

Basic Policy

The Daido Steel Group considers it extremely important for contemporary corporations to take on a role that extends beyond economic activities and to contribute to the sustainable development of society through environmentally conscious activities and involvement in the resolution of social issues.

The Daido Steel Group is playing a part in helping to create a recycling-oriented economy and society through its primary business operations: the manufacture and sale of specialty steel largely created from recycled scrap steel. Daido Steel is also engaged in a broad range of initiatives, including developing a variety of environmental activities, abiding firmly by our corporate ethics, striving for disclosure to increase the transparency of management, and creating a safe and pleasant place for employees to work.

Major Initiatives Preventing Global Warming

The first commitment period for the Kyoto Protocol ran from 2008 to 2012. In that time frame, Daido Steel aimed to reduce its CO₂ emissions volume by 10% compared to the 1990 level in accordance with the guidelines of the Japan Iron and Steel Federation. We worked to achieve this goal by expanding the use of exhaust heat recovery in heating furnaces, shifting our fuel source from heavy oil to natural gas, and improving the yield ratio through an increase in the ratio of production by continuous casters. Due to the effects of cumulative investments of ¥5.0 billion made from 2006 to 2012, operational improvements and changes in production levels, annual CO₂ emissions from 2008 to 2012 decreased by 24.7% on average. Turning to fuel conversion, we achieved a change in the natural gas percentage in fuel from

35% (calorie basis) in 2005 to 82% at the end of fiscal 2014. In addition, a cutting-edge, energy-efficient electric arc furnace was installed at the Chita Plant at a cost of ¥19.8 billion with rationalizing effects evident throughout the year, resulting in a 3% improvement in CO₂ emissions per ton of production. Going forward, in accordance with the objectives of the Commitment to a Low Carbon Society ongoing plan for fiscal 2013 to fiscal 2020 formulated by the Japan Iron and Steel Federation and Japan Business Federation (Keidanren), we will continue implementing further reform measures, such as reductions in the number of heat exchangers, improvements in the yield ratio, and production in optimal areas.

Strengthening the CSR Promotion Framework

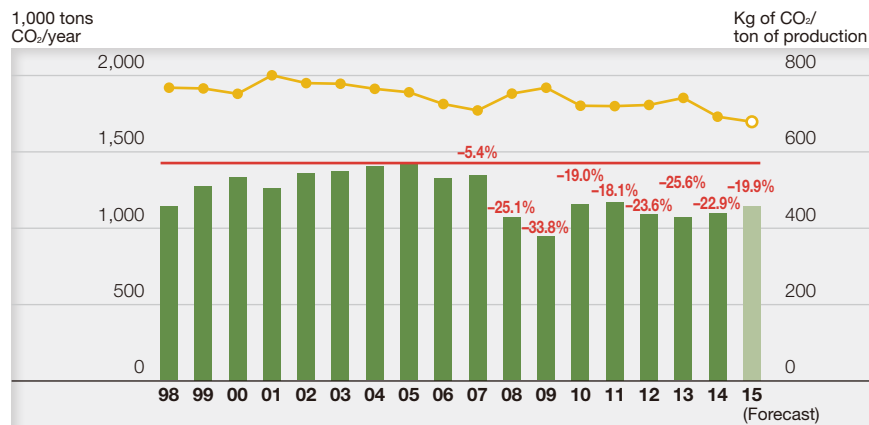
The Daido Steel Group has responded to the needs of our various stakeholders by establishing the Human Resources Labor Committee and various other committees as parent organizations to support CSR activities, such as the Environment and Energy Committee. With a view to further strengthening this framework, in fiscal 2007, the CSR Committee was established to supervise general CSR activities. Members of the CSR Committee formulate Group-wide policies and action plans with the aim of unifying and expanding CSR activities across all Group companies and divisions.

Starting January 2013, the Environment and Energy Committee was split into two independent committees (namely, the Environment Committee and the Energy Committee) to promote CSR activities in a more fulfilling way.

For details, please refer to the annually issued CSR Report.

URL: <http://www.daido.co.jp/csr/data/report.html>
(Japanese only)

ENERGY CONSUMPTION AND CARBON DIOXIDE EMISSIONS VOLUME



■ CO₂ emissions volume (left scale)
 ● CO₂ emissions per ton of production (right scale)
 CO₂ emissions coefficient for electric power: 0.374 kg of CO₂/kWh