from scrap, energy consumption can be reduced.

■ **Toward a New Vision for the Steel Industry: Achieving an 80% Reduction in CO_2 Emissions**
→By shifting from BF steel to EAF steel and doubling EAF production to 50 million tons, the steel industry, which emits 200 million tons of CO_2 annually (the largest among industrial sectors), can reduce emissions by 160 million tons, equivalent to approximately 13% of Japan's total.

Tokyo Steel's Initiatives



The following presents the action plan initiatives implemented in fiscal years 2024 and 2025. Through continuous technology and product development, Tokyo Steel aims to enhance the appeal of its products and expand the market share of decarbonized, recycling-based steel products.

Toward Expanded Renewable Energy Adoption

As a major electricity consumer, Tokyo Steel will contribute to realizing a society powered by 100% renewable energy by 2050, in line with the expanding availability of electricity from non-fossil fuel energy sources, including renewable energy. Currently, to promote the use of renewable energy, Tokyo Steel operates rooftop solar power generation systems at its four domestic plants, with an annual generation capacity of approximately 10 million kWh. At the Tahara Works, a solar power generation system with an annual generation capacity of 6.5 million kWh, one of the largest rooftop installations in Japan, was installed and began operation in February 2021. This project was recognized as a subsidized project under the "FY2019 Carbon Dioxide Emission Reduction Measures Subsidy (Renewable Energy Electricity and Heat Self-Sustaining Proliferation Promotion Project)" implemented in 2019 by the Japan Environment Association (JEA), a public interest incorporated foundation. Furthermore, at the Tahara Works, renewable energy-based solar power generation and wind power generation by power producers are conducted utilizing idle land within the plant premises, also contributing to the proliferation of renewable energy. In addition to the Tahara Works, solar power generation systems commenced operation at the Utsunomiya Works and Kyushu Works in February 2021, and at the Okayama Works in July 2021. Phase 2 expansion was conducted at the Tahara Works in August 2023, and Phase 3 expansion was conducted in October 2024. All electricity generated by the solar power generation systems is used on-site, with the aim of strengthening resilience and promoting the use of renewable energy.
At all four domestic plants, as the volume of renewable energy generated, primarily through solar power, increases, the Company is implementing Demand Response (Upward DR), whereby surplus electricity generated during weekday daytime hours is absorbed through EAF operation. Upward DR can be implemented as an extension of existing operating patterns and does not require the introduction of new technology, making it relatively straightforward to increase renewable energy adoption and expand production volumes. From fiscal year 2024 to fiscal year 2025, Tokyo Steel plans to create approximately 25 million kWh of electricity demand across all four domestic plants. The Company will continue to leverage the flexible operating system of the EAF to actively advance the adoption of renewable energy.

Solar Power Generation Systems in Operation

Plant	Solar Panel Installed Capacity (Annual Generation Volume)	Start of Operation
Tahara Works	15,100 kW (annual generation: 16.6 million kWh)	February 2021
Okayama Works	750 kW (annual generation: 0.9 million kWh)	July 2021
Kyushu Works	800 kW (annual generation: 0.8 million kWh)	February 2021
Utsunomiya Works	2,000 kW (annual generation: 2.0 million kWh)	February 2021
Total	**18,650 kW (annual generation: 20.3 million kWh)**	-



Roof of the finished goods warehouse at Tahara Works, fitted with solar panels



Electric Arc Furnace (EAF) at Kyushu Works

Comment from the Kyushu Works Manager

Generating Electricity Demand through Demand Response

The EAF steelmaking process involves passing an electric current between steel scrap inside an EAF and graphite electrodes, using the resulting high-temperature arc heat to melt large quantities of steel scrap. EAF steel manufacturers like Tokyo Steel are classified as so-called "power-intensive industries," as enormous amounts of electricity are consumed in the steelmaking process. For this reason, many EAF steel manufacturers in Japan concentrate EAF operations during weekday nighttime and holiday hours, when electricity rates are relatively inexpensive.
In the Kyushu region, where Tokyo Steel's Kyushu Works is located, renewable energy generation, primarily solar power, began increasing around 2017, and there were signs that daytime supply could exceed demand. At the suggestion of Kyushu Electric Power Co., Inc., Tokyo Steel decided to implement Demand Response (Upward DR), creating electricity demand on the consumer side, by operating the EAF during weekday daytime hours when electricity supply was expected to exceed demand. While EAF operations had previously been conducted within limited time windows, the ability to utilize low-cost surplus electricity during weekday daytime hours offers significant benefits for Tokyo Steel, including expanded production volumes, energy savings, and reduced electricity costs, while also contributing to the effective utilization of renewable energy. In fiscal year 2024, a total of 16 upward DR sessions were conducted during the spring and autumn seasons, creating approximately 3.3 million kWh of electricity demand. Tokyo Steel will continue to pursue various initiatives leveraging the high compatibility between EAF steelmaking and renewable energy.



Kazuhito Kojima
Senior Managing Executive Officer, General Manager of Kyushu Works

Launch of TH (Custom-Dimension H-Beams, "Tuned-H")

New-Size H-Beams Contributing to Reduced Construction Costs

Tokyo Steel has been selling TH (Custom-Dimension H-Beams, "Tuned-H") since FY2018. Since its launch, TH has been adopted in hundreds of projects, with cumulative sales volume reaching 150,000 tons (as of January 2026). Designed to meet diversifying market needs, TH features custom-dimension H-beams created by "tuning" (adjusting) conventional JIS standard sizes. It is manufactured at the Okayama, Kyushu, and Utsunomiya Works.
TH is available in two series, the "TH-B Series" and the "TH-L Series", both of which are fully JIS-certified across all sizes. By replacing conventional JIS standard sizes, the "TH-B Series" reduces steel weight and construction costs while maintaining cross-sectional properties. Its track record has been expanding, primarily in logistics warehouses, factories, and commercial facilities. This weight reduction also conserves resources and improves transport efficiency, making it highly valuable as an environmentally friendly product. Meanwhile, the "TH-L Series" helps reduce material costs by serving as a replacement for welded lightweight H-beams used mainly in residential steel framing. In April 2021, certain sizes of the "TH-B Series" achieved JIS certification under the SM standard, followed by the launch of new sizes in July and November of the same year. Furthermore, certain sizes of the "TH-B Series" also obtained JIS certification under the SM and SN standards in April, September, and October 2022. Tokyo Steel will continue to develop innovative products to meet a broad range of customer needs.

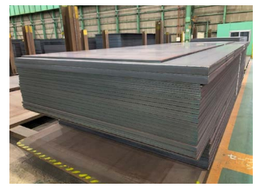


TH: Tuned H (Custom-Dimension H-Beams) produced at the Utsunomiya Works

Launch of 520 N/mm^2 Grade TMCP Heavy Plates for Building Structural Use (TPL355B and TPL355C)

Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Approved Material: Certification Number MSTL-0631

Tokyo Steel obtained MLIT approval for TMCP heavy plates for building structural use, Grade 520 N/mm^2, on December 12, 2025, and commenced sales for contracts from February 2026 onward. TMCP heavy plates have been developed in response to the growing demand accompanying the increasing scale of buildings, and the acquisition of MLIT approval marks the second product to receive such certification, following cold-roll-formed square steel columns "Toutetsu Column" in October 2012. Going forward, Tokyo Steel plans to expand application to beam and column materials such as diaphragm skin plates, built-up H-beams, and built-up box columns.
The products receiving MLIT approval on this occasion are "TPL355B" and "TPL355C," where "TPL" is an abbreviation of "Tokyo Steel Plate." These products do not require a reduction in standard strength even at thicknesses exceeding 40 mm, and they guarantee carbon equivalent and weld crack susceptibility composition, ensuring reliable welded joints. Going forward, Tokyo Steel plans to commercialize products with a yield strength of 490 N/mm^2 or higher, which represent the mainstream, high-volume segment of this product category.



Heavy plates produced at the Kyushu Works

Expanding Sales of Steel Plates with Superior Laser Cutting Performance

Leveraging the Distinctive Properties of EAF Steel, Achieving Superior Cut Surfaces and a Wide Cutting Range

As laser cutting of steel plates is frequently performed automatically or unmanned, cutting defects and machine stoppages mid-process have a significant impact on cut surface quality and productivity. Tokyo Steel's steel plate products form a firmly adherent mill scale due to the tramp elements (copper, nickel, chromium, etc.) contained in the steel scrap raw material and proper management of the rolling process. As a result, mill scale spalling near the rapidly heated zone during laser cutting is suppressed, yielding smooth cut surfaces with minimal irregularities. Fluctuations in cutting conditions during laser cutting are an unavoidable phenomenon when performing continuous machining over extended periods. Because Tokyo Steel's steel plates have a wider process window for proper cutting, cutting defects due to fluctuating cutting conditions are less likely to occur. Tokyo Steel produces hot-rolled steel plates at the Tahara Works and heavy plates at the Kyushu Works, enabling the supply of products tailored to customer needs. In fiscal years 2024 and 2025, Tokyo Steel promoted the excellent processability of its steel plate products through various channels including product briefings and presentations to customers. The Company will continue to strive for further quality improvement through dialogue with customers and machine tool manufacturers.

• Superior Continuous Small-Hole Piercing Performance

Machine: CO_2 laser processing machine Hole diameter: Φ10 mm
Test specimen: Hot-rolled steel plate, SS400, 16 mm

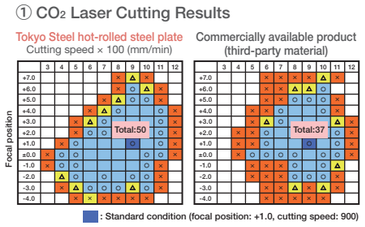
	Piercing Results Processing sequence →	Burning Occurrence Rate (%)*
Tokyo Steel material		10%
Commercially available product (third-party material)		90%

○ Marks indicate cutting defects due to burning.

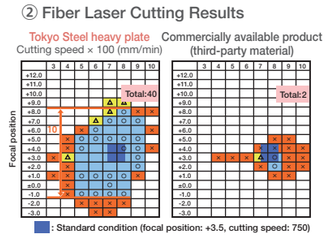
* Burning: A phenomenon occurring during laser cutting in which the steel and oxygen gas react excessively, causing the kerf to expand not only within the laser irradiation area but also into the surrounding region where oxygen gas is being blown, resulting in a significantly roughened cut surface.
* Burning occurrence rate (%): Number of burning incidents per 10 test pieces.

• Wide Cutting Range

① CO_2 Laser Cutting Results



② Fiber Laser Cutting Results



* The greater the number of light blue cells, the wider the cutting range.

Capital Investment for Expansion of Steel Sheet Product Grades (Cold-Rolled Coil)

On April 25, 2025, Tokyo Steel decided to invest in the modification of the hot-dip galvanizing line at the Okayama Works to expand its steel sheet product grades. To further promote EAF steel, which is expected to contribute to a decarbonized, circular society, the Company will enable the manufacture and sale of cold-rolled coils and enter that market. This investment will add new steel sheet product grades to the Okayama Works lineup, enabling Tokyo Steel to better meet the needs of customers seeking "low-CO_2 steel products."

Overview of New Capital Investment

① **Details:** Modifying the existing line into a dual-use line capable of producing both cold-rolled coil and hot-dip galvanized coil, by maximizing utilization of the existing annealing equipment, enhancing the heating capacity through induction heating (IH) conversion of the front section, and strengthening the cooling capacity of the rear section.

② **Planned Production Volume:** 250,000 tons per year (cold-rolled and galvanized coil combined)

③ **Planned Start of Operation:** Early fiscal year 2027 (scheduled)

④ **Investment Amount:** Approximately ¥10 billion

Environmental Recycling Business

By leveraging world-leading operational expertise and the EAF for waste detoxification, Tokyo Steel contributes to building a circular society. In 2016, the Okayama Works obtained a permit to process waste dry-cell batteries, recovering iron, zinc, and other metals through EAF-based waste recycling and resource recovery. Tokyo Steel will continue applying its technical capabilities to recycling landfilled or untapped metal resources, as well as to processing difficult-to-treat materials that pose significant challenges in conventional waste management.

Comment from the Okayama Works Manager

Dry-cell batteries, consumed in large quantities, contain significant amounts of iron, zinc, and manganese, making them truly part of an "urban mine." Tokyo Steel's EAF process incorporates slag recycling technology for zinc- and manganese-bearing slag alongside iron recycling, enabling safe, low-cost recycling (resource recovery) of waste dry-cell batteries through effective utilization of existing facilities without new capital investment. With the support of local governments and businesses, Tokyo Steel recycled 487 tons in fiscal year 2022, 983 tons in fiscal year 2023, and 223 tons in fiscal year 2024. From August 2018, at the request of Auckland City, New Zealand, Tokyo Steel began recycling waste dry-cell batteries imported by Umihira Metals Co., Ltd. (Hadano City, Kanagawa Prefecture), a metal recycling company, with guidance and support from the Ministry of the Environment. At the United Nations Asia Environment Ministers Meeting held in Singapore in January 2019, this initiative attracted attention from ministers of island nations, where waste accumulation has become a challenge due to limited land area. Meanwhile, domestic waste dry-cell battery generation is said to exceed 60,000 tons annually, yet the regrettable reality is that 70% is not recycled and is instead disposed of through landfill and other means. The Ministry of Economy, Trade and Industry's "Metal Materials Competitiveness Enhancement Plan" (June 2015) also calls for initiatives leveraging the characteristics and management resources of EAF steel manufacturers, such as the melting treatment of industrial waste using EAFs. Tokyo Steel will continue exploring the effective use of the EAF, advancing environmental recycling business activities including waste dry-cell battery recycling.



Masahiro Nakagami
Executive Officer,
General Manager of
Okayama Works

Engagement with Suppliers

According to CDP, an international NGO, CO_2 emissions in companies' upstream activities (procurement activities) are estimated to be 5.5 times direct emissions. For this reason, Tokyo Steel considers it an obligation to pursue reductions in CO_2 emissions across the entire value chain through engagement with suppliers. In particular, steel scrap, the primary raw material for Tokyo Steel's products, accounts for more than 95% by weight of all external steelmaking raw materials procured. Accordingly, since 2016, Tokyo Steel has been advancing proposals for collaboration on understanding and reducing CO_2 emissions, primarily with large-volume steel scrap suppliers. In fiscal year 2024, Tokyo Steel requested all suppliers delivering steel scrap to the Company to submit CO_2 emissions data during the steel scrap processing and transportation stages, and received responses from 20 companies. In addition, Tokyo Steel is actively promoting CO_2 emission reductions among suppliers by implementing measures such as providing economic incentives to steel scrap suppliers that have implemented modal shifts, and expanding the acceptable dimensions of steel scrap. Tokyo Steel will continue to broaden its supplier engagement, aiming to reduce CO_2 emissions across the entire value chain while pursuing sustainable business growth.

Supplier's Voice

The previous year was marked by strong uncertainty in the global economy, including the US presidential election, China's economic turning point, and growing geopolitical risks. Domestically, the labor shortage from the "2024 Problem" suppressed construction demand and weakened steel demand, while a shortage of truck drivers constrained transportation capacity across overall logistics. In this environment, NEWSCON Inc., in partnership with Tokyo Steel Manufacturing Co., Ltd., established the "Kansai Satellite Yard" in June 2024 and the "Tokyo Bay Satellite Yard" in June 2025, contributing to enhanced logistics efficiency through port utilization and strengthening Tokyo Steel's stable raw material procurement capability. Envipro Holdings, Inc. and its group companies will continue pursuing environmentally conscious initiatives toward carbon neutrality and a circular society under its strategic concept of "Leading the Circular Economy."



Hideki Yoshimi
President and Representative Director,
NEWSCON Inc.

Biodiversity Initiatives



Tokyo Steel aims for the sustainable use of biological resources in harmony with its business activities.

Creation of a Biodiversity Dependency and Impact Heat Map Using ENCORE

Tokyo Steel conducts analysis of nature-related dependencies, impacts, and risks. The Company uses the internationally recognized TNFD tool "ENCORE" (Exploring Natural Capital Opportunities, Risks and Exposure) to assess its nature-related risk exposure, as well as its dependencies and impacts on nature. "ENCORE" was jointly developed by the Natural Capital Finance Alliance, the United Nations Environment Programme (UNEP), and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), among others. It was designed to enable financial institutions to assess the natural capital risks, opportunities, impacts, and dependencies of their investee companies. Currently, the tool can be used by both financial institutions and companies to assess their own operating sites and business partners' raw material procurement locations, enabling companies across diverse sectors to broadly understand their nature-related dependencies and impacts according to the nature of their business sector. Based on its business characteristics and FY2024 activities, the Company updated its nature-related dependencies and impacts heat map.

Scope Determination (Scoping)

VH Very High
H High
M Medium

Dependencies

Value Chain Stage		Provisioning Services Used Directly and Physically in Business Processes					Services Enabling Business Processes or Parts Thereof						Services Mitigating (Adverse) Impacts on Business Processes				Services Protecting Business Processes from Disruption					
		Animal labor	Fibers and Other Materials	Genetic resources	Surface Water	Ground-water	Maintain Nursery Habitats	Pollination	Soil Quality	Ventilation	Water Flow Maintenance	Water Quality	Bio-remediation	Dilution by Atmosphere and Ecosystems	Filtration	Mediation of Sensory Impacts	Buffering and Attenuation of Mass Flows	Climate Regulation	Disease Control	Flood and Storm Protection	Mass Stabilisation and Erosion Control	Pest Control
Direct Operations	Steel Products				M	M					M							VL			L	
Upstream	Material Procurement (Iron)				M	M					M							VL			L	
	Electricity				VH	M					M	L	VL		L			VL		M	L	
	Renewable Energy (Electricity)				VH	M					VH	L	VL		VL			VH		H	H	
	City Gas																	M		M	H	
	Water Supply				VH	VH			M		VH	H	M		M	L	L	M		M	L	L
	Limestone and Coke				H	H					H							H			M	
	Manganese				H	H					H							H			M	
	Waste Dry Batteries														L							
	Waste Plastics				H	H				VL	L	L		VL	VL	L		L		M	L	
	Timber				H	VH					M									M	L	
	Paper		M		VH	VH					M							VL				
	Land Transportation																	H		M	M	
	Marine Transportation				H	H					M	L						M		M	M	
	Slag, Dust, Waste Refractory Bricks				VH	VH						L		L		L						
Downstream	Land Transportation																	H		M	M	
	Marine Transportation				H	H					M	L						M		M	M	
	Construction and Engineering																				M	
	Scrap and Vehicle Dismantling				M	M				VL	M	L		L	VL	M		VL		M	VL	

Impacts

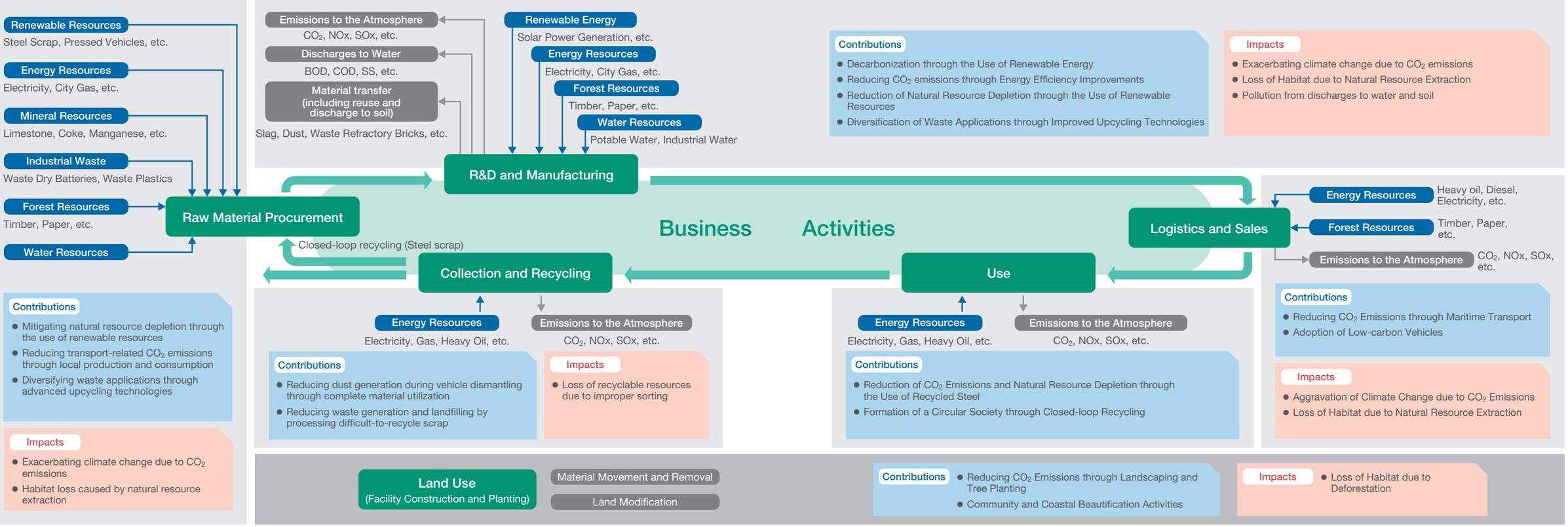
Value Chain Stage		Land, Freshwater, and Ocean Use Change			Pollution				Resource Use		Climate Change	Invasive alien species and other
		Terrestrial Ecosystem Use	Freshwater Ecosystem Use	Marine Ecosystem Use	Non-Greenhouse Gas Air Pollutants	Soil Pollutants	Water Pollutants	Solid Waste	Water Use	Other Resource Use	Greenhouse Gas (GHG) Emissions	Disturbances (e.g., Noise)
Direct Operations	Steel Products							H	H		H	
Upstream	Material Procurement (Iron)							H	H		H	
	Electricity		H		H	M	M	H	VH		H	H
	Renewable Energy (Electricity)	VH	VH			H	H		VH		H	
	City Gas	H		H							H	
	Water Supply	H	H			L	L		H			
	Limestone and Coke	VH	H		H	H	H	H	VH		H	H
	Manganese	VH	H		H	H	H	H	VH		H	H
	Waste Dry Batteries						H		H		H	
	Waste Plastics	H			H	H	H	H	H		H	
	Timber	H				H	H				H	
	Paper				M	H	H		VH			
	Land Transportation			M	H	L	L				H	H
	Marine Transportation	H	VH	VH		H	H	M			H	H
	Slag, Dust, Waste Refractory Bricks	VH	H	H	M		M	H	H		H	H
Downstream	Land Transportation			M	H	L	L				H	H
	Marine Transportation	H	VH	VH		H	H	M			H	H
	Construction and Engineering	VH	H	VH	H	H	M	M	H		H	H
	Scrap and Vehicle Dismantling				M	H	H	H	H		H	M

