

Metal One Group's Climate Change Initiatives, Strategies and Goals

Based on an awareness that climate change is an urgent issue that is affecting all industrial and corporate activities as well as people's lifestyles, the Metal One Group established goals in 2022 as part of the growth strategies outlined in our Midterm Plan 2024 to contribute to the realization of a carbon-neutral society and achieve net-zero greenhouse gas emissions. We are actively advancing initiatives to achieve these goals.

Governance

We launched our Net-Zero CO₂ Emissions Strategy Office in April 2023 to centrally manage and promote initiatives related to the Metal One Group's emissions levels and climate change. The Corporate Supervising Officer (Corporate Administration and Group Governance) oversees this organization, reviewing and drafting basic policies and crucial matters related to our climate change actions. These actions are guided by monitoring the progress on our initiatives, and include reporting to the board of directors.

Strategy

We formulated our Midterm Plan 2024 based on an awareness of the risks and opportunities associated with the transition to a carbon-neutral society.

We adopted internal carbon pricing in October 2023 to quantitatively evaluate the risks of transitioning to a carbon-free society, such as the introduction of carbon taxes, and have been assessing their effects on our business operations. Additionally, we established a new Green Transformation Office in April 2023 to proactively pursue opportunities arising from climate change, contributing to the realization of carbon neutrality in the steel industry by promoting a green, low or zero carbon orientation in Metal One Group operations from upstream to downstream. This will create new value throughout supply chains, particularly by focusing on three strategic sectors: green steel, renewable energy, and the circular economy.

Risk Management

We have adopted processes to identify, assess, and monitor climate change risks related to our business activities and investments, and to devise appropriate responses.

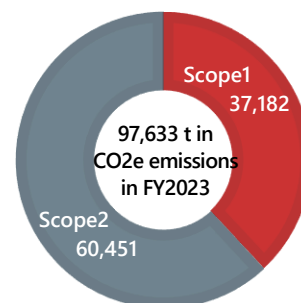
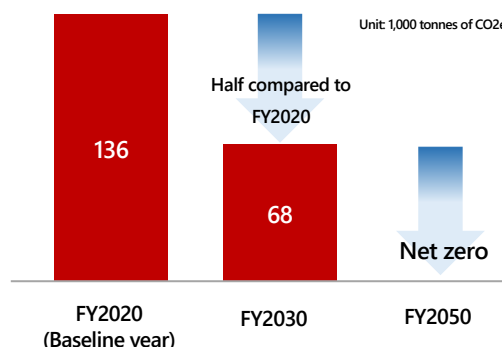
When carrying out investments and business plans that will have a noticeable impact on the Metal One Group's business performance and financial status, we form a Metal One Risk Management Committee,

and during the deliberation process the Net-Zero CO₂ Emissions Strategy Office provides insights based on analyses of climate-related risks and impacts, which are integrated into management decisions. Additionally, we apply internal carbon pricing to quantitatively analyze and assess the risks and effects resulting from emissions reductions and increases.

Metrics and Targets

Through our initiatives to reduce greenhouse gas emissions, the Metal One Group has established medium- to long-term goals of achieving a 50 percent reduction by 2030, based on fiscal 2020¹ greenhouse gas emissions (Scopes 1 and 2²), and achieving carbon net zero³ by 2050.

We will continue to promote lower greenhouse gas emissions by implementing specific initiatives, including increasing the use of renewable energy and reducing electricity consumption.



< Metal One Group's greenhouse gas emissions levels in FY2023 >

Scope 1	37,182 tCO ₂ e
Scope 2	60,451 tCO ₂ e
Scopes 1 and 2 total	97,633 tCO ₂ e

- ※1 We set fiscal 2020 as the baseline year because more precise data, particularly for affiliates, became available in that year. This data may be adjusted during the process of further scrutiny.
- ※2 Scope 1 and 2 emissions are calculated based on investment ratio standards, and include affiliates' Scope 1 and 2 emissions proportional to our holdings.
- ※3 This assumes that offsets will be made using internationally accepted methods for emissions that remain after all feasible reduction efforts, including carbon removal.

Climate Change Initiatives

Along with endorsing Task Force on Climate-related Financial Disclosures (TCFD) proposals in April 2023, Metal One joined a TCFD consortium consisting of companies and financial institutions that have endorsed these proposals.

Striving to improve the transparency of climate-related information disclosure, we will also enhance our efforts to contribute to achieving a sustainable society.