

Daido Steel Co., Ltd.  
FY2025 ESG Briefing  
Q&A Session (Summary)

Date : March 9, 2026 (Monday)

Respondents: Tatsushi Iwata, Director, Managing Executive Officer  
Takashi Kano, Managing Executive Officer  
Mikio Saito, General Manager, ESG Management Dept.

- Q. Could you please provide an update on the progress toward achieving the 2030 target of reducing CO<sub>2</sub> emissions by 50% compared with FY2013, and describe the challenges you face in terms of investment and technology?
- A. Our progress toward achieving the 2030 target of reducing CO<sub>2</sub> emissions by 50% compared with FY2013 is generally on track at this stage. However, achieving the target will require an additional reduction of approximately 15%, and the level of difficulty along the roadmap continues to increase. In particular, reducing Scope 1 CO<sub>2</sub> emissions is challenging, and we recognize that we are entering a phase in which further capital investment and technological development are indispensable. From the standpoint of business continuity and enhancing competitiveness, we intend to continue making careful and optimal investment decisions.
- Q. How far have discussions with customers progressed regarding steel products manufactured using non-fossil electricity? Could you share the latest developments?
- A. Definitions and guidelines for steel products manufactured using non-fossil electricity were established in October 2025, and we are currently explaining their content to our customers. While we are making efforts to deepen customers' understanding of the guidelines, discussions on how best to communicate the value of low-CO<sub>2</sub> steel produced using non-fossil electricity are still in the early stages, and we have not yet reached concrete price negotiations. We will continue to organize and articulate the value offered by low-CO<sub>2</sub> steel, taking into account the target markets and customer needs, and advance the development of an effective business negotiation process.
- Q. Amid increasing difficulty in hiring new graduates, what is the current situation regarding recruitment and the main initiatives you are undertaking?
- A. Although the overall hiring environment remains challenging, we are strengthening initiatives aimed at enhancing our recognition as a steel manufacturer and increasing the number of applicants to our job postings. In our staff recruitment (for university graduates), we have implemented a combination of promotional initiatives—including TV commercials, online advertising, and transit ads in areas around university train stations—which has resulted in an increase in applications compared to the previous year. In our skilled worker recruitment, we are strengthening collaboration with high schools where we have a track record of hiring, and we are also enhancing awareness among students and their parents by airing TV commercials outside the Chubu region. Furthermore, to ensure a comfortable working environment, we have renovated our dormitories for single employees in Aichi and Gunma. Through these initiatives, we aim to strengthen our hiring capabilities across the entire process—from application to onboarding and retention.

- Q. As cross-shareholdings continue to decline, could you explain your view on the parent-subsidary listing structure?
- A. At this time, we have no specific policies or decisions regarding the parent-subsidary listing structure that can be disclosed. In line with the Corporate Governance Code, we continuously monitor whether our listed subsidiaries (Nippon Seisen Co., Ltd., FUJI OOZX Inc., and Tohoku Steel Co., Ltd.) are appropriately contributing to the enhancement of our Group's value and whether they maintain independence and autonomy in their business operations. We recognize that the future direction of the parent-subsidary listing structure is a medium- to long-term management issue, and we will continue to examine it appropriately, taking into account changes in the external environment and the characteristics of each business. Should any material matters requiring disclosure arise, we will announce them at an appropriate time.
- Q. How do you expect the introduction of the EU CBAM and Japan's GX-ETS to impact your business profitability?
- A. We do have export business to Europe, and therefore some impact from the EU CBAM is anticipated depending on future developments in EU-ETS allowance pricing and the treatment of Japan's domestic carbon price. However, as the detailed rules for the scheme's implementation have not yet been fully finalized, we are still examining the framework and analyzing potential impacts. With respect to the domestic GX-ETS, its detailed design likewise remains undecided, and we will continue to monitor developments carefully while refining our impact assessment and considering appropriate response measures.
- Q. Could you explain your approach to pricing for decarbonized steel products?
- A. Price levels, demand trends, and the degree of acceptance for steel products manufactured using non-fossil electricity vary across customer industries. Therefore, we believe it is difficult at this stage to set a uniform price for such products. Specifications and value requirements also differ depending on the application—such as automotive or construction—so we are carefully examining appropriate pricing based on the value provided, while closely listening to customer needs.

The figures in our plans contained in this document are based on certain assumptions that cannot be fully evaluated at the present time.

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