Tokyo Steel and Biodiversity

“Biodiversity (Biological Diversity)” refers to the complex ecosystems formed by the diverse array of living organisms on Earth through their interactions with one another. Biodiversity is currently being lost at a rapid pace worldwide, driven by large-scale deforestation and other development activities. Tokyo Steel recognizes that the resulting increase in natural disasters and depletion of biological resources pose serious risks to the sustainability of society as a whole. In Japan, COP10 (the 10th Conference of the Parties to the Convention on Biological Diversity), held in Aichi Prefecture in October 2010, marked a turning point in raising awareness of biodiversity, and companies are now expected to actively promote biodiversity conservation. While Tokyo Steel’s steel production activities affect ecosystems through land use and the extraction and release of resources, the Company’s business is simultaneously supported throughout the entire product lifecycle by the benefits that biodiversity provides. Through analysis of its business processes from raw material procurement onward, the Company has identified both negative impacts on ecosystems, including the use of water and energy resources and emissions to the atmosphere and water bodies, and positive impacts, such as the reduction of CO_2 emissions through the supply of electric arc furnace (EAF) steel products with a lower environmental footprint and activities aimed at conserving water and forest resources. To address these findings, the Company is advancing technology development for the effective use of limited resources toward the globally shared goal of biodiversity conservation, centered on its four main domestic plants. The Company also conducts ongoing activities to assess the direct and indirect impacts of its business on biodiversity. With regard to timber procurement, the Company works to strengthen supplier engagement through structured hearing surveys and is committed to the conservation of sustainably managed forest resources.

Relationship Map between Tokyo Steel’s Business and Biodiversity

The following map, prepared with reference to the “Corporate-Biodiversity Relationship Map” developed by the Japan Business Initiative for Biodiversity (JBIB), summarizes the impacts of the steel product lifecycle on biodiversity and Tokyo Steel’s contributions. Recognizing that its corporate activities at every stage, including raw material procurement, manufacturing, and product use, have the potential to affect biodiversity, the Company will continue to implement a range of initiatives going forward.

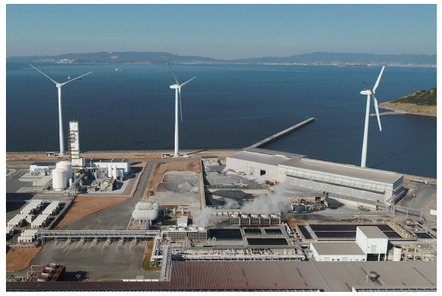


Water Resource Conservation Initiatives

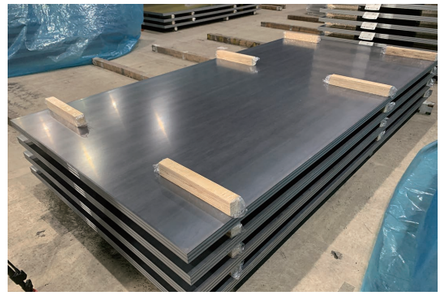
At its four domestic plants, Tokyo Steel works to understand the industrial water consumption intensity in its production activities. The Tahara Works has set the efficient use of water resources as a plant objective and conducts activities to reduce the annual industrial water consumption intensity by 0.5% or more, with progress evaluated at least once per month. Initiatives at each plant are reported at the Environmental Committee held at each site every month, with information shared across all sites. Tokyo Steel will continue to promote the efficient use of valuable water resources, while working on the recycling and recirculation of industrial water, maintenance of wastewater treatment facilities, and identification of water-related risks.

Forest Resource Conservation Initiatives

Tokyo Steel's four domestic plants use large quantities of timber for the storage of steel products. In pursuit of the sustainable use of forest resources, Tokyo Steel conducts regular surveys in collaboration with suppliers on the provenance of procured timber, whether environmental considerations have been applied, and traceability, including whether the timber is a certified product. Tokyo Steel will continue to contribute to the conservation of finite forest resources through engagement with suppliers, with the aim of procuring timber produced from sustainably managed forests.



Rolling Mill Water Treatment Facility at the Tahara Works



Timber Usage at Tokyo Steel’s Plants

Dependency and Impact Assessment Based on the LEAP Approach

Tokyo Steel defined the assessment scope to cover upstream (material and electricity procurement) and direct operations (manufacturing), and conducted an assessment in accordance with the TNFD LEAP approach. Going forward, through more specific site-level surveys, Tokyo Steel will measure the extent of actual impacts and, considering factors including business scale, will comprehensively review its assessments of dependencies and impacts, and risks and opportunities.

Scoping

Scope Determination
Based on an overview of dependencies and impacts obtained using the internationally recognized TNFD tool 'ENCORE,' and taking into account the materiality of these issues to the business, Tokyo Steel defined the assessment scope to cover upstream (material and electricity procurement) and direct operations (manufacturing).

Locate

Identifying the Interface with Nature and Priority Locations
Tokyo Steel assessed the status of natural capital in the vicinity of its manufacturing sites.
The assessment methodology references TNFD-recommended tools such as 'IBAT' and 'Resource Watch.'

Evaluate

Evaluation of Dependencies and Impacts
Tokyo Steel identified and evaluated its dependencies on and impacts on natural capital in its steel business.

Assess

Assessment of Risks and Opportunities
Based on the results of the evaluation of dependencies on and impacts on natural capital, Tokyo Steel identified and prioritized nature-related risks and opportunities in its steel business.

Prepare

Response to Risks and Opportunities, and Disclosure
Tokyo Steel examined response measures for the identified nature-related risks and opportunities and disclosed the relevant information.

1) Governance

For details on governance structures, please refer to "Corporate Governance" on p.56 of this report.

Scoping: Creation of Biodiversity Dependency and Impact Heat Map Using ENCORE

Tokyo Steel conducts analysis of nature-related dependencies, impacts, and risks. To analyze exposure to nature-related risks and understand dependencies on and impacts to nature, the Company uses the internationally recognized TNFD tool "ENCORE" (Exploring Natural Capital Opportunities, Risks and Exposure). ENCORE, a tool recommended by the TNFD, was developed by organizations including the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and international networks of financial institutions. It is designed to assess the risks, opportunities, impacts, and dependencies on natural capital associated with the business activities of companies receiving investment and financing. Currently, the tool is available for use not only by financial institutions, but also by companies when assessing their own operating sites and the raw material procurement locations of their business partners, and is widely used by companies across a broad range of sectors and industries to broadly understand their dependencies on and impacts to nature according to the characteristics of each business sector. Based on the characteristics of Tokyo Steel's business and its fiscal year 2024 business activities, the Company has prepared the heat map for dependencies on and impacts to nature as shown below. As a result, regarding dependencies, it was confirmed that dependencies on nature are relatively high in material procurement, direct operations, and electricity from the perspectives of water supply and water flow regulation. Regarding impacts, it was confirmed that impacts on nature are high in material procurement and direct operations from the perspective of toxic pollutant discharge to water, soil, and the atmosphere.

2) Strategy

VH	Very High
H	High
M	Medium
L	Low
VL	Very Low

Organizing Natural Capital Dependencies and Impacts (Evaluate)

Classification			Provisioning Services	Regulation and Maintenance Services	Land/ Freshwater/Sea Use Change	Pollution			Climate Change	Other
			Dependencies		Impacts					
ISIC Code	Main Category	Sub-category	Water Supply	Water Flow Regulation Services	Land Use Areas	Non-GHG Air Pollutant Emissions	Toxic Pollutant Discharge to Water and Soil	Generation and Discharge of Solid Waste	GHG Emissions	Disturbances (e.g., Noise, Light)
Direct Operations	Manufacturing	Manufacture of Steel Products								
C_24_241	Manufacturing Industry	Manufacture of Basic Iron and Steel	H	H	L	H	VH	M	H	VH
Upstream: Material Procurement (Iron)	Steel Scrap and Automotive Pressing	Manufacture of Steel Products								
C_24_241	Manufacturing Industry	Manufacture of Basic Iron and Steel	H	H	L	H	VH	M	H	VH
Upstream: Electricity	Electricity	Nuclear and Thermal Power Plants								
D_35_351	Electricity, Gas, Steam and Air Conditioning Supply	Fossil Fuel Energy Generation	H	H	H	H	M	H	H	H

Organizing Dependencies and Impacts (Evaluate)

Using the LEAP approach as recommended by TNFD, Tokyo Steel selected priority locations from among the identified dependencies and impacts for which information was available, and assessed the materiality of dependencies, impacts, risks, and opportunities for each of these locations.

Identifying Priority Locations (Locate)

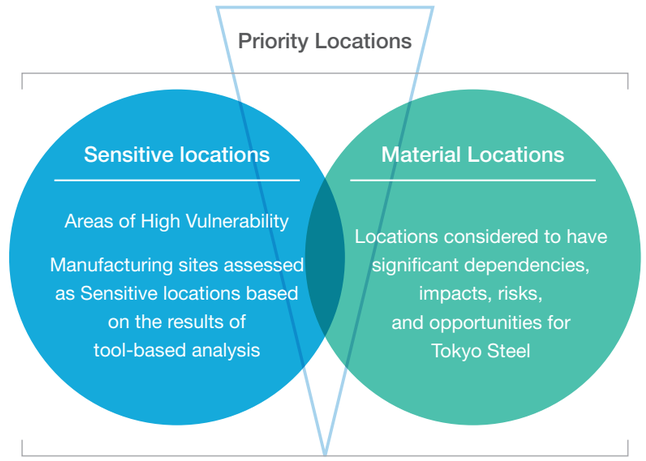
Using data obtained from external tools and other sources, Tokyo Steel assessed its four domestic plants across the three perspectives recommended by TNFD: ecosystem integrity, proximity to areas important for biodiversity, and physical water risk.

TNFD's Concept of Priority Locations

In TNFD, priority locations consist of areas that are vulnerable from the perspective of natural capital and biodiversity (Sensitive locations), and areas where dependencies on and impacts to nature are significant and considered material to the business (material locations). In this assessment, within our direct operations, we identified whether our four domestic plants are located in areas where they are likely to have ecological impacts or be exposed to them.

Sensitive locations: Locations where the organization's direct operations, and where possible its upstream and downstream value chain assets or activities, interface with nature in areas considered ecologically sensitive.
Material locations: Locations where the organization has identified material nature-related dependencies, impacts, risks, and opportunities.

Concept of Priority Locations



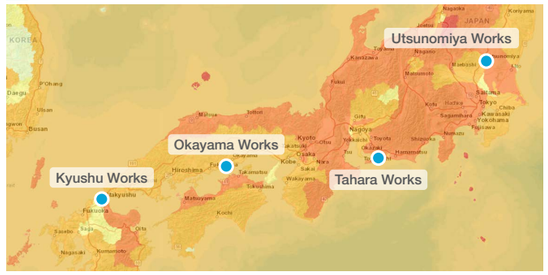
* Regarding material locations, taking into account the materiality of each site to Tokyo Steel's business operations and the significance of their dependencies on and impacts to nature, the Company has determined that all four domestic plants, namely Tahara, Okayama, Kyushu, and Utsunomiya, qualify as material locations.

Indicators, Tools, and Assessment Results Used in the Analysis of Sensitive Locations

Assessment Perspective	Tools Used	Assessment Results
Ecosystem Integrity and Proximity to Areas Important for Biodiversity	The WWF Biodiversity Risk Filter	Although few sites are located in areas with high conservation importance or ecosystem integrity, several sites were found to be adjacent to locally designated protected areas or KBAs. No manufacturing sites were found to be in proximity to territories managed by indigenous peoples or local communities. * KBA (Key Biodiversity Area): Areas designated based on criteria related to the presence of threatened species (endangerment) or the irreplaceable dependency of specific species on that location (irreplaceability).
Physical Water Risk	The WWF Water Risk Filter; Aqueduct Baseline Water Stress rated "High" or "Extremely High"	Manufacturing sites located in areas with high water stress and water scarcity risk were identified. * Water stress: A condition in which water demand exceeds supply, or water use is restricted due to poor water quality.

Tokyo Steel's Direct Operations Sites and Key Biodiversity Areas / Protected Areas

A



B



C



A Ecosystem Importance Map
(The WWF Biodiversity Risk Filter / Key Biodiversity Areas): Current

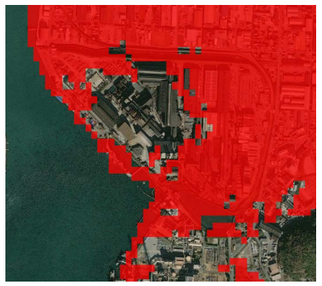
B Ecosystem Integrity Map
(The WWF Biodiversity Risk Filter / Ecosystem Condition): Current

C Water Stress (Aqueduct Water Risk Atlas): 2050

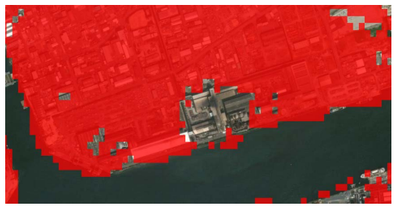
Sea Level Rise (Sea Level Rise under a No-Protection Scenario + Storm Surge): 2050



Tahara Works



Okayama Works



Kyushu Works

Analysis Results of Sensitive Locations at Tokyo Steel's Direct Operations Sites

* ○ indicates impact confirmed

Site Name	Location	KBA (Key Biodiversity Area)	Ecosystem Integrity	Water Stress		Flood Risk		Sea Level Rise	
		2020	Current	Current	2050	2020	2050	2030	2050
Tahara Works	Tahara City, Aichi Prefecture	○	–	–	○	○	○	–	○
Okayama Works	Kurashiki City, Okayama Prefecture	○	○	–	–	○	○	–	○
Kyushu Works	Kitakyushu City, Fukuoka Prefecture	○	○	–	–	○	○	–	○
Utsunomiya Works	Utsunomiya City, Tochigi Prefecture	○	–	–	○	○	○	Not Applicable	Not Applicable

Analysis results confirmed that no directly operated sites with high water stress were identified; however, all four domestic plants were found to be adjacent to KBAs or areas with low ecosystem integrity. Additionally, the presence of sites with high flood risk and sea-level rise risk was confirmed, and accordingly the Company's directly operated sites were designated as priority locations qualifying as both material locations and Sensitive locations.

Assessment of Raw Material Procurement Locations

Steel scrap, the primary raw material for Tokyo Steel's steel products, is collected from its generation sites by steel scrap dealers across Japan, sorted and processed there, and then delivered to Tokyo Steel's facilities. Because steel scrap generation sources are widely dispersed across Japan and it is difficult to analyze them comprehensively, this assessment was limited to land transport, for which the degree of dependency and impact was relatively high according to ENCORE. Steel scrap delivered to Tokyo Steel's directly operated sites via land transport is predominantly procured from within a 50 km radius. Assessment results confirmed that no sites with high water stress were identified; however, several sites were found to be located in KBAs and qualified as Sensitive locations.

Assessing Nature-Related Risks and Opportunities (Assess)

Based on ENCORE assessments of natural capital dependencies and impacts, the assessment results in priority locations, and TNFD guidance, Tokyo Steel identified currently anticipated nature-related risks and opportunities. Regarding risks, while certain elements were also addressed in the climate change scenario analysis, the Company identified physical risks of operational disruption if directly operated sites or steel scrap and electricity procurement locations suffer damage due to water shortages or natural disasters. Transition risks were also recognized, stemming from growing societal interest in biodiversity and tightening regulations on protected areas and water resources. As for opportunities, increased demand and revenue growth were identified for environmentally conscious products, processes, and technologies, including those contributing to resource recycling.

Summary of Nature-Related Risks and Opportunities

	Classification		Impact Description	Tokyo Steel's Response Measures
Direct Operations	Physical Risk	Acute	Suspension of plant operations due to intensification of natural disasters, and resulting decline in revenues	Avoidance of operational suspension through plant diversification
		Chronic	Suspension of plant operations due to depletion or contamination of water resources, and resulting decline in revenues	Promotion of water recycling and recirculation
	Transition Risk	Policy and Regulations	Increased response costs due to strengthening of regulations aimed at conserving ecosystems and water resources	Formulation of strategies reflecting policy and regulatory trends, and implementation of countermeasures
		Reputation	Decline in trust from society and business partners due to inadequate response toward nature-positive goals	Detailed risk analysis in line with TNFD recommendations, implementation of initiatives based on analysis results, and increased opportunities for dialogue with stakeholders
	Opportunity	Services/ Market	Revenue growth from expanded demand for low-environmental-impact steel materials contributing to resource recycling	Expansion of product lineup; promotion of steel scrap upcycling
		Products and Services	Reduction of production costs and strengthening of price competitiveness through promotion of efficient water resource utilization	Effective utilization of water resources
Upstream (Electricity)	Physical Risk	Acute	Suspension of plant operations and revenue decline due to damage to power networks from intensification of natural disasters	Examination of on-site power generation and off-site PPA implementation
	Opportunity	Services/ Market	Revenue growth from expanding demand for Tokyo Steel's products as manufacturing-stage CO_2 emissions reduction progresses through an increased share of renewable energy at power companies, etc.	Promotion of energy-saving activities; expansion of product lineup; upcycling

3) Risk and Impact Management

Nature-related risks and impacts for Tokyo Steel's business are identified and assessed at the operational level at each of the four domestic plants (Tahara, Okayama, Kyushu, and Utsunomiya Works), reported, reviewed, and deliberated upon at each plant's Environmental Committee, and then reported to the Central Environmental Committee. Risks and impacts considered at the Central Environmental Committee are reported directly to the Board of Directors, chaired by the President and Representative Director as chief executive officer. The identified and assessed nature-related risks and impacts are reviewed by the Central Environmental Committee and implemented by each business division. In this first TNFD-based assessment of Tokyo Steel's direct operations, a qualitative assessment was conducted of the likelihood and degree of impact of nature-related risks and opportunities. Tokyo Steel will prioritize countermeasures for high-impact items and actively advance responses.

4) Indicators and Targets (Prepare)

TNFD recommends the disclosure of data on nature-related dependencies and impacts, and sets out various indicators covering land use change, pollution, and resource use. The dependency and impact indicators that Tokyo Steel is currently able to disclose are as follows. Going forward, the Company will further strengthen data collection internally and will strive to reduce its impact on nature through specific initiatives.

