

## *Environmental and Social Activities*

### **BASIC POLICY**

Through its business operations, Daido Steel plays a part in helping create a recycling-oriented economy and society. We intend to make more contributions to the conservation of resources and energy by developing outstanding specialty steel production methods and conducting other R&D programs.

One of the central targets of the current medium-term management plan is “placing importance on CSR and conducting management reform activities that are closely tied to business operations.” As one way to achieve this goal, we are conducting programs that protect the environment and help achieve sustainable development.

### **MAJOR INITIATIVES**

As part of its initiatives to protect the global environment, Daido Steel invested a total of ¥4.6 billion in energy conservation over the period from 1997 to 2006.

We are also working to help create an economy based on recycling by achieving zero emissions. Improving the performance of the Daido Steel-developed DSR (direct and smelting reduction) furnace is one step we are taking. Our goal is to achieve zero emissions, with a 100% recycling rate for by-products generated by electric arc furnaces in the steel making process.

Daido Steel helps to protect the environment through the products and manufacturing technologies it has developed. Instrumental in this effort is the production of steel using electric arc furnaces, which use steel scrap as the main ingredient to make a variety of steel products. In addition, we supply companies in many industries with high grade materials that simplify production processes and help save resources. This contributes to a significant reduction in environmental impact. In addition to these activities, Daido Steel is providing environmental protection equipment and engineering solutions using expertise gleaned from specialty steel production. These solutions include sewage sludge carbonizing systems and dust collecting equipment for road tunnels.

Within the Company, we have introduced an environmental management system. Under this system, we carry out inspections of key equipment and strictly supervise the operation of our factories and all our other facilities on a daily basis in order to reduce their environmental impact. We are also upgrading our training systems and other environmental education programs to raise the environmental awareness of our employees.