Indicators

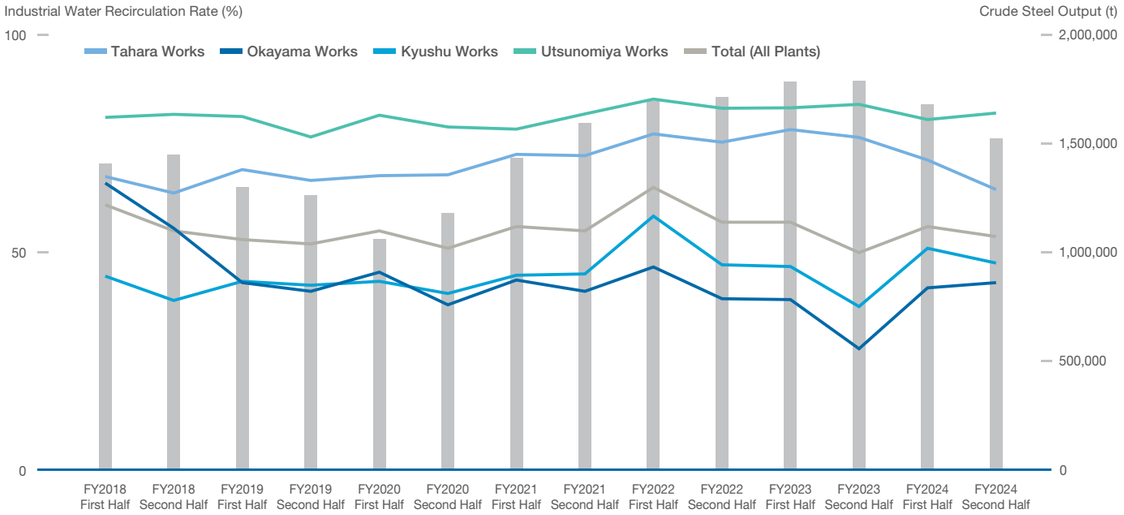
	Location	Zone	Total Site Area	Green Area	Green Area Ratio	Environmental Assessment	Environmental Certification		
							Yes/ No	ISO14001	Other Certifications
			m^2	m^2	%	Yes/ No			
Tahara Works	Tahara City, Aichi Prefecture	Exclusive Industrial Zone	1,043,928	111,377	13.9	Yes	Yes	○	Aichi Brand Enterprise, EPD (Environmental Product Declaration)
Okayama Works	Kurashiki City, Okayama Prefecture	Exclusive Industrial Zone	462,825	76,719	16.6	Yes	Yes	○	EPD (Environmental Product Declaration)
Kyushu Works	Kitakyushu City, Fukuoka Prefecture	Exclusive Industrial Zone	327,141	42,059	12.9	No	Yes	○	Kitakyushu Eco-Premium, EPD (Environmental Product Declaration)
Utsunomiya Works	Utsunomiya City, Tochigi Prefecture	Exclusive Industrial Zone	213,142	34,064	16.0	No	Yes	○	Tochi-no-Wa Eco Products, EPD (Environmental Product Declaration)

* The green area ratio for the Tahara Works is calculated using the total site area minus land currently on loan as the denominator.

Indicators

	Location	FY2024 Environmental Performance (Input)			FY2024 Environmental Performance (Output)										
		Electricity	Gas	Water	GHG			Water discharge	Pollutants			Industrial Waste			Noise
					Scope 1	Scope 2 (Location-based)	Scope 2 (Market-based)	Wastewater Volume	NOx	SOx	COD	Total	Landfill	Recycling	
		(kWh)	(m^3)	(m^3)	($t\text{-}CO_2$)	($t\text{-}CO_2$)	($t\text{-}CO_2$)	(m^3)	(t)	(t)	(t)		(t)	(t)	(dB)
Tahara Works	Tahara City, Aichi Prefecture	700,000,000	29,000,000	1,500,000	116,917	265,664	264,408	486,000	187	23	2	156,000	1,500	154,000	62
Okayama Works	Kurashiki City, Okayama Prefecture	540,000,000	24,000,000	2,100,000	84,604	228,991	281,502	1,189,000	177	66	4	126,000	19,000	106,000	48
Kyushu Works	Kitakyushu City, Fukuoka Prefecture	530,000,000	29,000,000	1,400,000	84,976	223,109	219,944	711,000	34	-	3	127,000	1,500	126,000	55
Utsunomiya Works	Utsunomiya City, Tochigi Prefecture	250,000,000	15,000,000	510,000	53,701	108,804	110,862	96,000	13	34	7	43,000	1,000	42,000	47

Industrial Water Recirculation Rate by Each of the Four Domestic Plants



Targets

Indicators (KPIs)	Target Values (Targets)
Reduction Rate of CO_2 Emission Intensity in Manufacturing	Annual reduction of CO_2 emission intensity in manufacturing by 1% or more FY2030: 60% reduction compared to FY2013 levels FY2050: Carbon Neutral
Environmental Regulatory Violations and Environmental Incidents	Zero
Industrial Water Recirculation Rate	Maintained at high level
Company-wide Recycling Rate	Maintained at high level

Community Engagement Activities by Employees

With four manufacturing sites in Japan, Tokyo Steel prioritizes building sound relationships of trust with the communities surrounding its plants. As part of these efforts, each plant regularly conducts environmental conservation activities, including cleaning the surrounding areas and weeding waterways, to support clean local communities. Tokyo Steel has continued these cleaning activities this fiscal year and will continue to cultivate strong ties with local communities while working together to achieve sustainable growth.



Tahara Works



Utsunomiya Works

5) List of Tokyo Steel's Biodiversity-Related Initiatives

The Company has long implemented a wide range of biodiversity-related initiatives at its four domestic plants (Tahara, Okayama, Kyushu, and Utsunomiya), in addition to compliance with various applicable regulations.

Major Category	Sub-category	Initiatives Currently Implemented at Each Plant	Tahara Works	Okayama Works	Kyushu Works	Utsunomiya Works
Water Resources	Reduction of Water Consumption	Industrial Water Recirculation Rate Maintained at a High Level	○	○	○	○
		Promotion of Water Reuse and Recirculation	○	○	○	○
	Maintenance and Management of Wastewater Treatment Facilities	Management of Discharge Monitoring Equipment	○	○	○	○
		Replacement of Filter Media in High-Speed Filtration Units	○	○	○	○
		Chemical Injection and Inventory Management	○	○	○	○
	Prevention of Polluted Water Discharge into Water	Emergency Response Drills	○	○	○	○
		Provision of Oil Absorbent Mats and Neutralizing Agents	○	○	○	○
		Ownership and Maintenance of Emergency Vessels	-	○	○	
	Water Risk Assessment	Water Risk Assessment Using WRI Aqueduct Water Risk Atlas	○	○	○	○
	Reduction of Water Quality (Soil) Contamination Risk	Reduction of Environmental Risk upon Spillage by Switching Heavy Machinery Hydraulic Fluid to Biodegradable Hydraulic Oil			○	
Air / Air Quality	Prevention of Air Pollution	Maintenance of Dust Collectors and Dust Collection Ductwork	○	○	○	○
		Cleaning of Dust Collection System Pathways	○	○	○	○
		Ownership of Sweepers and Regular Cleaning Operations	○	○	○	○
		Ownership and Maintenance of Water Sprinkler Vehicles		○		
		Prevention of Dust Generation through Regular Water Spraying	○		○	
		Promotion of Modal Shift and Reduction of Transportation Distance in Product Logistics				○
Resource Circulation	Industrial Waste Disposal	Collection and Disposal of Spent Dry-Cell Batteries		○	○	
		Collection and Disposal of Waste Plastics		○		
	Steel Scrap	Acceptance of Automotive-Derived Steel Scrap ("A-Press")	○	○	○	○
		Closed-Loop Transactions with Product Customers	○	○	○	○
		Consideration of Accepting Difficult-to-Process Materials	○	○	○	○
	Improvement of Recycling Rate	Heat Recovery through Reuse of Internally Generated Materials	○	○	○	○
		Intermediate Processing of Industrial Waste	○	○	○	○
	Research into Waste Material Reuse Applications	Use of Electric Arc Furnace Slag as Fertilizer	○			
		Use of Electric Arc Furnace Oxidizing Slag Aggregate as Agricultural Material (for Soil Nutrient Replenishment)	○			
		Use of Air-Cooled Slag as Material for Increasing Marine Product Yields	○			
Forests	Procurement of Sustainably Sourced Timber	Promotion of Sustainable Timber Use (Thinned Wood, FSC-Certified Materials, etc.)	○	○	○	○
	Participation in Community Partnerships and Local Activities	Support for Canal Weeding Operations by Local Residents around Plant Sites		○		
	Paperless Operations	Review of the Number of Multifunction Printers and Fax Machines	○	○	○	○
		Digitization of Industrial Waste Contracts	○	○	○	○
		Digitization of Purchase Orders and Mill Sheets	○	○	○	○
		Utilization of Digitized Inspection Forms	○	○	○	○
		Introduction of New Sales Order Entry System ("Toutetsu-kun")				
		Digitization of Brochures and Use of Certified Paper for Printed Materials	○	○	○	○
Noise and Light Pollution	Noise	Noise Reduction Measures including Installation of Soundproof and Noise-Barrier Walls	○	○	○	○
Others	Employee Participation in Cleaning Activities	Cleaning Activities around Plant Sites and Nearby Coastal Areas	○	○	○	○
	Other	Provision of Biodiversity Information and Employee Awareness Initiatives Using Monitors Installed in Plant Cafeterias and Other Facilities		○		

Environmental Management



Tokyo Steel pursues the continuous improvement of environmental management through the establishment of the ISO 14001 Environmental Management System and company-wide organizational frameworks. The Company also promotes CO_2 reduction initiatives throughout the value chain.

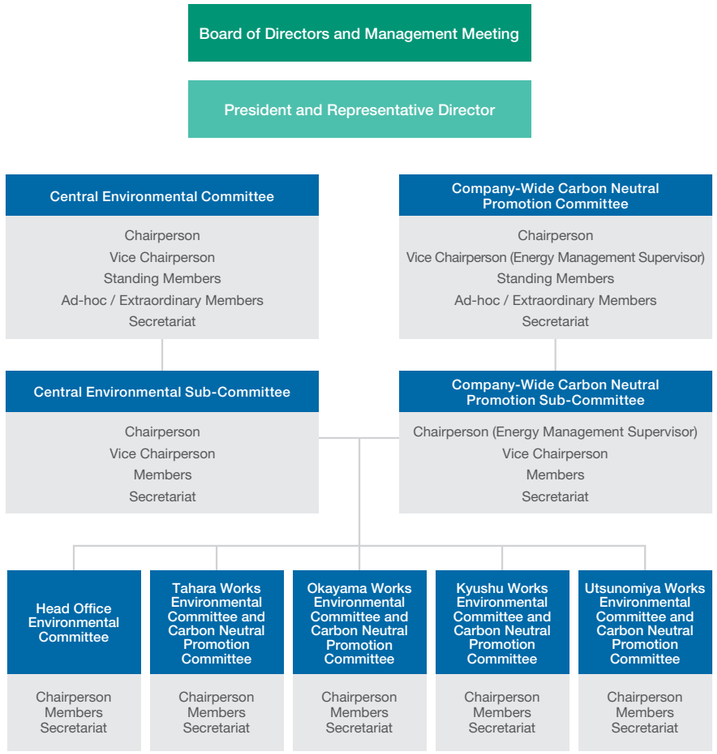
Environmental Policy

As a company that contributes to a circular society through the recycling of steel resources, Tokyo Steel recognizes that the preservation of the global environment is a global imperative, and is committed to the following as a critical management priority.

1. At every stage of business activities, including production, sales, and procurement, strive to reduce environmental impact and promote energy and resource conservation.
2. Comply with environmental regulations, and pursue continuous improvement and pollution prevention through proactive environmental conservation activities.
3. Reduce, reuse, and recycle waste, and promote the effective utilization of resources.
4. Develop organizational structures and operating systems that efficiently advance environmental conservation activities.
5. Raise employee environmental awareness, and engage all employees in environmental conservation.

Environmental Management Structure

To advance comprehensive environmental management aimed at reducing environmental impact and ensuring a sound environment across all business activities, the Company has established the following environmental management structure, promoting continuous improvement based on the Environmental Policy.
The Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee are each chaired by the President and Representative Director; each plant's Environmental Committee is chaired by the Plant Manager.



Governance Roles for Environmental Issues Including Climate-Related Matters

● Board of Directors and Management Meeting
Oversees responses to risks and opportunities related to environmental issues, including climate-related matters (assessing risk and opportunity priorities and countermeasure adequacy, target approval, etc.).

● President and Representative Director
Serves as Chairperson of the Board of Directors and Management Meeting, and as Chairperson of both the Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee. Oversees the review of risks and opportunities, and monitors progress on short-term and medium- to long-term targets and action plans formulated under "Tokyo Steel EcoVision 2050" based on identified risks and opportunities.

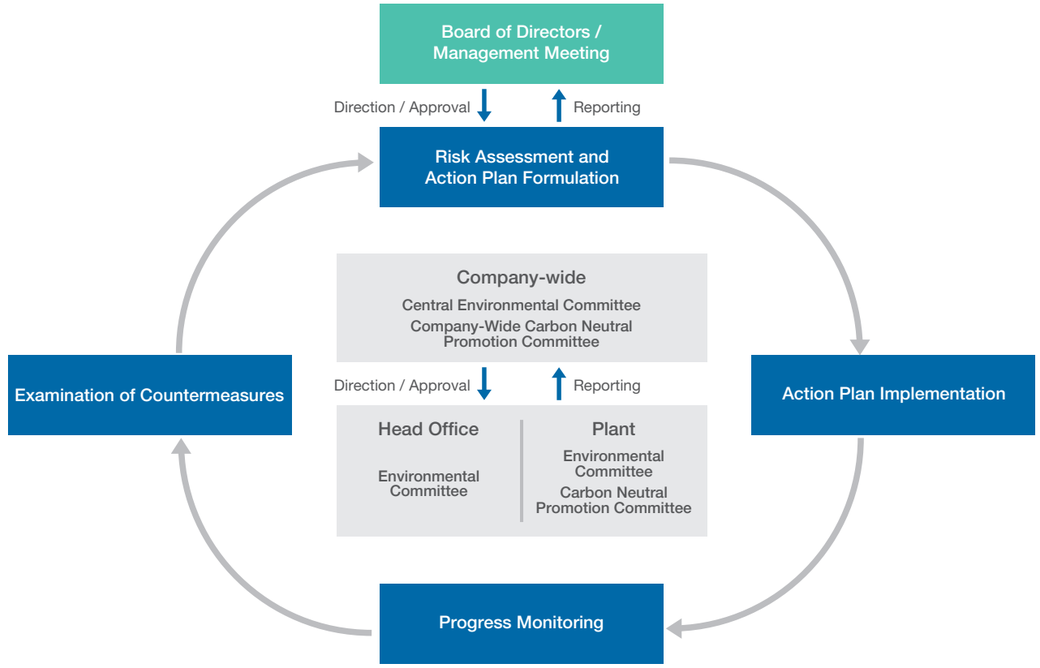
● Central Environmental Committee and Company-Wide Carbon Neutral Promotion Committee
Comprises the Chairperson (President and Representative Director), Plant Managers of the four domestic plants (Tahara, Okayama, Kyushu, and Utsunomiya Works), and the Director in Charge of General Affairs, among others. Both Committees review risks and opportunities underlying strategy, and discuss strategies, short-term and medium- to long-term targets, and action plans formulated based on identified risks and opportunities.

● Environmental Committee and Carbon Neutral Promotion Committee (at Each Plant)
Discusses the implementation of action plans based on identified risks and opportunities, and provides feedback on implemented measures.

Process for Assessing and Managing Climate-Related and Environmental Risks and Opportunities

At the four domestic plants (Tahara, Okayama, Kyushu, and Utsunomiya Works), risks and opportunities approved by the Board of Directors and Management Meeting are cascaded down to the level of each plant's business activities, identified and assessed, and reported to each plant's Environmental Committee and Carbon Neutral Promotion Committee for deliberation and resolution. The resolutions adopted are then reported to the Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee. Risks and opportunities considered by the Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee are reported directly to the Board of Directors, which is chaired by the President and Representative Director, the highest officer responsible for business execution. The assessment of risks and opportunities is conducted by the Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee from the perspectives of "stakeholder needs and social trends" and "significance to the Company's own business," and reported to the Board of Directors. For identified and assessed risks and opportunities, action plans are formulated by the relevant departments, reviewed and deliberated by the Central Environmental Committee and the Company-Wide Carbon Neutral Promotion Committee, and action plans approved by the Board of Directors are subsequently implemented by each business division.

Risk and Opportunity Assessment and Management Process



Environmental Management System

Tokyo Steel has established the ISO 14001 Environmental Management System as a mechanism for continuous improvement of environmental management, and has obtained certification and renews it as necessary, as shown below.

Business Site	Date of Acquisition	Date of Last Renewal
Tahara Works	March 22, 2012	March 22, 2024
Okayama Works	April 12, 2001	April 1, 2024
Kyushu Works	October 11, 2001	August 23, 2025
Utsunomiya Works	October 11, 2001	October 11, 2025

Material Balance

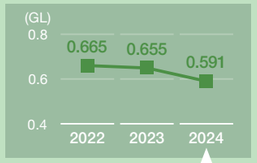


The following presents performance data on the volume of resources input into the Company's business activities and the volume of emissions and outputs generated.

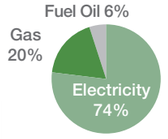
FY2022–FY2024 Performance

INPUT

Total Energy

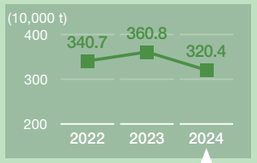


FY2024 Breakdown

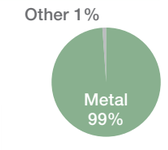


0.591 GL
(Crude Oil Equivalent)

Raw Materials

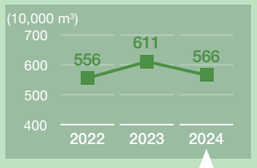


FY2024 Breakdown

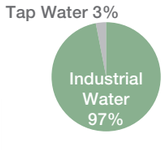


3.204 million tons
(Steel Billet Production Volume)

Water Resources



FY2024 Breakdown



5.66 million m³

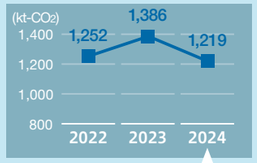
* FY2024 results are calculated based on the calculation rules of the revised Energy Conservation Act.



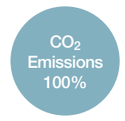
Production Activities

OUTPUT

Greenhouse Gas Emissions (GHG)

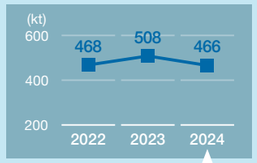


FY2024 Breakdown

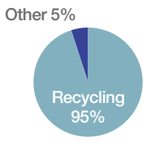


1,219 kt-CO2

Waste

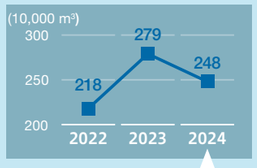


FY2024 Breakdown



466 kt

Wastewater



FY2024 Breakdown



2.48 million m³

Implementation Results



The following highlights our achievements through specific data and figures.

Scope 1, 2, 3 CO_2 Emissions

Tokyo Steel strives to reduce environmental impact and CO_2 emissions across the entire value chain, including procurement, manufacturing, and transportation. For Scope 1, Scope 2, and a portion of Scope 3 greenhouse gas (GHG) emissions, from the perspectives of fairness, transparency, and reliability, Tokyo Steel has obtained third-party verification and assurance for its energy usage reported under the Energy Conservation Act at each plant.

* Scope 1: Direct emissions from the Company itself. Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies. Scope 3: Indirect emissions other than Scope 1 and 2 (emissions by others related to the Company's activities).

Life Cycle CO_2 Emissions

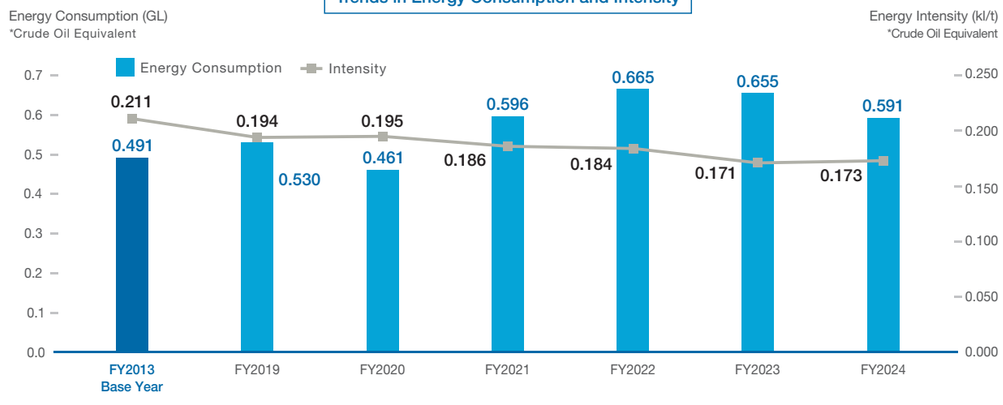
(t-CO_2)

	Scope 1 (Direct Emissions)	Scope 2 (Indirect Emissions)	Scope 3 (Supply Chain Emissions)	Life Cycle CO_2 Emissions
FY2022	369,454	883,311	657,287	1,910,052
FY2023	377,996	1,036,163	615,034	2,029,193
FY2024	342,912	876,840	581,225	1,800,977

Trends in Scope 1 and 2 CO_2 Emissions

* Coverage: Four domestic plants: Tahara Works, Okayama Works, Kyushu Works, and Utsunomiya Works.

Trends in Energy Consumption and Intensity

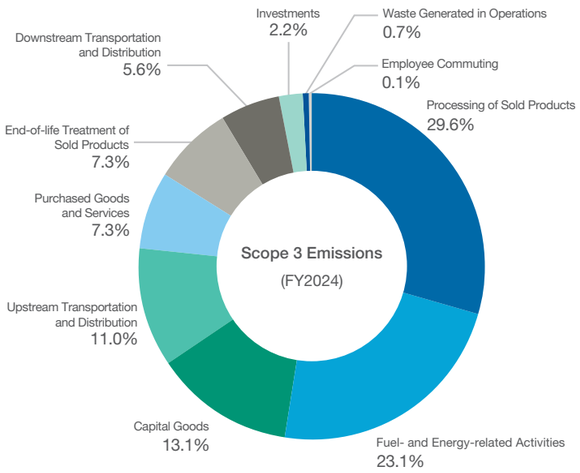


* Figures for FY2023 and onwards are calculated based on the calculation rules of the revised Energy Conservation Act.

Scope 3 CO_2 Emissions Calculation by Category (FY2024)

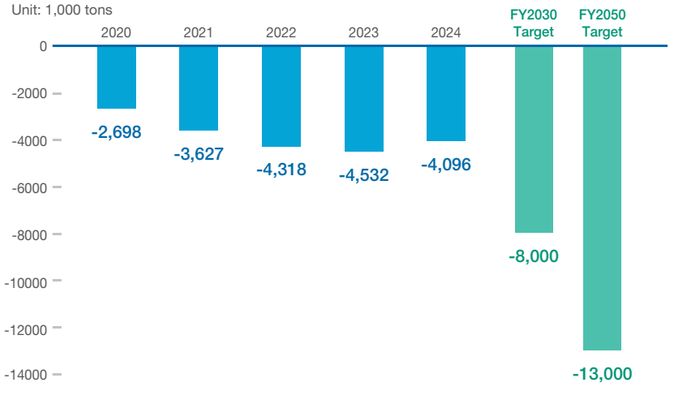
Tokyo Steel estimates Scope 3 emissions for 12 categories (excluding the 4 non-applicable categories) based on the "Emissions Intensity Database for Calculating Greenhouse Gas Emissions through the Supply Chain (ver. 3.5)," the Energy Conservation Act, surveys of business partners, and other sources. The Company will continue to improve the accuracy of its Scope 3 calculations and strive to reduce these emissions.

Category Name		CO_2 Emissions (t-CO_2)	Share (%)	Notes
1	Purchased goods and services	42,185	7.3%	-
2	Capital goods	76,291	13.1%	-
3	Fuel- and energy-related activities	134,355	23.1%	-
4	Upstream transportation and distribution	64,007	11.0%	-
5	Waste generated in operations	4,008	0.7%	-
6	Business travel	161	0.0%	-
7	Employee commuting	841	0.1%	-
8	Upstream leased assets	-	-	Not applicable
9	Downstream transportation and distribution	32,428	5.6%	-
10	Processing of sold products	171,785	29.6%	-
11	Use of sold products	-	-	Included in Category 10
12	End-of-life treatment of sold products	42,185	7.3%	-
13	Downstream leased assets	-	-	Not applicable
14	Franchises	-	-	Not applicable
15	Investments	12,980	2.2%	-
Total		581,225	100.0%	-



CO_2 Emissions Reduction through Adoption of Our Products (Avoided Emissions)

The following presents the five-year trend in CO_2 emission reductions achieved through the sale of Tokyo Steel's decarbonized, recycling-based steel products. The Company is working toward targets of reducing annual CO_2 emissions by 8 million tons by 2030 and by 13 million tons by 2050.



* The calculation method for avoided CO_2 emissions through the adoption of our products is as follows:

BF product substitution volume
= Total product shipment volume - Shipment volume of small and medium-sized sections and deformed bars
= Shipment volume of steel plates, large sections, and columns

Avoided CO_2 emissions per unit of BF product substitution
= 0.4 t-CO_2/t - 2.0 t-CO_2/t
= -1.6 t- CO_2/t

Current avoided CO_2 emissions through the adoption of our products
= -1.6 t-CO_2/t x BF product substitution volume

Avoided CO_2 emissions through the adoption of our products in 2030
= -1.4 t-CO_2/t x BF product substitution volume

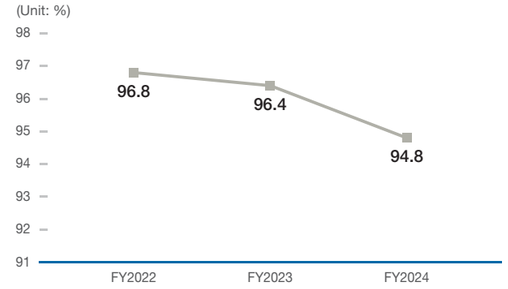
Avoided CO_2 emissions through the adoption of our products in 2050
= -1.3 t-CO_2/t x BF product substitution volume

Waste Recycling Initiatives

Promotion of Zero Emission Activities

Tokyo Steel promotes the reuse and recycling of by-products (slag, dust, etc.) generated during production at the four domestic plants, as well as plant-generated materials from processes and ancillary equipment (water treatment sludge, waste brick, etc.), with the goal of maintaining the company-wide recycling rate at a high level through zero emission activities.

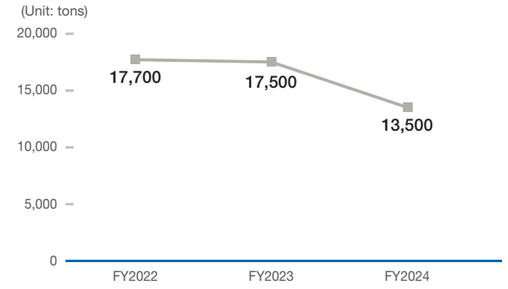
Company-wide Recycling Rate



Reduction of Environmental Impact through the Promotion of Total Utilization (A-press) of ASR

Under the Act on Recycling of End-of-Life Vehicles (ELV Recycling Act), automobile manufacturers and other relevant parties are legally obligated to collect, destroy, and recycle airbags, chlorofluorocarbons, and automobile shredder residue (ASR). Total Resource Recovery (Total Utilization) is an end-of-life vehicle recycling approach that eliminates ASR generation entirely. Under this approach, automobile manufacturers commission dismantling operators to perform precision disassembly of end-of-life vehicles, producing Total Utilization A-press materials. A-press materials are delivered to EAF steelmakers as steelmaking raw materials and charged into electric arc furnaces (EAFs) together with seats, interior components, and glass, enabling efficient recycling. Since 2013, Tokyo Steel has accepted A-press materials from consortium-contracted operators. As Japan's leading EAF steelmaker, we hold the largest domestic track record of A-press utilization. Given the increasing operational constraints at shredder residue processing facilities, A-press acceptance has become more important than ever for securing steel scrap quality and sustaining domestic resource circulation over the long term. Through the continued promotion of A-press utilization, Tokyo Steel remains committed to contributing to a circular society.

Total Utilization (A-press) Usage Trends



Start of Total Utilization (A-press) Acceptance

Plant	TH Team	ART Team
Tahara Works	2015-11-05	2016-04-21
Okayama Works	2013-11-07	2014-02-26
Kyushu Works	2014-02-03	2014-04-30
Utsunomiya Works	2013-10-07	2014-01-21

* The consortium evaluation and assessment teams consist of the TH Team (8 companies including Toyota and Honda) and the ART Team (13 companies including Nissan, Mazda, Mitsubishi, and SUBARU).

Other Environmental Impact Data

	FY2022	FY2023	FY2024
SOx Emissions (tons)	287	312	287
NOx Emissions (tons)	360	372	247
COD Emissions (tons)	9.8	10.3	9.3
Water Use (10,000 m^3)	556	611	566
Crude Steel Production (thousand tons)	3,407	3,608	3,204

TCFD Reference Table

TCFD Recommended Disclosure Items (Summary)		Page No.
Governance	a) Board oversight of climate-related risks and opportunities	P33,34
	b) Management's role in assessing and managing climate-related risks and opportunities	P33,34
Strategy	a) Climate-related risks and opportunities the organization has identified over the short, medium, and long term	P15-18
	b) Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	P16-18
	c) Resilience of the organization's strategy considering various climate scenarios, including 2°C or lower	P16-18
Risk Management	a) Organization's processes for identifying and assessing climate-related risks	P34
	b) Organization's processes for managing climate-related risks	P34
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	P34
Metrics and Targets	a) Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	P16-18
	b) Scope 1, Scope 2, and, if applicable, Scope 3 GHG emissions, and related targets	P35-37
	c) Targets used by the organization to manage climate-related risks and opportunities, and performance against those targets	P11-14,17

GHG Emissions Calculation Method and Scope

(1) Calculation Method

Disclosed Information	Calculation Method
Scope 1, 2 Emissions	Calculated in accordance with the "Act on Promotion of Global Warming Countermeasures," the "Act on the Rational Use of Energy" (Energy Conservation Act), and the "Emissions Unit Value Database (Ver. 3.5)."
Scope 3 Emissions	Calculated in accordance with the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.3)" and the calculation standards of the "Emissions Unit Value Database (Ver. 3.5)."

(2) Reporting Period

April 2024 to March 2025

(3) Reporting Scope

Disclosed Information	Scope of Aggregation
Scope 1, 2 Emissions	Four domestic sites: Tahara Works, Okayama Works, Kyushu Works, and Utsunomiya Works
Scope 3 Emissions	Five domestic sites: Head Office, Tahara Works, Okayama Works, Kyushu Works, and Utsunomiya Works

Scope 3 Calculation Method

FY2024 Scope 3 Emissions Calculation Approach

Tokyo Steel calculates Scope 3 CO_2 emissions associated with the Company's business activities based on the methods below. The Company will continue to collaborate with supply chain partners and work to reduce CO_2 emissions across the entire value chain.

	Category Name	CO_2 Emissions (t-CO_2)	Share (%)	Calculation Method
1	Purchased goods and services	42,185	7.3%	CO_2 emissions from processing steel scrap feedstock at scrap supply companies were calculated by applying an emission factor to each energy type consumed. In FY2024, the Company surveyed all business partners regarding processing emissions; the submitted data served as a representative value to calculate: total domestic steel scrap purchase volume × the representative CO_2 emissions intensity. The scope covers Tahara Works (Tahara, Aichi), Okayama Works (Kurashiki, Okayama), Kyushu Works (Kitakyushu, Fukuoka), Utsunomiya Works (Utsunomiya, Tochigi), and Takamatsu Steel Center (Takamatsu, Kagawa). CO_2 emissions from this domestic processing are calculated as follows: FY2024 scrap purchase volume (approx. 3.4 million t) × processing intensity (0.0124 t-CO_2) = 42,185 t-CO_2. *Based on suppliers' disclosed data.
2	Capital goods	76,291	13.1%	Calculated using emission intensities from the Ministry of the Environment's "Database of Emission Intensity for Calculation of Greenhouse Gas Emissions, etc. through the Supply Chain (Ver. 3.5)." Capital goods emission intensity 3.50 t-CO_2/million JPY × FY2024 tangible fixed asset additions 21,797 million JPY = 76,291 t-CO_2.
3	Fuel- and energy-related activities	134,355	23.1%	Calculated using emission intensities from the Ministry of the Environment's "Database of Emission Intensity for Calculation of Greenhouse Gas Emissions, etc. through the Supply Chain (Ver. 3.5) " for procured fuels and energy. Emission intensity for procured electricity 0.0682 kg-CO_2e/kWh × total electricity use (steelmaking + rolling) = 134,355 t-CO_2.
4	Upstream transportation and distribution	64,007	11.0%	Tokyo Steel examines its upstream transportation and logistics CO_2 emissions across two stages: the scrap supply stage (from scrap suppliers to four domestic plants: Okayama / Kyushu / Utsunomiya / Tahara) and the product transportation stage (from four domestic plants to customers). CO_2 emissions at the scrap supply stage are calculated using the ton-kilometer method under the Energy Conservation Act, as follows: CO_2 Emissions = Transport Ton-Kilometers × CO_2 Emissions Intensity (Revised or Conventional Ton-Kilometer Method). The scope covers steel scrap delivered from locations throughout Japan to the Tahara Works (Tahara City, Aichi Prefecture), Okayama Works (Kurashiki City, Okayama Prefecture), Kyushu Works (Kitakyushu City, Fukuoka Prefecture), and Utsunomiya Works (Utsunomiya City, Tochigi Prefecture). Calculations were based on the distance from each scrap supplier (authorized collection agent) to the receiving plant (using inter-prefectural government office distances published by the Geospatial Information Authority of Japan) and the weight of transported cargo. The Revised Ton-Kilometer Method was applied to truck transport; the Conventional Ton-Kilometer Method was applied to maritime transport. Scrap purchased from overseas was excluded, as it accounts for less than 1.0% of total scrap purchases. CO_2 emissions from this scrap supply transportation stage totaled 15,568 t-CO_2. CO_2 emissions at the product transportation stage from the four domestic plants to customers are calculated by determining transport ton-kilometers by vehicle type and mode of transport under the Act, as follows: CO_2 Emissions = Transport Ton-Kilometers × CO_2 Emissions Intensity (Conventional Ton-Kilometer Method). The scope covers freight transported by truck, vessel, and rail from the Tahara, Okayama, Kyushu, and Utsunomiya Works. Notes: 1) Maximum payload capacity was confirmed through interviews with contracted transport companies and set at 25,000 kg. 2) Load factor was confirmed through interviews with contracted transport companies and set at 85%. 3) Energy consumption intensity was calculated using the fuel consumption formula for diesel vehicles under the conditions specified in 1) and 2). 4) The endpoint for each prefecture was set at the prefectural capital; transport distances were estimated using distance calculation software. CO_2 emissions from the product transportation stage from the four domestic plants to customers in FY2024 totaled 48,438 t-CO_2. Combining the scrap supply stage emissions (15,568 t-CO_2) and the product transportation stage emissions (48,438 t-CO_2), the combined total of 64,007 t-CO_2 represents the total upstream transportation and logistics CO_2 emissions currently tracked by Tokyo Steel.
5	Waste generated in operations	4,008	0.7%	Tokyo Steel examined the transportation of industrial waste from its four domestic plants (Tahara, Okayama, Kyushu, Utsunomiya) to intermediate transfer and final disposal sites, as well as its treatment. Covered waste types include slag, soot/dust, waste oil/grease, waste plastics, wood waste and other materials, rubble, sludge, waste brick, glass/ceramic waste, and low- and high-concentration PCBs. Treatment emissions are calculated based on waste weight and method, using the Ministry of the Environment's "Database of Emission Intensity for Calculation of Greenhouse Gas Emissions, etc. through the Supply Chain (Ver. 3.5)." FY2024 treatment emissions (2,607 t-CO_2) were calculated by multiplying the total waste volume (approx. 390,000 t) by the emissions intensity for each waste type (slag, glass/ceramic, rubble, soot/dust, combustion residue, sludge, waste oil, acid, alkali, plastics, wood, rubber, and metal waste) and treatment method (incineration, landfill, recycling). Total emissions: 2,607 t-CO_2 (treatment) + 1,401 t-CO_2 (transportation) = 4,008 t-CO_2.
6	Business travel	161	0.0%	Calculated using the number of employees on the Company's payroll as of the end of March 2025 (1,233 persons) and the per-employee business travel CO_2 emissions intensity of 0.130 t-CO_2/person·year from the Ministry of the Environment's "Database of Emission Intensity for Calculation of GHG Emissions, etc. through the Supply Chain (Ver. 3.5)." Calculation: 1,233 persons × 0.130 t-CO_2/person·year = 160.8 t-CO_2.
7	Employee commuting	841	0.1%	As of the end of March 2025, Tokyo Steel had a total of 1,233 employees. However, as commuting by private vehicle is limited essentially to employees working at the Company's mills, only full-time and non-regular employees based at mill locations are included in the emissions calculation. The scope covers commuting by Tokyo Steel employees to and from the Tahara Works, Okayama Works, Kyushu Works, Utsunomiya Works, and Takamatsu Steel Center. The calculation was conducted using CO_2 emissions intensity factors for passenger transport by mode of transport sourced from the Ministry of the Environment's "Database of Emission Intensity for Calculation of Greenhouse Gas Emissions, etc. through the Supply Chain (Ver. 3.5)," multiplied by transport volume expressed in passenger-kilometers (person-km: number of persons transported multiplied by distance traveled), and further multiplied by the number of working days (254 days). Calculation: 189 g-CO_2/person·km × 1,233 persons × average commuting distance 14.2 km × annual working days 254 days = 841.3 t-CO_2.
8	Upstream leased assets	-	-	The Company does not own upstream leased assets in the supply chain and has no involvement; therefore, no calculation has been performed.
9	Downstream transportation and distribution	32,428	5.6%	For H-beams, Tokyo Steel's principal product, the Company calculated the transportation distance from the structural steel fabrication plants that purchase the product to their respective construction sites, and computed CO_2 emissions using the emissions intensity values from the Ministry of the Environment's "Database of Emission Intensity for Calculation of Greenhouse Gas Emissions, etc. through the Supply Chain (Ver. 3.5)." In measuring the distance from each structural steel fabrication plant to the construction site, the address of each construction site was set, for convenience, as the location of the relevant municipal office, and transport distances were estimated using distance calculation software. For the sampling of construction projects, three orders were randomly selected from each of Tokyo Steel's six sales offices (Tokyo, Osaka, Nagoya, Kyushu, Utsunomiya, and Okayama) for FY2024, yielding a total of 18 projects, and the average CO_2 emissions per ton of product transported to construction sites were calculated using the Revised Ton-Kilometer Method. CO_2 per ton to construction site: 0.011 t-CO_2 × FY2024 total sales volume 2,948,010 t = 32,428 t-CO_2.
10	Processing of sold products	171,785	29.6%	CO_2 emissions at the processing stage for construction steel products were calculated by determining the CO_2 emissions generated during fabrication at structural steel fabrication plants in collaboration with five value chain partners, deriving the emissions intensity using IDEA (Inventory Database for Environmental Analysis, v2.1.2), and multiplying the result by the sales volume of long steel products sold by Tokyo Steel in FY2024. Similarly, CO_2 emissions at the processing stage for flat steel products were calculated in collaboration with four value chain partners, with the emissions intensity derived using IDEA (v2.1.2), and then multiplied by the sales volume of flat steel products sold by Tokyo Steel in FY2024. Structural steel fabrication intensity 0.058 t-CO_2 × approx. 1.2 million t = 70,170 t; flat steel processing intensity 0.0585 t-CO_2 × approx. 1.7 million t = 101,615 t. Total: 70,170 t-CO_2 + 101,615 t-CO_2 = 171,785 t-CO_2.
11	Use of sold products	-	-	As the Company's products are supplied as materials to customers, usage at customers constitutes processing. Accordingly, CO_2 under "Use of sold products" is considered to be included within "Processing of sold products" and is therefore not applicable.
12	End-of-life treatment of sold products	42,185	7.3%	CO_2 emissions generated during the processing of steel scrap feedstock into steel scrap at scrap suppliers were calculated by multiplying the energy consumption used in those processing operations by the corresponding emission factor for each energy type. In FY2024, Tokyo Steel requested all of its business partners to report their CO_2 emissions arising from steel scrap processing on behalf of the Company. The data submitted were used as representative values for all scrap suppliers, and emissions were calculated as: total domestic steel scrap purchases by the Company × the CO_2 emissions intensity of the reporting company. The scope covers steel scrap delivered from locations throughout Japan to the Tahara Works (Tahara City, Aichi Prefecture), Okayama Works (Kurashiki City, Okayama Prefecture), Kyushu Works (Kitakyushu City, Fukuoka Prefecture), Utsunomiya Works (Utsunomiya City, Tochigi Prefecture), and Takamatsu Steel Center (Takamatsu City, Kagawa Prefecture). FY2024 scrap purchase volume approx. 3.4 million t × processing intensity 0.0124 t-CO_2 = 42,185 t-CO_2 *Based on suppliers' disclosed data.
13	Downstream leased assets	-	-	The Company does not own downstream leased assets in the supply chain and has no involvement; therefore, no calculation has been performed.
14	Franchises	-	-	The Company group consists solely of "Tokyo Steel Mfg. Co., Ltd." engaged in the steel business; therefore, no calculation has been performed.
15	Investments	12,980	2.2%	Calculated by multiplying the Scope 1 and 2 emissions of South Korean Dongkuk Steel (January–December 2024) of 1,298,000 t-CO_2e by the Company's equity stake of approximately 1%. The Company holds an equity stake in only one company: Dongkuk Steel of South Korea.
Total		581,225	100.0%	

Collaboration with Business Partners

Tokyo Steel's Steel Products Selected for Multiple Vehicle Models Produced by Toyota Motor Corporation

In October 2025, Tokyo Steel's pickled hot-rolled steel sheets were adopted for multiple vehicle models produced by Toyota Motor Corporation. The steel adopted is Tokyo Steel's pickled coil, manufactured from 100% steel scrap using the EAF process. CO_2 emissions during manufacturing are approximately 400 kg per ton, approximately one-fifth of those from the conventional blast furnace process, and the product is also highly regarded from the perspectives of resource recycling and upcycling. Tokyo Steel's automotive steel sheets offer a lineup up to 590 MPa grade. Conventionally, the application of EAF material to automotive steel sheets has been considered difficult in terms of compositional control and quality consistency. Globally, there are commercial applications of EAF-based automotive steel sheets, but the majority involve diluting steel scrap with iron units derived from pig iron (based on Tokyo Steel's research), and instances of upcycling using steel scrap as the sole raw material are extremely limited. Tokyo Steel has developed its upcycling technology, which transforms obsolete scrap into high-grade steel, through years of technological development and participation in investigative and demonstration projects organized by the Ministry of the Environment over three consecutive years from FY2012. This achievement is part of the mass production supply target for FY2025 set by the Company's "Green EV Steel Team," and represents an important milestone demonstrating the potential of EAF-produced green steel for automotive applications, alongside the realization of a circular economy.



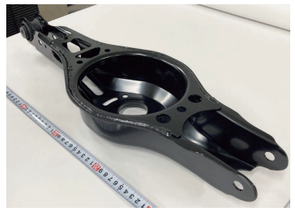
Tokyo Steel's pickled coils

Green EV Steel Team

In October 2022, Toyota Motor Corporation's competition vehicle "ORC ROOKIE GR Corolla H2 Concept" incorporated Tokyo Steel's steel sheet products and competed in the "Round 6 Super Taikyu Race in Okayama" of the "ENEOS Super Taikyu Series 2022 Powered by Hankook," held in Okayama Prefecture. Resonating with Toyota Motor Corporation's vision of "Creating ever-better cars and expanding options toward carbon neutrality, starting from motorsports," Tokyo Steel worked to promote the adoption of its steel products in Toyota's competition vehicle (hydrogen engine vehicle), leading to this collaboration.



"ORC ROOKIE GR Corolla H2 Concept" incorporating Tokyo Steel's steel products



"Suspension lower arm" manufactured using Tokyo Steel's steel products

Collaboration with FOMM Co., Ltd.: Upcycle Car Project

In June 2023, with the cooperation of FOMM Co., Ltd., a venture company based in Yokohama City, Kanagawa Prefecture, an upcycle car was completed, using "as much EAF steel as possible." Of the blast furnace steel components (fabricated from ordinary steel sheets) used in FOMM's compact EV "FOMM ONE," approximately 72% were ultimately replaced with Tokyo Steel's EAF steel upcycled from steel scrap. To rigorously demonstrate the safety of the completed vehicle, crash testing was conducted at the Japan Automobile Research Institute (JARI) in Tsukuba City, Ibaraki Prefecture, yielding satisfactory results. The vehicles subsequently received license plates and are now deployed at various company offices, where they are actively used as company cars.



Crash test in progress



In use as a company car

Received "Excellence Award (Upcycle Award)" from the Platinum Society Network

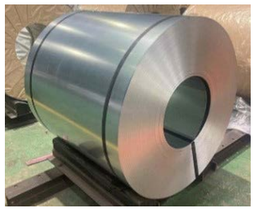


Award ceremony

Tokyo Steel was awarded the "Excellence Award (Upcycle Award)" at the "12th Platinum Award" by the Platinum Society Network (Chairman: Hiroshi Komiyama, President of Mitsubishi Research Institute, Inc.), and an awards ceremony was held at the Jiji Press Hall in Ginza, Tokyo on November 6, 2024. The "Platinum Society Network" is a collaborative organization comprising local governments, companies, and others working toward the realization of a "platinum society," a sustainable society in harmony with the environment. The Network presents the "Platinum Award" annually to recognize initiatives that contribute to resolving regional and societal challenges through innovation and outstanding ideas. The award was given for the project titled "Building Cars from Demolished Buildings: Expanding Possibilities for Steel Scrap Utilization," specifically the "Upcycle Car Project" carried out in collaboration with venture EV manufacturer FOMM Co., Ltd. This project was a large-scale experiment to determine how extensively Tokyo Steel's steel could be used in FOMM's vehicles, essentially asking: to what extent can "EAF steel" be used in "automobiles," which represent the mainstream application of steel? The result demonstrated that ultimately, 72% of the structural members used in the vehicle body were replaced with Tokyo Steel's upcycled steel. Tokyo Steel will continue to accelerate its "upcycling" innovation, the transformation of obsolete scrap into steel usable across a diverse range of applications.

Supply of Tokyo Steel's Steel Products to Canon's Printing Products Commenced Promoting Resource Recycling of Steel Scrap Separated from Used Multifunction Devices

In January 2025, Tokyo Steel's steel was adopted for some of the new products launched in 2025 across Canon Inc.'s printing product lineup, including office multifunction devices, home inkjet printers, large-format inkjet printers, and commercial printing presses. Going forward, the range of printing products incorporating EAF steel sheets will be gradually expanded. EAF steel sheets are recycled material manufactured in an EAF using steel scrap recovered from used products as the raw material. This enables a reduction in the input of new resources and has the effect of increasing the resource recycling rate. Furthermore, CO_2 emissions during manufacturing can be held to approximately one-fifth of those from conventional blast furnace steel sheets, which use iron ore as the raw material, attracting growing attention for its contribution to decarbonization. Steel is the second most widely used material in Canon's printing products by weight, after resin (plastic). Adoption was made possible by carefully assessing the processing characteristics of EAF steel sheets and optimizing the fabrication process, among other efforts. In addition, Canon Ecology Industry Co., Ltd., a Canon Group company, has been finely separating steel scrap from recovered used multifunction devices and selling the refined steel scrap to Tokyo Steel. From April 2020 to March 2024, a cumulative total of more than 5,000 tons was delivered.



Tokyo Steel's steel product used by Canon



Steel extracted from multifunction devices recovered by Canon Ecology Industry (Left: steel with copper attached; Right: steel sorted to 99% purity)

Received "Regional Environmental Contribution Award" from Yamaha Motor Co., Ltd.

In June 2025, Tokyo Steel received the "Regional Environmental Contribution Award" at the awards ceremony held as part of the "2025 YAMAHA Global Suppliers Conference" hosted by Yamaha Motor Co., Ltd. This award recognizes suppliers that have demonstrated outstanding achievements in various areas (technological development, cost innovation, environmental contribution, quality improvement, and others). The "Regional Environmental Contribution Award" was given in recognition of Tokyo Steel's achievement as the first company in Japan to supply EAF steel sheets for use as raw material in the packaging frames used in the shipment of motorcycle products.



Award plaque

Collaboration with Business Partners

Collaboration with Panasonic Group

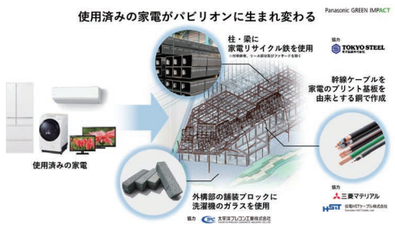
Expansion of the Closed-Loop Resource Recycling Scheme

Since 2013, Tokyo Steel has been working in partnership with the Panasonic Group to build a closed-loop resource recycling scheme in which steel scrap recovered from home appliance recycling facilities is reused as a raw material for production. As part of ongoing efforts to expand the recycling scheme, Tokyo Steel was able to begin new transactions in FY2023 with Panasonic Electric Works' Niigata Plant and the Panasonic Lighting Systems Iga Plant. In particular, the Niigata Plant is newly utilizing scrap generated during the production process. This marks the first time that fabrication scrap (such as stamping waste generated during the processing of steel sheets) has been incorporated into the recycling scheme, which has been in operation for more than ten years. Furthermore, the Panasonic Homes Koto Plant joined the initiative in April 2024.



Tokyo Steel's Recycled Steel Adopted for the Panasonic Group Pavilion "NOMO NO KUNI" at Expo 2025 Osaka, Kansai: Made from Recycled Home Appliances

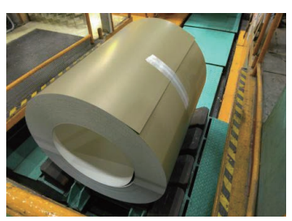
Inspired by Panasonic Group's vision to "realize a resource-recycling pavilion," Tokyo Steel joined this collaborative initiative. Of the approximately 118 tons of steel used in the pavilion (excluding secondary steelwork, leased sections, and facade), approximately 82% was supplied using Tokyo Steel's recycled steel, specifically approximately 98% of the primary columns and beams (excluding connection plates, etc.), totaling 97.1 tons. After the Expo closes, the steel will be returned to Tokyo Steel as steel scrap, transformed into new steel products, and then used as raw material for Panasonic Group products.





Collaboration with Chiyoda-Steel Co., Ltd.

From May 2024, Tokyo Steel began supplying hot-rolled coils, the base material for color-coated Galvalume steel sheets, to Chiyoda-Steel Co., Ltd. (hereafter "Chiyoda-Steel"), a manufacturer of deformed steel bars and color-coated steel sheets. In September 2024, color-coated Galvalume steel sheets made from Tokyo Steel's hot-rolled coils were adopted for the first time as roofing material for the "KIT-Base+" product by Naito House Co., Ltd., a company offering system buildings and prefabricated structures, and were installed at a public facility in Matsumoto City, Nagano Prefecture. The selection of this product for roofing applications, which demands weatherability and corrosion resistance, reflects confidence in the product's ability to meet the required performance standards. Tokyo Steel had previously been supplying galvanized coils to Chiyoda-Steel, which applied color coating and sold them primarily for interior use in buildings. The current supply of hot-rolled coils for color-coated Galvalume steel sheets is regarded as a first step toward addressing demand for exterior color steel sheets beyond interior applications, and Tokyo Steel plans to further expand this market.



Color-coated steel sheet



In use as roofing material

Launch of New "Demand Response (Upward DR)" at the Okayama Works: EAF Contributes to Renewable Energy Expansion through Collaboration with The Chugoku Electric Power Co., Inc.

From FY2025, Tokyo Steel commenced a new form of Demand Response (upward DR) at its Okayama Works, developed through collaboration with The Chugoku Electric Power Co., Inc. "Upward DR" refers to the practice of increasing plant operations during spring and autumn daytime hours, when electricity supply tends to exceed demand due to growth in renewable energy sources such as solar power generation and declining power demand, in response to requests from electricity companies, thereby making effective use of renewable energy. Tokyo Steel first implemented this initiative at its Kyushu Works in the autumn of 2018.

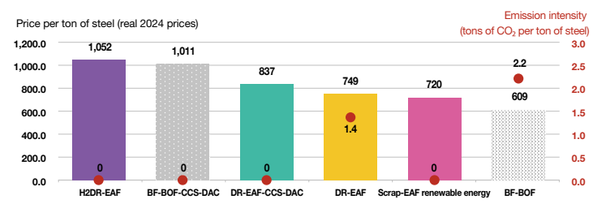
In recent years, the volume of solar power installations in the Chugoku region has been increasing. To maintain supply-demand balance, curtailment of renewable energy output is projected to reach approximately 2.82% (275 million kWh) of total solar and wind power generation in FY2025, with estimates suggesting this could expand to approximately 16% by FY2034. To prevent the situation where "installed renewable energy goes unused," upward DR utilizing EAFs, which can consume electricity flexibly, is attracting broad social attention as having the potential to absorb part of the fluctuation in electricity supply and demand caused by the expansion of renewable energy.

The Okayama Works has now established a new upward DR scheme with Chugoku Electric Power. In addition to the conventional elements of upward DR—namely, increasing plant operations during spring and autumn daytime hours when a surplus of renewable energy is anticipated in response to utility requests—when electricity consumption exceeds the predetermined baseline, the excess amount is recognized as the volume of demand created through upward DR. By receiving certification from Chugoku Electric Power that this electricity is renewable in origin, Tokyo Steel achieves production using "virtually renewable, CO_2-free" electricity. The environmental value obtained through the implementation of upward DR will be applied toward reducing electricity-derived CO_2 emissions at the Okayama Works and toward building the Company's low-CO_2 steel brand, "Hobo Zero" (Near Zero). The new upward DR scheme is planned for implementation over six months in total: April–June 2025, October–November 2025, and March 2026. Over the first three months (April–June), approximately 7.3 million kWh of electricity demand was created, reducing CO_2 emissions by approximately 3,800 tons. As a result, the Okayama Works is now advancing the production of "decarbonized, recycling-based steel," steel manufactured with reduced CO_2 emissions at the production stage, contributing to carbon negative at the societal level. This initiative is also meaningful for Chugoku Electric Power, as it enables effective utilization of surplus renewable energy in the Chugoku region, making it a beneficial effort for both the utility and the industrial consumer. Tokyo Steel will continue to actively engage in upward DR in collaboration with electricity companies across all four domestic plants, leveraging the flexible operations unique to EAFs. Through increases in daytime production volumes, the Company will advance the realization of its long-term environmental vision, Tokyo Steel EcoVision 2050, while contributing to the expansion of renewable energy as a regulating mechanism for Japan's electricity supply-demand balance.

Topics: Bloomberg NEF "Decarbonization of Japan's Steel Industry: Economics and the Path Forward"

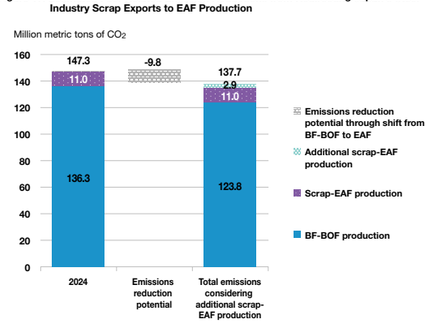
To achieve Japan's 2050 net-zero target, reducing greenhouse gas emissions from coal-dependent steel production is critical. Japan's steel industry, which accounts for approximately 13% of domestic emissions, faces structural and economic pressures from declining domestic demand and intensifying international competition. According to the Bloomberg NEF (BNEF) report "Decarbonization of Japan's Steel Industry: Economics and the Path Forward," published in December 2025, Japan must maximize the utilization of all low-emission options in steel production through technological innovation and policy, in order to stay on track for meeting its climate targets while maintaining cost competitiveness. While many low-emission steelmaking methods remain at the research and development stage, Japan can immediately advance emissions reductions in the steel sector by maximizing the utilization rate of existing scrap-based EAFs. According to BNEF's analysis, this is currently one of the most cost-effective low-emission steelmaking approaches in Japan. Further support would be possible if the government introduced policies to redirect scrap currently being exported toward the domestic steel industry. Based on BNEF's analysis, if the 6.9 million tons of steel scrap Japan exported in 2023 were utilized domestically, assuming 1.2 tons of scrap per ton of steel produced, 5.8 million tons of low-carbon EAF steel could be produced. In this scenario, Japan could potentially avoid approximately 9.8 million tons of direct CO_2 emissions, equivalent to approximately 7% of the steel industry's Scope 1 and 2 emissions in 2024. Furthermore, operating the scrap EAF process on clean electricity would enable an additional 13.9 million tons of CO_2 reduction, for a total potential reduction of up to 23.7 million tons.

Figure 1: Levelized Cost of Steel (LCOS) for Steel Production in Japan in 2030



Source: Bloomberg NEF
Note: BF-BOF-CCS-DAC and BF-BOF refer to retrofitted facilities, while all others refer to new facilities.
Hydrogen is assumed to be derived from the decomposition of blue ammonia produced in Saudi Arabia.
Carbon capture and storage (CCS) assume pipeline transport and offshore storage.
BF-BOF refers to emissions from the blast furnace–basic oxygen furnace process.DAC refers to Direct Air Capture.
H_2DR-EAF refers to Hydrogen-based Direct Reduction–Electric Arc Furnace.

Figure 17: Estimated Fuel-Related Emission Reductions from Redirecting Japan's Steel Industry Scrap Exports to EAF Production



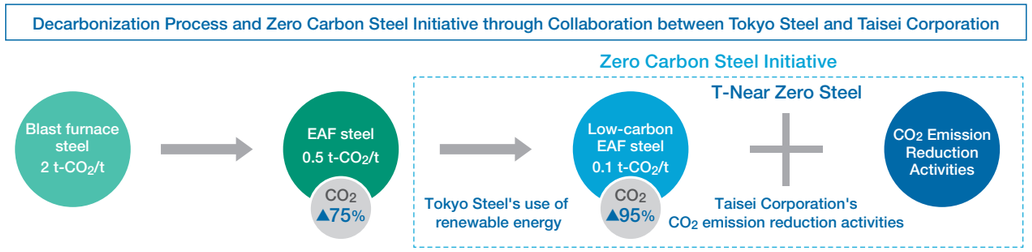
Collaboration with Business Partners

Collaboration with Taisei Corporation

In April 2023, Tokyo Steel launched the "Zero Carbon Steel Initiative" in partnership with Taisei Corporation, a major general contractor, to promote the construction of zero-carbon buildings, that is, buildings that achieve net-zero CO_2 emissions over their lifecycle. The initiative aims to decarbonize steel manufacturing and establish a resource recycling cycle from steel procurement through demolition and recovery. Steel produced under this framework is designated "T-Near Zero Steel," contributing to the realization of a decarbonized, circular society.

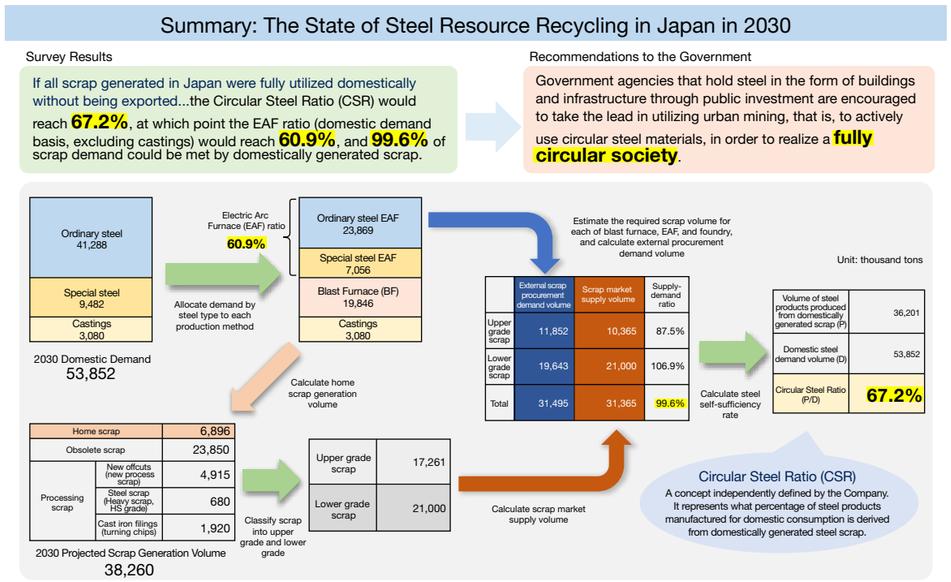
CO_2 emissions during manufacturing are reduced through the following process using EAF steel

① Nearly all steel used in structural frames, including columns and major beams, is manufactured from EAF steel.
② CO_2 emissions are reduced to 0.5 t-CO_2/t-iron compared to blast furnace steel. (Cumulative total reduction of 75% in CO_2 emissions.)
③ Under this initiative, in the first phase, Tokyo Steel substitutes electricity used in the steel production process with renewable energy and other low-carbon sources, manufacturing low-carbon EAF steel.
④ CO_2 emissions are reduced to 0.1 t-CO_2/t-iron. (Cumulative total reduction of 95% in CO_2 emissions.)
⑤ In the second phase, toward reducing the remaining 5% of CO_2 emissions, Tokyo Steel and Taisei Corporation collaborate to undertake capital investment for decarbonization of the steel production process, energy-saving activities, and contribution activities toward CO_2 reduction and removal.



Topics: Resource Recycling Report "The State of Steel Resource Recycling in 2030"

In December 2025, Tokyo Steel published estimates based on analysis conducted by an in-house scrap research team, projecting that Japan's "Circular Steel Ratio (CSR: Circular Steel Ratio)" will reach 67.2% in 2030. The Circular Steel Ratio is a concept independently defined by Tokyo Steel, representing the percentage of domestically produced steel products destined for the domestic market that are derived from domestically generated steel scrap. According to the Company's estimates, domestic steel demand in 2030 is projected at 53.85 million tons. When demand by product type is allocated by production method, the EAF share of domestic demand (excluding cast iron) is expected to be 60.9%. The volume of steel scrap generated in Japan in 2030 is estimated at 38.26 million tons, comprising 17.26 million tons of high-grade scrap and 21.00 million tons of low-grade scrap. When estimating the volume of steel scrap required by blast furnace, EAF, and cast iron manufacturers, the supply-demand ratio is projected to be 87.5% for high-grade scrap and 106.9% for low-grade scrap. If all domestically generated steel scrap in Japan were utilized domestically, 99.6% of domestic demand could be met by domestically generated scrap alone. As a result, the volume of steel products produced from domestically generated steel scrap in 2030 is estimated at 36.20 million tons; 67.2% of domestic steel demand of 53.85 million tons is projected to be supplied by circular steel.

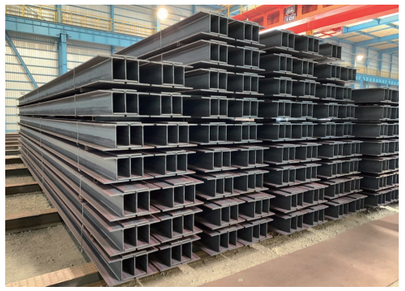


Smart Factory Project

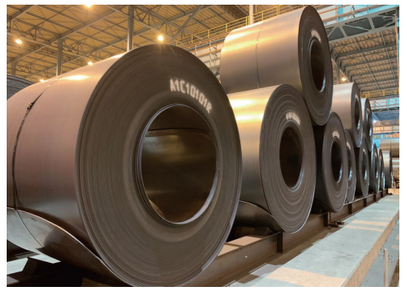
Tokyo Steel is advancing its Smart Factory Promotion Project as the fifth pillar, alongside Safety, Environment, Quality, and Carbon Neutrality. Through company-wide efforts to realize its long-term environmental vision "Tokyo Steel EcoVision 2050," the Company aims to establish an organizational structure capable of achieving its medium-term target of 6 million tons of annual production by 2030 with its current workforce. The Smart Factory concept, which shares a common technological foundation with Industry 4.0, aligns with "Society 5.0" (2016), Japan's vision of a "super-smart society" introduced by the Cabinet Office. Its predecessor, the "Business Improvement Project," was launched in 2017, followed by the "Core System Renewal Project" in 2019, and in 2021, the comprehensive "Company-Wide Smart Factory Promotion Committee" was established. Tokyo Steel is advancing the smart upgrade of order management operations, production operations, and aging production equipment, while simultaneously addressing the "2025 Cliff" identified in the Ministry of Economy, Trade and Industry's DX Report (2018). By actively utilizing IoT, AI, and related technologies to further improve QCDF (Quality, Cost, Delivery, and Flexibility), the Company is committed to enhancing corporate performance and transforming the organization.

Development of the Order Management System "Toutetsu-kun" and Digitization of Mill Test Certificates; Development of the Materials Procurement System "KATTE"

Tokyo Steel has been advancing digital transformation (DX) in its order management and procurement operations. For product sales, the Company developed "Toutetsu-kun," a web-based system through which customers directly enter their order details; implementation was completed at virtually all customer companies in December 2021. In addition, Tokyo Steel introduced "KATTE," a web-based system for the centralized management of all materials purchased by Tokyo Steel, excluding steel scrap as the primary raw material and auxiliary raw materials. Full operation commenced in November 2021, with implementation also completed at the majority of partner suppliers. The transition from paper-based processes, previously handled via fax and written correspondence, to paperless ordering and procurement operations is expected to deliver significant resource conservation, labor savings, and improvements in operational efficiency. For customers, the system offers the added benefit of streamlined steel ordering.



H-beams

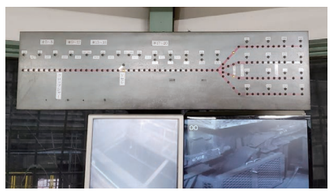


Hot-rolled coil

Digital Transformation (DX) of Aging Production Equipment

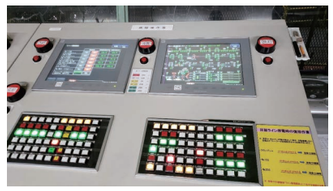
In the steel industry, where aging facilities are prevalent, the digital transformation (DX) of production equipment is widely recognized as a major challenge. The following presents a case study of Tokyo Steel's DX initiatives at the Okayama Works's bar mill, operational since 1979, in connection with the main switchboard renewal. In 2021, while some rolling mills and display units remained unchanged from initial startup, the rolling mill operating components and main switchboard were renewed and transitioned to an open-architecture system using general-purpose circuit boards. The sequence controller was also updated, and a system enabling production tracking and management via a general-purpose GOT (Graphic Operation Terminal) was developed. As a result, the Okayama Works has achieved data management capabilities on par with the most modern facilities, despite its long years of operation.





[Manufacturer]
Main switchboard renewal
(general-purpose circuit boards)

[Developed by on-site employees]
Production tracking and production management
(Utilizing the Graphic Operation Terminal)



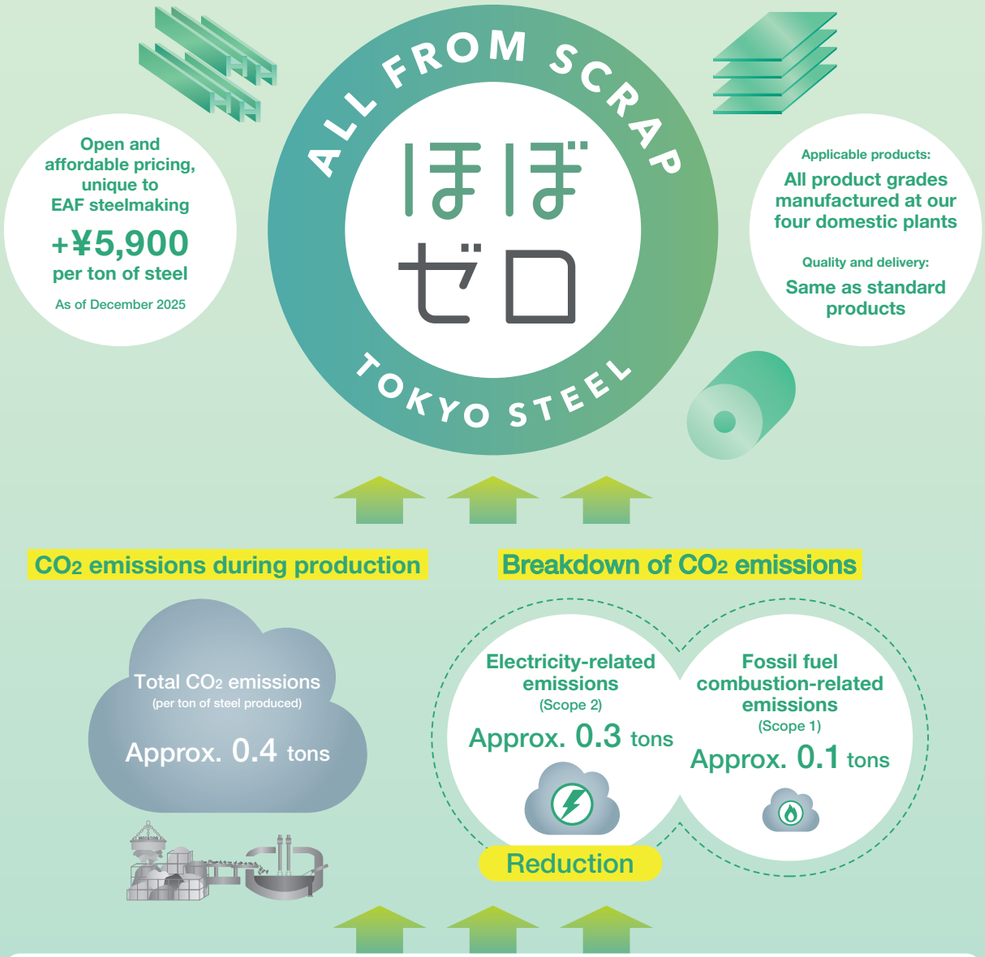


Tokyo Steel's Low-CO_2 Steel Product "Hobo Zero" (Near Zero)

EAF × Renewable Energy

Reducing CO_2 emissions during production to nearly zero

"Hobo Zero" is a new low-CO_2 steel product born from Tokyo Steel's forward-looking and challenge-driven spirit.
By utilizing renewable energy, CO_2 emissions attributable to electricity consumption during production have been reduced.



enso®: Tokyo Steel's New Green Steel Brand for International Markets

In June 2024, Tokyo Steel launched enso®, a new green steel brand for international markets, developed in collaboration with Stemcor Ltd. (headquartered in London). The brand was created to meet growing global demand for green steel, particularly in Europe. Tokyo Steel has long supplied hot-rolled coils and heavy plates to customers across various industries in the European market on a stable basis. For more than 30 years, the Company has been committed to advancing manufacturing technology for high-quality flat-rolled steel products using 100% scrap in EAFs. As a result, Tokyo Steel is now able to offer flat-rolled steel products that are overwhelmingly superior in terms of resource circulation and CO_2 emissions. The Company believes the enso® brand is necessary to communicate this value clearly to customers and to distinctly differentiate its products from those of other manufacturers. The enso® logo takes its name from the Zen Buddhist concept of “enso”, a hand-drawn circle symbolizing circularity and completeness, and features a design that transitions from grey to green, symbolizing the shift from carbon-intensive to sustainable production. The CO_2 emissions data underpinning the brand are based on internationally recognized Environmental Product Declarations (EPDs), providing reliable figures. Through this initiative, Tokyo Steel will further strengthen its position as a green steel supplier and contribute to the realization of a sustainable society.

Since its launch in June 2024, the enso® brand has been advancing sales of hot-rolled coils and heavy plates primarily in the European market, achieving cumulative sales of nearly 100,000 tons. Tokyo Steel's green steel has also been highly regarded outside Europe; in 2025, 6,000 tons of heavy plates were supplied to Singapore as "Ultra Low CO_2 Emissions Steel," reflecting growing demand for environmentally conscious steel in Asia. Tokyo Steel is advancing the development of its CO_2 data infrastructure and is able to provide transparent information on its environmental performance, including EPD certification, a recycling rate of 96% or above, and 100% scrap input. The Company will continue to expand the enso® brand in the European market and grow adoption of its green steel in other regions where environmental performance is a priority, applying the insights gained to the domestic market as well.

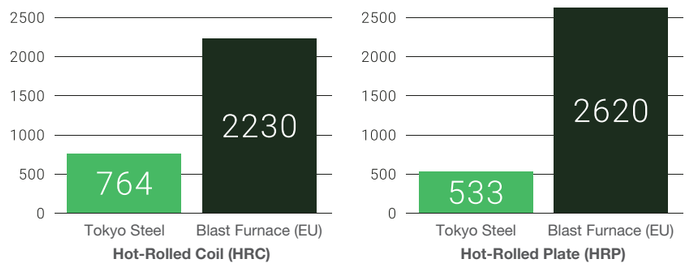
enso®
Tokyo Steel

The enso® website and promotional brochures are designed with sales across the diverse European market in mind, and are currently available in the following European languages: English, German, Spanish, Swedish, and Portuguese.

Brochure

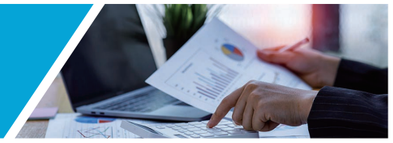
◀ enso® Website

EPD GWP A1-A3 (kg CO_2 eq / t of steel)



Comparison with publicly available Environmental Product Declarations (EPDs)

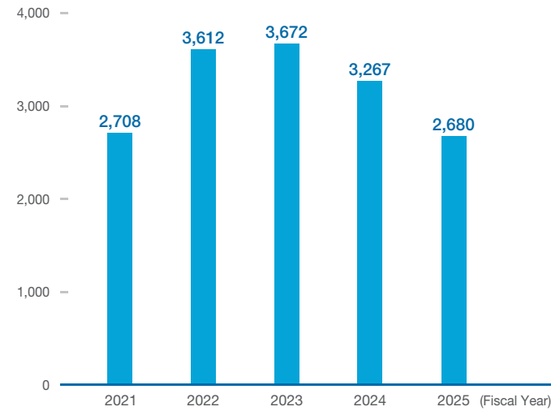
Financial Highlights



		103rd	104th	105th	106th	107th	108th	109th	110th	111th	112th
Fiscal Year		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Results	Net Sales (¥ millions)	121,748	164,137	207,109	179,924	141,448	270,883	361,245	367,242	326,775	268,095
	Ordinary Income (¥ millions)	11,164	11,803	17,311	17,858	4,994	33,426	39,257	39,719	31,612	8,632
	Net Income (¥ millions)	11,140	11,305	15,444	13,795	5,889	31,937	30,848	27,958	21,203	11,557
	Depreciation (¥ millions)	4,004	4,193	4,626	5,297	5,563	4,558	5,032	5,934	6,809	8,087
	R&D Expenditure (¥ millions)	246	215	271	217	176	164	172	461	284	344
Financial Position	Capital Stock (¥ millions)	30,894	30,894	30,894	30,894	30,894	30,894	30,894	30,894	30,894	30,894
	Total Shares Issued	155,064,249	155,064,249	155,064,249	155,064,249	155,064,249	155,064,249	155,064,249	155,064,249	110,064,249	110,064,249
	Net Assets (¥ millions)	109,203	117,989	125,885	129,892	130,903	158,280	179,254	203,907	209,918	222,089
	Total Assets (¥ millions)	150,366	174,271	185,673	178,313	185,887	240,325	270,975	310,604	292,973	292,995
Per Share Data	Net Assets per Share (¥)	758.03	829.8	921.57	1,014.73	1,093.64	1,366.98	1,618.17	1,867.20	2,014.68	2,166.30
	Dividends per Share (¥)	10.00	10.00	13.00	15.00	16.00	25.00	40.00	50.00	50.00	50.00
	Earnings per Share, EPS (¥)	77.33	78.88	110.03	103.45	48.04	269.79	272.44	253.51	197.96	112.56
Financial Indicators	Equity Ratio (%)	72.6	67.7	67.8	72.8	70.4	65.9	66.2	65.6	71.7	75.8
	Return on Equity, ROE (%)	10.7	10.0	12.7	10.8	4.5	22.1	18.3	14.6	10.2	5.4
	Price-to-Earnings Ratio, P/E Ratio (times)	12.09	10.84	8.74	6.53	17.63	4.31	5.01	6.56	8.03	14.37
	Dividend Payout Ratio (%)	12.9	12.7	11.8	14.5	33.3	9.3	14.7	19.7	25.3	44.4
Cash Flows	Cash Flows from Operating Activities (¥ millions)	14,641	17,093	18,991	23,738	7,585	26,913	39,767	53,376	19,588	△ 3,282
	Cash Flows from Investing Activities (¥ millions)	△ 4,657	△ 7,703	△ 7,151	△ 9,153	△ 8,952	△ 9,676	△ 11,904	△ 18,202	△ 21,876	△ 10,837
	Cash Flows from Financing Activities (¥ millions)	△ 10,297	△ 3,239	△ 6,488	△ 7,997	△ 7,220	△ 7,483	△ 11,696	△ 8,140	△ 13,766	△ 8,156
	Cash and Cash Equivalents, End of Period (¥ millions)	48,448	54,676	60,174	66,746	58,332	68,644	85,074	112,219	96,111	73,470
Other Data	Number of Employees	934	940	948	989	1,020	1,028	1,055	1,103	1,135	1,161
	High Stock Price (¥)	1,086	1,068	1,034	963	854	1,523	1,669	1,921	2,085	1,692
	Low Stock Price (¥)	537	808	755	565	591	805	1,076	1,272	1,425	1,328
	CO_2 Emissions (Scope 1+2) (kt)	1,115	1,198	1,266	1,053	891	1,125	1,252	1,414	1,219	–
	Crude Steel Production (thousand tons)	2,241	2,580	2,860	2,563	2,243	3,033	3,407	3,608	3,204	3,070
	Sales Volume (thousand tons)	2,135	2,456	2,714	2,496	2,189	2,799	3,274	3,433	3,139	2,910
	Average Selling Price (¥ thousand/ton)	57.0	66.8	76.3	72.1	64.6	96.7	110.3	107.0	104.1	92.1

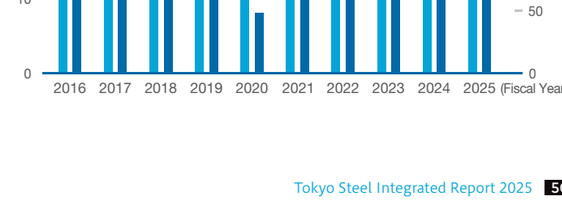
Net Sales

(¥ hundreds of millions)



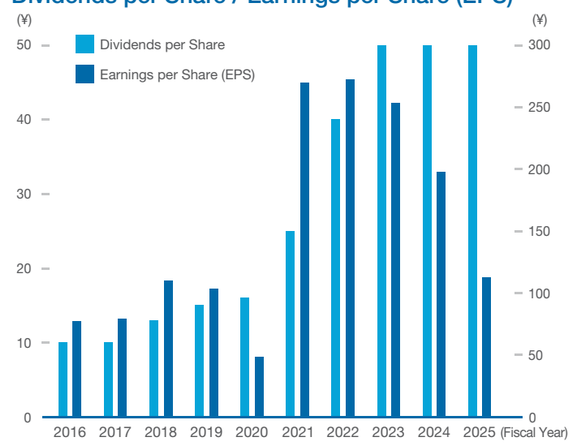
Net Income / ROE

(¥ hundreds of millions) (%)



Dividends per Share / Earnings per Share (EPS)

(¥) (¥)



Balance Sheet

(Unit: millions of yen)

	Prior Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
ASSETS		
Current Assets		
Cash and Deposits	21,111	63,470
Electronically Recorded Receivables	958	893
Accounts Receivable	28,260	26,556
Marketable Securities	75,000	10,500
Merchandise and Finished Products	21,605	24,933
Raw Materials and Supplies	15,294	16,071
Other	1,953	3,067
Allowance for Doubtful Accounts	△30	△28
Total Current Assets	164,153	145,465
Non-Current Assets		
Property, Plant and Equipment (PP&E)		
Buildings	64,272	66,832
Accumulated Depreciation and Impairment	△55,412	△56,122
Buildings (Net)	8,859	10,710
Structures	26,437	26,807
Accumulated Depreciation and Impairment	△23,503	△23,709
Structures (Net)	2,933	3,097
Machinery and Equipment	353,750	359,390
Accumulated Depreciation and Impairment	△312,826	△316,777
Machinery and Equipment (Net)	40,923	42,612
Vehicles	1,601	1,928
Accumulated Depreciation and Impairment	△977	△1,217
Vehicles (Net)	623	711
Tools, Furniture and Fixtures	16,486	16,638
Accumulated Depreciation and Impairment	△11,303	△11,194
Tools, Furniture and Fixtures (Net)	5,182	5,444
Land	33,060	33,027
Lease Assets	859	1,601
Accumulated Depreciation	△236	△352
Lease Assets (Net)	622	1,249
Construction in Progress	10,554	14,531
Total PP&E	102,760	111,385
Intangible Assets		
Software	441	538
Other	19	8
Total Intangible Assets	460	546
Investments and Other Assets		
Investment Securities	25,392	35,410
Long-Term Loans	56	47
Long-Term Prepaid Expenses	45	31
Other	104	109
Allowance for Doubtful Accounts	△0	△0
Total Investments and Other Assets	25,598	35,597
Total Non-Current Assets	128,820	147,530
TOTAL ASSETS	292,973	292,995

(Unit: millions of yen)

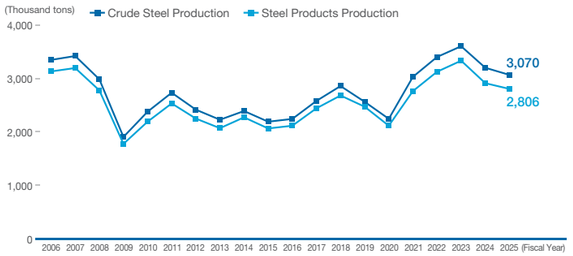
	Prior Fiscal Year (March 31, 2025)	Current Fiscal Year (March 31, 2026)
LIABILITIES		
Current Liabilities		
Electronically Recorded Payables	1,656	579
Accounts Payable	35,471	32,567
Accounts Payable, Other	7,352	4,438
Accrued Expenses	13,334	10,659
Income Taxes Payable	3,318	–
Consumption Taxes Payable	904	–
Contract Liabilities	2,852	1,858
Deposits Received	148	113
Provision for Bonuses	884	780
Other	184	567
Total Current Liabilities	66,107	51,566
Non-Current Liabilities		
Retirement Benefit Liability	6,517	6,118
Lease Obligations	39	273
Asset Retirement Obligations	189	189
Deferred Tax Liabilities	4,564	7,111
Other	5,636	5,646
Total Non-Current Liabilities	16,947	19,339
TOTAL LIABILITIES	83,055	70,906
NET ASSETS		
Shareholders' Equity		
Capital Stock	30,894	30,894
Capital Surplus		
Legal Capital Surplus	28,844	28,844
Other Capital Surplus	–	1
Total Capital Surplus	28,844	28,846
Retained Earnings		
Legal Reserve	3,863	3,863
Other Retained Earnings		
Reserve for Compression Entry	1,358	1,223
Retained Earnings Carried Forward	142,741	149,265
Total Retained Earnings	147,963	154,353
Treasury Stock	△9,140	△11,763
Total Shareholders' Equity	198,562	202,329
Valuation and Translation Adjustments		
Unrealized Gain on Other Securities	11,356	19,759
Total Valuation and Translation Adjustments	11,356	19,759
TOTAL NET ASSETS	209,918	222,089
TOTAL LIABILITIES AND NET ASSETS	292,973	292,995

Statement of Income

(Unit: millions of yen)

	Prior Fiscal Year (April 1, 2024 to March 31, 2025)	Current Fiscal Year (April 1, 2025 to March 31, 2026)
Net Sales	326,775	268,095
Cost of Sales	268,751	236,022
Gross Profit	58,023	32,072
Selling, General and Administrative Expenses (SG&A)	27,917	24,841
Operating Income	30,105	7,230
Non-Operating Income		
Interest Income	115	369
Interest on Securities	173	205
Dividends Received	681	766
Purchase Discounts	188	223
Miscellaneous Income	434	340
Total Non-Operating Income	1,593	1,905
Non-Operating Expenses		
Interest Expense	28	135
Foreign exchange losses	2	154
Taxes and Dues	17	16
Miscellaneous Loss	38	197
Total Non-Operating Expenses	86	504
Ordinary Income	31,612	8,632
Extraordinary Income		
Gain on Sale of Non-Current Assets	0	4,759
Gain on Disposal of Non-Current Assets	8	13
Gain on Sale of Investment Securities	–	2,599
Total Extraordinary Income	8	7,372
Extraordinary Losses		
Loss on Sale of Non-Current Assets	0	19
Loss on Disposal of Non-Current Assets	1,059	922
Environmental expenses	–	464
Suspension loss of operations	–	499
Facility Restoration Costs	853	–
Total Extraordinary Losses	1,912	1,906
Income Before Income Taxes	29,708	14,098
Corporate, Inhabitant and Enterprise Taxes	8,002	3,901
Deferred Income Taxes	503	△1,361
Total Income Taxes	8,505	2,540
Net Income	21,203	11,557

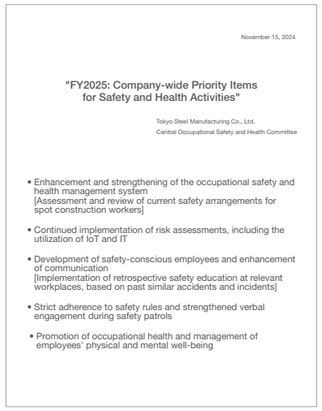
Trends in Crude Steel Production (billet / steel slab) / Trends in Steel Products Production



Commitment to Occupational Safety and Health



Tokyo Steel regards occupational safety and health as the most critical priority for the Company. Under the guiding principle of "Safety and Health Take Priority Above All," the Company establishes and publishes "Company-wide Priority Items for Safety and Health Activities" annually.



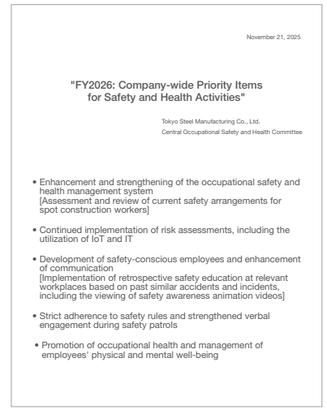
November 15, 2024

"FY2025: Company-wide Priority Items for Safety and Health Activities"

Tokyo Steel Manufacturing Co., Ltd.
Central Occupational Safety and Health Committee

- Enhancement and strengthening of the occupational safety and health management system
  [Assessment and review of current safety arrangements for spot construction workers]
- Continued implementation of risk assessments, including the utilization of IoT and IT
- Development of safety-conscious employees and enhancement of communication
  [Implementation of retrospective safety education at relevant workplaces, based on past similar accidents and incidents]
- Strict adherence to safety rules and strengthened verbal engagement during safety patrols
- Promotion of occupational health and management of employees' physical and mental well-being

2025



November 21, 2025

"FY2026: Company-wide Priority Items for Safety and Health Activities"

Tokyo Steel Manufacturing Co., Ltd.
Central Occupational Safety and Health Committee

- Enhancement and strengthening of the occupational safety and health management system
  [Assessment and review of current safety arrangements for spot construction workers]
- Continued implementation of risk assessments, including the utilization of IoT and IT
- Development of safety-conscious employees and enhancement of communication
  [Implementation of retrospective safety education at relevant workplaces based on past similar accidents and incidents, including the viewing of safety awareness animation videos]
- Strict adherence to safety rules and strengthened verbal engagement during safety patrols
- Promotion of occupational health and management of employees' physical and mental well-being

2026

Company-wide Occupational Safety and Health Management Structure

Central Occupational Safety and Health Committee

Chairperson	President and Director
Vice-Chairperson	Director or Executive Officer in charge of Safety and Health
Member	Plant Manager, Tahara Works
Member	Plant Manager, Okayama Works
Member	Plant Manager, Kyushu Works
Member	Plant Manager, Utsunomiya Works
Member	Director
Secretariat	

Central Occupational Safety and Health Sub-Committee

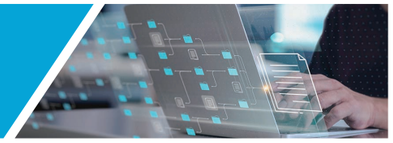
Chairperson, Vice-Chairperson, Members, Secretariat

Tahara Works Central Occupational Safety and Health Committee	Okayama Works Central Occupational Safety and Health Committee	Kyushu Works Central Occupational Safety and Health Committee	Utsunomiya Works Central Occupational Safety and Health Committee
Chairperson, Members, Secretariat	Chairperson, Members, Secretariat	Chairperson, Members, Secretariat	Chairperson, Members, Secretariat

Topics

To continuously maintain and improve its safety and health activities, Tokyo Steel operates a Safety and Health Management System in accordance with the "Guidelines on Occupational Safety and Health Management Systems" (Ministry of Labor Notification No. 53, 1999), aiming to reduce the potential hazards of occupational accidents, promote the health of employees and contractors, and foster a comfortable work environment. Committed to building workplaces where all can work safely and with peace of mind, the Company holds close the words: "The greatest misfortune for humanity is the failure to learn from the lessons of past accidents and disasters." Guided by this principle, Tokyo Steel pursues "Zero Accidents," ensuring no colleague suffers an injury.

Quality Initiatives



Tokyo Steel pursues continuous quality improvement alongside enhanced customer satisfaction, leveraging technologies and human resources cultivated through its manufacturing expertise to provide reliable recycling-based steel products and create high added value.

Company-Wide Quality Management Policy

01 Provide safe and reliable recycling-based steel products that satisfy our customers.
02 Through "Manufacturing," pursue "Advanced Technologies" and "Human Resource Development."
03 Utilize management systems to drive continuous improvement in quality and environmental performance.
04 Comply with laws and regulatory requirements and contribute to society.

Company-wide Quality Management Structure



Quality Management System

In response to the demands of the times, Tokyo Steel has obtained ISO 9001, the international standard for quality management systems, at all of its plants.

ISO 9001 (Quality Management System)		
Facility	Certification Date	Last Updated
Tahara Works	March 22, 2012	March 22, 2024
Okayama Works	January 28, 1999	April 1, 2024
Kyushu Works	August 22, 1997	August 22, 2024
Utsunomiya Works	January 27, 2000	October 11, 2025

Human Rights and Diversity



Under the international norms on human rights, including the Universal Declaration of Human Rights, Tokyo Steel respects diverse values and creates and delivers rich value by leveraging individual strengths through smooth communication and collaboration.

Formulation of Human Rights Policy (Established: December 19, 2025)

Fundamental Approach

The Company's mission is to make maximum use of steel scrap, generated from the abundant steel accumulation known as "urban mines," by recycling it into diverse products toward the realization of a circular and decarbonized society.
Steel scrap is transformed into new steel products through the latest technologies and capital investment, reborn as buildings, automobiles, home appliances, and other goods; when those goods reach the end of their life, they are dismantled, become part of the urban mine once again, and feed into a new circular supply chain. Given the nature of this circular economy, the Company is positioned both upstream and downstream in the supply chain and recognizes that respect for human rights across the entire chain is critically important. Accordingly, the Company has formulated a Human Rights Policy and has declared its application to all business activities in pursuit of respect for human rights in conformance with international standards. Based on this Policy, the Company strives to establish and implement processes to prevent, remedy, and mitigate negative human rights impacts, and to correct such impacts where it becomes apparent that the Company has caused or contributed to them. The Company also expects all stakeholders in its value chain to conduct their business activities in line with this Policy.

1. Scope of Application

This Policy applies to all Directors and employees of the Company. The Company also expects all stakeholders, including those in the value chain, to understand and support this Policy.

2. Compliance with Applicable Laws

The Company complies with the laws and regulations of each country and region where it conducts business activities. In regions where internationally recognized human rights are not adequately protected by law, the Company endeavors to respect internationally recognized human rights to the greatest extent possible.

3. Engagement and Consultation with Stakeholders

On matters related to human rights, the Company consults external experts and, while respecting dialogue and discussion with internal and external stakeholders, strives to understand and resolve such issues.

4. Human Rights Issues

The Company identifies particularly important human rights issues, as set out in the separately attached schedule "Human Rights Issues," based on the characteristics of its business, and endeavors to appropriately implement human rights due diligence in accordance with this Policy. These issues are reviewed as appropriate in response to changes in the business environment.

5. Human Rights Due Diligence

The Company establishes a human rights due diligence framework to identify, assess, prevent, remedy, and mitigate negative human rights impacts, and continuously works to implement it.

6. Education and Training for Employees

The Company continuously endeavors to carry out appropriate education and awareness-raising activities so that all Directors and employees understand and practice this Policy.

7. Remedy and Redress

When it becomes apparent that the Company has caused or contributed to negative human rights impacts through its business activities, the Company endeavors to respond appropriately with a view to providing remedy and redress.

8. Disclosure

The Company appropriately discloses information regarding its efforts related to respect for human rights.

9. Promotion Structure

The Company establishes a promotion structure for business activities that respect human rights in accordance with this Policy, through a Human Rights Promotion Committee chaired by the President.

Identification of Human Rights Risks

With reference to international norms and guidelines, and taking into account human rights risks specific to the steel industry and to the Company, as well as regional context, the Company has identified human rights risks related to the Company and its supply chain. Going forward, the Company will implement human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights. The Company is also considering joining the Country Network of the "UN Global Compact," the global framework for achieving sustainable growth in the international community, specifically "Global Compact Network Japan."

Identified Human Rights Risks

Theme	Description	Company Initiatives	Relevant SDGs
Occupational Health and Safety and Appropriate Working Environment	The Company considers workplace health and safety a critical issue, and aims to create a workplace environment where employees can work safely and with peace of mind under the fundamental principle that "safety and health take precedence over all else."	Establishment of a company-wide occupational health and safety management system; promotion of health and productivity management, etc.	8
Prohibition of Discrimination and Harassment	The Company prohibits unjust discrimination on any grounds, including race, ethnicity, creed, religion, gender, gender identity, sexual orientation, nationality, age, origin, physical or mental disability, or illness.	Promotion of women's empowerment; harassment education; implementation of 1-on-1 meetings, etc.	5, 10
Prohibition of Child Labor and Forced Labor	The Company prohibits all forms of child labor and all forms of forced labor, including human trafficking.	Compliance with international norms and applicable laws and regulations; implementation of monitoring, etc.	8
Freedom of Association and Right to Collective Bargaining	The Company respects workers' rights to freedom of association and collective bargaining in accordance with laws and labor agreements.	Compliance with labor laws and labor-management agreements; sincere dialogue and consultation with employees or employee representatives.	8
Working Hours and Wages	The Company complies with all laws and regulations pertaining to working hours and wages.	Strict compliance, etc.	8
Environmental and Climate Change Considerations	The Company recognizes that environmental degradation and climate change can have negative impacts on human rights and endeavors to take the global environment into due consideration in the course of conducting its business.	Activities toward realization of the Long-Term Environmental Vision "Tokyo Steel EcoVision 2050"	13
Avoidance of Inhumane Acts	The Company recognizes that inhumane acts and actions that could contribute to the outbreak or expansion of conflicts in the supply chain may have negative impacts on human rights, and endeavors to consider appropriate responses while conducting its business.	Thorough verification of the non-use of conflict minerals; proper export controls for products.	16

Promotion of Women's Active Participation

Corresponding Human Rights Risk: Prohibition of Discrimination and Harassment

The Company is actively committed to women's active participation in the workplace. The proportion of female employees in general administrative and professional positions is shown below.

	Male	Female	Female Ratio
2025	120	27	18%
2024	115	25	18%
2023	105	26	20%

Collaboration with Suppliers toward Sustainable Timber Procurement

Corresponding Human Rights Risk: Environmental and Climate Change Considerations; Avoidance of Inhumane Acts

Regarding timber used at each of its facilities, the Company conducts annual sustainability surveys of its suppliers. The Company will continue to collaborate with its suppliers to promote timber procurement incorporating sustainability considerations covering environmental conservation, human rights, and occupational safety.

Main Survey Items

- Confirmation that the logging procedures are appropriate under the relevant laws and regulations governing forests in the country or region where the logs were harvested.
- Confirmation that the timber originates from forests managed under medium- to long-term plans or policies.
- Confirmation that ecosystem conservation is taken into account during logging.
- Confirmation that the rights of indigenous peoples and local communities are respected during logging.
- Confirmation that appropriate safety measures are in place for workers engaged in logging operations.



Examples of timber use at the Company's facilities

Corporate Governance

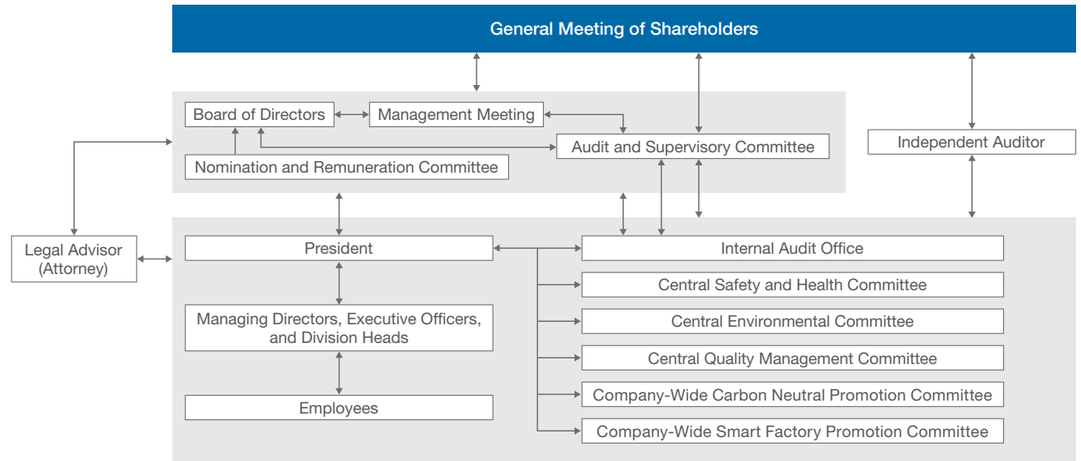


Basic Approach

The Company has historically aimed for swift decision-making by a small number of Directors, invigoration of the Board of Directors, and has worked to ensure mutual management oversight among Directors and strict compliance. In addition, following the enforcement on May 1, 2015 of the revised Companies Act (the "Act Partially Amending the Companies Act," Act No. 90 of 2014, promulgated on June 27, 2014), the Company transitioned to a company with an Audit and Supervisory Committee in order to further strengthen corporate governance. Under the new system, the Company works to ensure thorough oversight of the execution of Directors' duties. Furthermore, in June 2019, the Company reorganized the Board of Directors into a structure focused on swift decision-making and supervisory functions, and introduced an Executive Officer system to improve the speed and agility of business execution. The Company strives to provide necessary corporate information promptly, accurately, and equitably, and will continue to maintain an open and transparent corporate culture.

Corporate Governance Structure (as of end of June 2025)

The Company is a company with an Audit and Supervisory Committee, composed of 2 Directors (excluding Audit and Supervisory Committee Members) and 3 Directors who are Audit and Supervisory Committee Members (including 2 Outside Directors). The Articles of Incorporation stipulate a maximum of 9 Directors in total (a maximum of 6 Directors excluding Audit and Supervisory Committee Members, and 3 Directors who are Audit and Supervisory Committee Members). From a corporate governance enhancement standpoint, the Company has also reorganized the Board of Directors to focus on swift decision-making and supervisory functions, introduced an Executive Officer system to improve the speed and agility of business execution, and convenes the Board of Directors and Management Meeting in principle once per month. The Audit and Supervisory Committee met 9 times during FY2024. Regarding the top-priority management issues of safety, environment, quality, carbon neutrality (including energy saving), and smart factory, in addition to on-site promotion at each facility, the Company has established a Central Safety and Health Committee, Central Environmental Committee, Central Quality Management Committee, Company-Wide Carbon Neutral Promotion Committee, and Company-Wide Smart Factory Promotion Committee, all chaired by the President and Representative Director, to heighten and reinforce awareness at the company-wide level. Each committee meets twice a year, with attendance by Audit and Supervisory Committee Member Directors, to investigate, study, and deliberate on their respective matters.



(Arrows indicate reporting, instructions, appointment, auditing, and other relations.)

Composition of the Board of Directors and Audit and Supervisory Committee

Board of Directors			
Maximum number of Directors under the Articles of Incorporation	9	Appointment of Outside Directors	Appointed
Term of office of Directors under the Articles of Incorporation	1 year	Number of Outside Directors	2
Chairperson of the Board of Directors	President	Number of Outside Directors designated as Independent Officers	2
Number of Directors	5	Number of Female Directors	1

Audit and Supervisory Committee			
Total number of committee members	3	Number of Outside Directors	2
Number of Standing committee members	1	Chairperson	Outside Director
Number of Inside Directors	1	Existence of Directors and employees to assist the Audit and Supervisory Committee in its duties	None

Directors' Expertise and Experience (as of June 24, 2025)

Name	Position and Title at the Company	Independence	Key Areas of Expertise					
			Corporate Management	Sales and Markets	ESG; Safety and Environment	Finance and Accounting	Legal	Human Resources and Organization
Directors								
Nobuaki Nara (Male)	President and Representative Director; President and Executive Officer		○	○	○	○	○	○
Yuji Komatsuzaki (Male)	Director, Managing Executive Officer (Sales and Marketing)		○	○	○			○
Directors who are Audit and Supervisory Committee Members								
Takafumi Asai (Male)	Director; Audit and Supervisory Committee Member		○	○				
Hiroaki Hoshi (Male)	Director; Audit and Supervisory Committee Member (Outside Director)	○					○	
Kaori Miwa (Female)	Director; Audit and Supervisory Committee Member (Outside Director)	○					○	

Nomination and Remuneration Committee

The Board of Directors consists of five members: two Directors excluding Audit and Supervisory Committee Members, and three Directors who are Audit and Supervisory Committee Members, including two independent Outside Directors, one of whom is female. Although the Company believes that sufficient transparency, fairness, and objectivity in the decision-making process are already ensured, it has established a voluntary Nomination and Remuneration Committee to further strengthen transparency, fairness, objectivity, and accountability in Director nomination and remuneration decisions. The Committee comprises three members: one internal Director serving as Chairperson and two Outside Directors. Upon consultation from the Board of Directors, the Committee provides advice and recommendations covering the appointment and dismissal of Directors and remuneration details for Directors and Executive Officers.

Director Remuneration

01 Policies Governing the Content of Individual Director Remuneration

The Company's policy on remuneration decisions for Directors (excluding Audit and Supervisory Committee Member Directors; same below) is as follows: with reference to advice from the Nomination and Remuneration Committee, a standard annual remuneration is set based on each Director's authority and experience; the fluctuation in managerial staff salaries, determined by changes in employee bonuses from annual spring wage negotiations reflecting company performance, is also reflected in annual Director remuneration decisions, ensuring performance linkage. Director remuneration consists of fixed monthly monetary remuneration (excluding the restricted stock grant portion) and restricted stock grants, awarded annually at a designated time. Individual Director remuneration is finalized through: confirmation of the calculation method by Audit and Supervisory Committee Members per internal regulations, advice and recommendations from the Nomination and Remuneration Committee, and approval by the Board of Directors. The above policies are determined by Board resolution. As this fiscal year's individual Director remuneration followed the above procedures, the Board has concluded it conforms to the above policies. No performance-linked component applies to remuneration for Audit and Supervisory Committee Member Directors.

02 Matters Related to Shareholders' Meeting Resolutions on Director Remuneration

The annual remuneration amount for Directors (excluding Audit and Supervisory Committee Member Directors; same below) was resolved at the 105th Annual General Meeting of Shareholders held on June 26, 2019, setting a total annual cap of ¥192 million, with restricted stock grants within the annual Director remuneration capped at ¥19.2 million. The restricted stock remuneration system is designed to provide Directors with an incentive to pursue the sustained enhancement of the Company's corporate value, while promoting value alignment between Directors and shareholders. Additionally, the annual remuneration for Audit and Supervisory Committee Member Directors was resolved at the 110th Annual General Meeting of Shareholders held on June 26, 2024, with a cap of ¥50 million per year. At the conclusion of that General Meeting, there were 2 Directors (excluding Audit and Supervisory Committee Member Directors) and 3 Audit and Supervisory Committee Member Directors.

03 Total Director Remuneration

Category	Total Remuneration (¥ millions)	Total Remuneration by Type (¥ million)		Number of Eligible Directors
		Base Remuneration	Non-Monetary Remuneration	
Directors (Excl. Audit and Supervisory Committee Members)	139	133	5	2
Directors who are Audit and Supervisory Committee Members (of which: Outside Directors)	27 (13)	27 (13)	-	3 (2)

Note: Non-monetary remuneration represents the amount recognized as an expense in the current fiscal year under the restricted stock remuneration plan.

Audit Status

① Status of Audit & Supervisory Committee Audits

The Audit & Supervisory Committee comprises three members. The Committee establishes audit policies and plans, after which members conduct their assigned investigations, reporting and deliberating the results at Committee meetings. The Committee also receives reports on duty execution from Directors and the Accounting Auditor, requests explanations as needed, and thereby conducts audits. Specific matters examined include formulating audit policies and plans, evaluating the Accounting Auditor's plan and fees, and confirming issues identified in day-to-day and on-site audits. Audit & Supervisory Committee Members, per audit policies and assigned duties, communicate with Directors, the Internal Audit Department, and other personnel, develop an environment for information gathering and auditing, attend Board of Directors meetings and other important meetings, receive reports on duty execution from Directors and other personnel, request explanations as needed, review important approval documents, and investigate business operations and finances at the head office and major sites. Standing Audit & Supervisory Committee Members gather information from officers and employees, attend important internal meetings, and thereby facilitate information sharing and close coordination with the Internal Audit Department, strengthening the Committee's audit and supervisory functions.
In FY2024, the Company held nine Committee meetings. Attendance by individual members was as follows:

Name	Meetings Held	Meetings Attended
Hiroaki Hoshi	9	9
Kaori Miwa	9	9
Takafumi Asai	9	9

• Priority Audit Items

The Audit & Supervisory Committee conducts audits on the following priority audit items: initiatives relating to safety, environmental, and quality management and sales reinforcement; product inventory management; equipment improvement and maintenance; and verification of individual capital investment projects. On sustainability matters, given growing environmental awareness and increased demand for green products, the Committee advises on alignment with relevant environmental rules and regulations in their development.

• Principal Audit Activities

Party / Subject	Audit Activities
Board of Directors	• Attendance at Board of Directors meetings; submission of opinions
Audit Office	• Receipt of internal audit result reports; development of the internal control system • Monitoring and verification of operational status in coordination with the Audit Office
Accounting Auditor	• Receipt of explanations of the accounting audit plan • Receipt of reports on accounting audit implementation status; exchange of opinions on Key Audit Matters (KAM) • Evaluation of the Accounting Auditor • Judgment on the appointment, non-reappointment, or dismissal of the Accounting Auditor
Various Committees	• Attendance at and submission of opinions to the Management Meeting, Central Safety and Health Committee, Central Environment Committee, Central Quality Management Committee, Companywide Carbon Neutrality Promotion Committee, Companywide Smart Factory Promotion Committee, Departmental and Section Manager Meetings, and other bodies • Receipt of reports and exchange of opinions on business matters through individual interviews with key officers and employees
Business Sites	• On-site visits to each business site to audit compliance with laws and internal regulations, as well as the appropriateness of business operations
Inventory Count	• Attendance at inventory counts of business site inventories during the second quarter and at fiscal year-end, as necessary
Document Inspection / Inquiries	• Inspection of and inquiries regarding important internal documents

② Status of Internal Audits

The Company has established an Audit Office directly under the President, independent of business execution divisions, and conducts regular internal audits, led by the General Manager of the Audit Office and internally selected members as needed. The General Manager of the Audit Office also holds regular meetings with Audit & Supervisory Committee Member Directors to discuss audit plans and implementation status, working to ensure the efficient conduct of internal audits, including internal controls related to financial reporting. The companywide internal control system is overseen by the Officer in Charge of General Affairs (or, in their absence, the General Manager of the Corporate General Affairs Department). Internal audit results are reported by the Audit Office to the Board of Directors.

External Evaluations and Third-Party Assurance



Social Recognition

Environmental Disclosure through CDP

In the "CDP 2023 Climate Change" assessment, the Company was recognized for the fifth consecutive year as a "Climate Change A List" company, the highest "Leadership" tier. This recognition is granted only to companies identified as global leaders in addressing climate change. Tokyo Steel has long declared its commitment to addressing climate change through the spread and expansion of decarbonized, recycling-based steel products under "Tokyo Steel EcoVision 2050," and this recognition demonstrates that such efforts have been highly evaluated in a globally implemented rating system. In the "CDP 2024 Climate Change" and "CDP 2025 Climate Change" assessments, the Company received a score of "A–" for two consecutive years. CDP is a project operated in collaboration between the international NGO CDP and institutional investors, requesting companies to disclose their climate change initiatives and GHG emissions data. CDP distributes questionnaires to companies regarding their climate change activities and, based on the responses, classifies companies into four levels: Leadership, Management, Awareness, and Disclosure, with ratings of A through D– and F (insufficient information provided for response evaluation). In the "CDP 2025 Climate Change" assessment, a record-high of over 23,100 companies and municipalities made environmental disclosures.

CDP DISCLOSURE INSIGHT ACTION A LIST 2019 CLIMATE
CDP DISCLOSURE INSIGHT ACTION A LIST 2020 CLIMATE
CDP DISCLOSURE INSIGHT ACTION A LIST 2021 CLIMATE
CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE
CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

Ranked No. 1 Among Domestic Steel Manufacturers in WWF Japan's "Corporate Climate Change Response Ranking Vol. 11 [Materials Industry ② · Energy Edition]"

In September 2019, the Company was ranked No. 1 among seven Japanese steel manufacturers in the "Corporate Climate Change Response Ranking" Vol. 11, "Materials Industry ② · Energy" edition, published by WWF Japan (World Wide Fund for Nature Japan). WWF is a global environmental conservation organization operating in approximately 100 countries. WWF Japan, the Japanese branch of WWF, implements the "Corporate Climate Change Response Ranking" project, which comprehensively evaluates the initiatives of individual companies using uniform indicators, with the aim of supporting climate change countermeasures by Japanese companies. In the "Materials Industry ② · Energy" edition, the Company was ranked No. 1 in the steel sector as a result of high marks for its proactive information disclosure through its long-term environmental vision "Tokyo Steel EcoVision 2050" and the implementation status of its measures toward achieving its vision goals. Furthermore, the Company achieved the highest score of 83.3 points among all 42 companies across 6 industries evaluated.



Steel Sector Ranking

Companies evaluated: 7 in total

Average score: 39.0　Highest score: 83.3　Lowest score: 16.0

Rank	Total Score (out of 100)	Company	Targets / Results (out of 50)	Information Disclosure (out of 50)
1st	83.3	Tokyo Steel	37.5	45.8

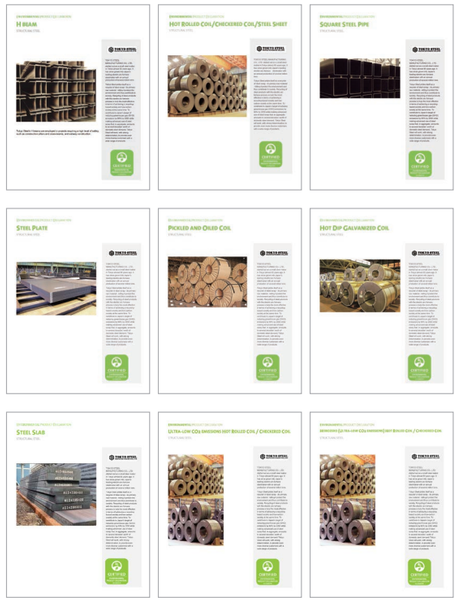
Evaluation under the Act on the Rational Use of Energy (Energy Conservation Act)

In the Business Operator Class-Based Evaluation System under the Energy Conservation Act (FY2024 report: FY2023 results), the Company was rated Class S (effort target achieved: average energy intensity reduction of 1% or more per year over a 5-year period). This marks the seventh consecutive year of Class S rating, following last year (FY2023 report: FY2022 results). The Agency for Natural Resources and Energy, under the Act on the Rational Use of Energy (Energy Conservation Act), launched the "Business Operator Class-Based Evaluation System" in FY2016 to further promote energy conservation among businesses using energy at factories and other facilities. This system classifies all business operators (factories, etc.) that submit regular reports under the Energy Conservation Act into four classes: S, A, B, and C; and publicly announces the names of Class S businesses as excellent operators on the Ministry of Economy, Trade and Industry (METI) website.

Third-Party Assurance

Obtaining Environmental Product Declarations (EPDs)

Tokyo Steel has obtained Environmental Product Declarations (EPDs) from UL, a US-based international certification body, for its flagship products: H-beams and hot coils. H-beams were certified in September 2018 and hot-rolled coils in October 2019, making Tokyo Steel the first domestic steel manufacturer certified for both product types. In January 2021, certifications were also obtained for SHS (Square Hollow Section) and cut sheets, and in January 2024 for heavy plates, pickled coils, and hot-dip galvanized coils. In 2025, the Company is obtaining EPDs conforming to European EN standards and for low-CO_2 steel products, meeting domestic and international customer needs. An EPD, based on the ISO Type III Environmental Label (ISO 14025), summarizes the environmental impact of a product's life cycle. Third-party-verified environmental information on certified products serves as a reference for purchasers selecting environmentally conscious products, and is also useful for Scope 3 emissions reduction, an increasingly important area. Multiple LCA methodologies exist for steel products; the Company has examined environmental impacts from raw material extraction through manufacturing and shipment (Cradle to Gate). EPD-certified products are increasingly recommended in green building rating systems and guidelines worldwide, including LEED (Leadership in Energy and Environmental Design), originated in the United States. The Company will continue to proactively disclose environmental information and further reduce the lifecycle environmental impact of its products.



Customer Engagement Using EPDs

Maeda Corporation, a customer of Tokyo Steel, obtained LEED v4 Platinum certification, the highest rating under the international green building rating system LEED, for its "ICI Sogo Center ICI Lab Exchange Building" (Toride City, Ibaraki Prefecture) in 2019. Recognizing that the use of EPD-certified products qualifies for LEED credits, Tokyo Steel obtained an EPD for its flagship product, H-beams, in October 2018 and supplied approximately 120 tons of H-beams for the Exchange Building. LEED is the most widely used green building rating system in the world, with more than 93,000 certifications as of March 2022. More than 200 certifications have been issued in Japan, and demand for EPD-certified products is expected to increase as companies seek high LEED ratings. The Company will continue to expand the range of certified product types and proactively disclose environmental information to meet customer needs.



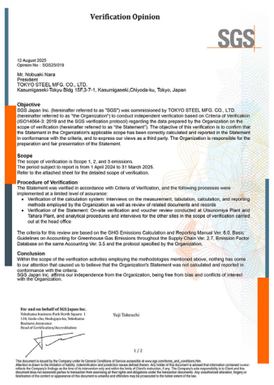
Maeda Corporation "ICI Lab"
*Sourced from the website of Maeda Corporation

Third-Party Assurance for CO_2 Emissions

For the purposes of ensuring fairness, transparency, and credibility, Tokyo Steel has obtained third-party assurance for CO_2 emissions at its four domestic plants. Furthermore, since the FY2018 calculations, the Company has also obtained assurance for certain Scope 3 emissions in addition to Scope 1 and Scope 2.

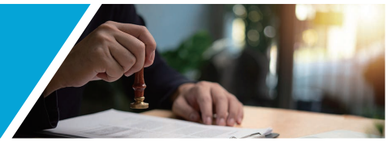


SGS verification documents (Japanese)



SGS verification documents (English)

Board Members and Executives



Directors



President and Representative Director /
President and Executive Officer

Nobuaki Nara

April 1993 Joined the Company
June 2023 President and Representative Director, President and Executive Officer



Director and Executive Officer
(General Manager of Corporate Planning Division; General Affairs and Purchasing)

Soichiro Tsuda

April 1998 Joined Japan Broadcasting Corporation (NHK)
January 2014 Joined the Company
June 2026 Director and Executive Officer (General Manager of Corporate Planning Division; General Manager, Purchasing Department; in charge of General Affairs Department)



Director and Executive Officer
(Sales and Marketing)

Gaku Ito

April 1994 Joined the Company
June 2026 Director and Executive Officer (General Manager of Sales Division)



Director, Audit and Supervisory Committee Member (Standing)

Takafumi Asai

April 1987 Joined the Company
June 2023 Director, Audit and Supervisory Committee Member (Standing)



Director, Audit and Supervisory Committee Member (Outside Director)

Hiroaki Hoshi

December 2013 Admitted to the bar (Dai-ichi Tokyo Bar Association)
June 2021 Director, Audit and Supervisory Committee Member (Outside Director)



Director, Audit and Supervisory Committee Member (Outside Director)

Kaori Miwa

October 2003 Admitted to the bar (Tokyo Bar Association)
June 2023 Director, Audit and Supervisory Committee Member (Outside Director)

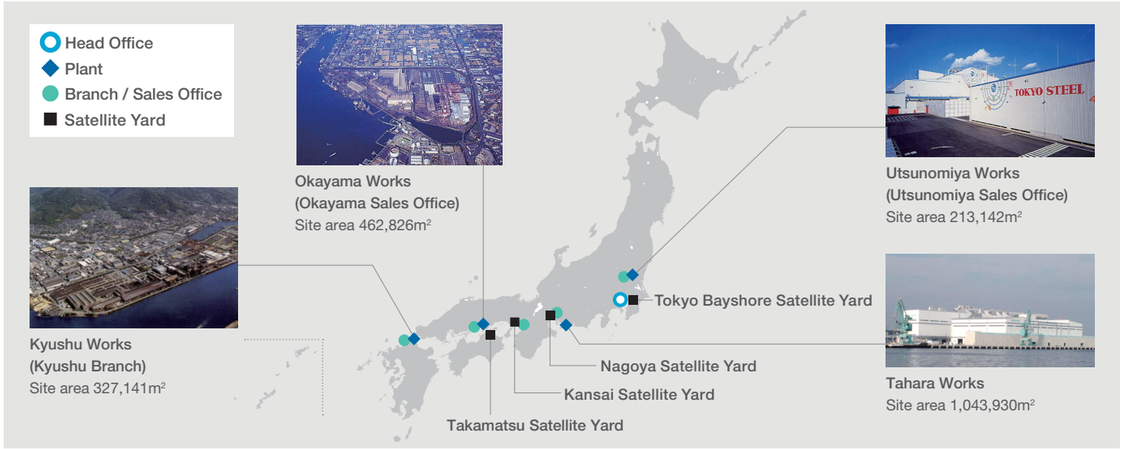
Senior Managing Executive Officers

Hiroyuki Kokumai	(General Manager of Tahara Works)
Kazuhito Kojima	(General Manager of Kyushu Works)

Executive Officers

Yasunori Nishimura	(General Manager of Logistics Department, and Chief Logistics Officer)
Masahiro Nakagami	(General Manager of Okayama Works)
Naoya Takeuchi	(In charge of Production of Tahara Works and Technology, Team Leader of Green EV Steel Team)
Takahiro Oda	(General Manager of Utsunomiya Works)

Production Sites and Sales Network



Plant Facilities

◆ Tahara Works

- **Steelmaking Equipment**
  Electric arc furnace (DC-EBT type, 300 t) × 1
- **Secondary Refining Equipment**
- **Vacuum Degassing Unit**
- **Continuous Casting Equipment**
  Continuous caster (2-strand, 400 t/h) × 1
- **Rolling Equipment**
  Hot strip mill (HSM) × 1
  Continuous pickling line
  Leveler shear line
  SHS (Square Hollow Section) Mill
- **Products**
  Hot-rolled coil
  Checkered coil
  Pickled coil
  Cut sheet
  SHS (Square Hollow Section)

◆ Okayama Works

- **Steelmaking Equipment**
  Electric arc furnace (DC type, 150 t) × 1
- **Secondary Refining Equipment**
- **Continuous Casting Equipment**
  Continuous caster (5-strand, 180 t/h) × 1
  Continuous caster (2-strand, 230 t/h) × 1
- **Rolling Equipment**
  Medium section mill (universal rolling mill) × 1
  Small bars mill (continuous long products rolling mill) × 1
  Hot strip mill (HSM) × 1
  Continuous pickling line
  Cold rolling mill
  Continuous galvanizing line (CGL)
  Leveler shear line
- **Products**
  H-section steel (H-beam)
  I-section steel (I-beam)
  Channel steel
  Checkered H-section steel
  Deformed bar (rebar)
  Hot-rolled coil
  Checkered coil
  Pickled coil
  Hot-dip galvanized coil
  Cut sheet

◆ Kyushu Works

- **Steelmaking Equipment**
  Electric arc furnace (DC type, 130 t) × 1
- **Secondary Refining Equipment**
- **Continuous Casting Equipment**
  Continuous caster (3-strand, 160 t/h) × 1
  Continuous caster (1-strand, 200 t/h) × 1
- **Rolling Equipment**
  Large section mill (universal rolling mill) × 1
  Plate mill (reversing mill) × 1
- **Products**
  H-section steel (H-beam)
  U-type steel sheet pile
  I-section steel (I-beam)
  Heavy plate

◆ Utsunomiya Works

- **Steelmaking Equipment**
  Electric arc furnace (DC shaft type, 140 t) × 1
- **Secondary Refining Equipment**
- **Continuous Casting Equipment**
  Continuous caster (4-strand, 140 t/h) × 1
- **Rolling Equipment**
  Large section rolling mill (universal rolling mill) × 1
- **Products**
  H-section steel (H-beam)
  Checkered H-section steel
  Channel steel

Office Locations

Head Office
15F, Kasumigaseki Tokyu Building, 3-7-1 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013
TEL. 03-3501-7721 FAX. 03-3580-8859
E-mail: somu@tokyosteel.co.jp

Osaka Branch
3F, Osaka Kokusai Building, 2-3-13 Azuchi-machi, Chuo-ku, Osaka-shi, Osaka 541-0052
TEL. 06-6264-1368 FAX. 06-6264-6396

Nagoya Branch
7F, Nittochi Nagoya Building, 2-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi 460-0008
TEL. 052-203-0855 FAX. 052-203-3021

Kyushu Branch
In Tokyo Steel Mfg. Co., Ltd. Kyushu Works, 3-5-1 Minami-futajima, Wakamatsu-ku, Kitakyushu-shi, Fukuoka 808-0109
TEL. 093-791-5988 FAX. 093-701-3581

Okayama Sales Office
In Tokyo Steel Mfg. Co., Ltd. Okayama Works, 4-1-1 Minami-une, Kurashiki-shi, Okayama 712-8055
TEL. 086-455-7169 FAX. 086-455-7189

Utsunomiya Sales Office
In Tokyo Steel Mfg. Co., Ltd. Utsunomiya Works, 11-1 Kiyohara Industrial Park, Utsunomiya-shi, Tochigi 321-3231
TEL. 028-670-6235 FAX. 028-670-6238

Tahara Works
2-1-3 Shirahama, Tahara-shi, Aichi 441-3436
TEL. 0531-24-0810 FAX. 0531-24-0818

Okayama Works
4-1-1 Minami-une, Kurashiki-shi, Okayama 712-8055
TEL. 086-455-7151 FAX. 086-455-3105

Kyushu Works
3-5-1 Minami-futajima, Wakamatsu-ku, Kitakyushu-shi, Fukuoka 808-0109
TEL. 093-791-2635 FAX. 093-791-2639

Utsunomiya Works
11-1 Kiyohara Industrial Park, Utsunomiya-shi, Tochigi 321-3231
TEL. 028-670-5607 FAX. 028-670-5608

Nagoya Satellite Yard
In Mizuno Sangyo Co., Ltd. Nagoya Port Inae Yard, 77 Shionagi-cho, Minato-ku, Nagoya-shi, Aichi 455-0844
TEL. 0531-24-0810 FAX. 0531-24-0818 (Tahara Works)

Kansai Satellite Yard
In NEWSCON Inc., Amagasaki Yard, Higashi-kaigan-cho (Chisaki), Amagasaki-shi, Hyogo 660-0843
TEL. 086-455-7151 FAX. 086-455-3105 (Okayama Works)

Tokyo Bayshore Satellite Yard
In NEWSCON Inc., Funabashi Yard, 47 Shiomi-cho, Funabashi-shi, Chiba 273-0016
TEL. 028-670-5048 FAX. 028-670-5608 (Utsunomiya Works)

Takamatsu Satellite Yard
In SHIMABUN Corporation Takamatsu Yard, 1-3 Asahishin-machi, Takamatsu-shi, Kagawa 760-0064

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https://www.tokyosteel.co.jp/

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