



MARUBENI
ITOCHU
STEEL

Marubeni-Itochu Steel Inc.

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SUSTAINABILITY
REPORT 2022

MISI Corporate Philosophy

In May 2021, while gearing up for the twentieth anniversary of our launch as a corporate entity that October, we reformulated our corporate philosophy.



Powering the future with steel

VISION To create a better world through the individual and collective growth of our stakeholders.

MISSION To continuously evolve as a leading innovator in steel distribution.

We always ask ourselves what we need to do next. Evolving our business model allows us to increase the scale and enhance the quality of our supply chain, ultimately contributing to the growth of our stakeholders.

VALUE To create value that contributes to our customers' futures.

We offer customers value-added solutions by anticipating change, going beyond the existing framework, and tackling the core challenges of the industrial structure.

MISI FRONTIER SPIRITS

With the pioneering spirit we've kept since our founding, we explore the next frontier.

Exploration

Seek the best solution by keeping a broad perspective and always asking questions.

Ownership

Take initiative and have a strong sense of responsibility.

Determination

Challenge yourself without fear of failure. Embrace change.

Initiative

Think and act fast to stay one move ahead.

Openness

Engage in discussion without being bound by preconceived notions.

Diversity

Respect diverse perspectives. Leverage individuality.

Commitment

Do your best and finish what you start.

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The Thinking behind Our Philosophy

We will contribute to our customers' growth and corporate value while creating a better world with our stakeholders. By pursuing this goal, we will achieve individual and collective growth. This is how we would like to be. To achieve this goal, we will keep expanding our services and rapidly reacting to diversified needs. We will offer high-value-added solutions to our customers by anticipating changes in our world, keeping a broad perspective, and tackling the core challenges of the existing value chain and industrial structure. We will create a new business model by taking the lead and going beyond the framework of a trading company. We will always ask questions from every perspective, and with the pioneering spirit we have kept since our founding, we will explore the next frontier.

Our Editorial Policy

This sustainability report has been compiled to generate greater understanding among our customers and all other valued stakeholders about the policies, thinking, aims, systems and specific approaches to sustainability management the MISI Group is focusing on. Our desire is to use this report as an effective communications tool for advancing fruitful dialogue with our stakeholders. We'll also formulate potent sustainability initiatives rooted in the feedback obtained from all our partners in this vital quest.

Scope of Report

The contents of this sustainability report span the extended MISI Group—namely, Marubeni-Itochu Steel Inc. (MISI) and our 106 affiliated Group companies. Within this document, MISI and its Group companies are collectively referred to as the "MISI Group." When it is necessary to designate the sphere of such information, the names of specific organizations are used to provide greater clarity.

Reporting Period

This report covers fiscal 2021 (April 1, 2021 through March 31, 2022).

Notwithstanding, certain activities and initiatives detailed in these contents also include undertakings prior to that period, as well as more recent developments.

Reference Guidelines

● Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Issue Date

January 2023



Targeting Further Growth in Future, MISI Continues to Serve Society as a Leading Innovator in Steel Distribution

Tatsuhiko Toshita
President and CEO

MISI was launched on October 1, 2001 through a joint incorporation-type company split, formed by spinning off and merging the steel product divisions of two premier general trading companies — ITOCHU Corporation and Marubeni Corporation. Over the years since that historic launch, we have steadily expanded our corporate stage and performance. At present, MISI does business in more than eighty countries worldwide (including the commissioned bases of its shareholders).

Even so, the road traveled to date has not always been smooth. In a very real sense, MISI's growth stems from transforming energies spawned in the face of adversity into a solid driving force, then steadily taking new steps forward.

In May 2021, MISI articulated a new corporate philosophy. Upon the twentieth anniversary of our birth as a corporate entity, we were determined to return to our true origins. Our mission was and is to pioneer a unique future built on the strength of the unrelenting effort and powerful will we have exercised over the years. To achieve that, we set out to develop values that all our employees can follow and share, thereby redefining our corporate philosophy along those lines. The ultimate message derived through this mission was "Powering the future with steel." Briefly stated, this is a clear statement that MISI's unrelenting corporate passion is to continue to excel as a company that contributes to society through providing steel products.

The emergence of the COVID-19 pandemic has accelerated the

quest for decarbonization as a response to climate change, and affords the world a key opportunity to dramatically reform the existing industrial structure. The swift development and diffusion of digital technology has also contributed to a major upheaval in people's lifestyles. In the midst of heightened uncertainties far exceeding what we have ever experienced, there is no doubt that the road ahead for MISI will present even greater and unprecedented challenges and opportunities.

MISI is determined to transform these forthcoming changes into bold new challenges and growth opportunities. We will raise the company's resilience, create new value that leads to a brighter future for our customers, and work together with our stakeholders to realize a more fruitful society.

In seeking to fulfill our corporate responsibilities to both the environment and society, the MISI Group will support and preserve our precious global environment through the supply of fine steel products and pursue a management stance envisioned to continuously contribute to the healthy development of human society.

To succeed in this mission, MISI forged an ISO 14001-based environmental management system soon after our corporate inception. We followed that by successfully gaining certification under this key international standard. We have operated this system as the pivotal foundation of our energetic efforts to advance environmental preservation initiatives and our business

endeavors related to the environment.

To address the critical social issue of climate change, MISI formed its Decarbonization Initiative Team in April 2022 to oversee and advance the monitoring and reduction of the Group's greenhouse gas emissions. We began to furnish steel products in support of green infrastructure, services supporting decarbonization of the steel supply chain and a means of working through our business platform to both participate in and contribute to a decarbonized society.

For MISI, every employee is a precious asset. Upgrading the personal skills and performance of these individuals — as well as upholding their health — leads to both enhanced functions and competitive strength for our whole operation. We are equally confident that this also supports the creation of a company in which all employees perform their duties with a sense of genuine motivation and fulfillment.

The presence of diversified viewpoints is clearly a major force in the quest to achieve redoubled growth. Employees with wide-ranging perspectives and values mutually recognize their individual qualities, accept their respective differences in striving together to achieve the organization's objectives, with innovation emerging in those endeavors. At MISI, we pledge to carry on energetic and effective measures to become an organization where employees with singular individual qualities excel to even greater degrees, while effectively addressing

change as a corporate entity.

For MISI, a company with roots in the traditional merchants from the Ohmi region of western Japan, coexistence with regional society is a crucial theme. Even since our inception, we have energetically participated in local gatherings and charity events and promoted fundraising, donation drives and various other social contribution activities.

As another key aspect of this commitment mobilizing our status as a premier steel distribution professional, we are gearing up for more detailed studies of human rights initiatives within the supply chain and other phases of our business.

Based on the essential idea that a company can steadily grow and prosper through sound corporate activities, our everyday business efforts are channeled through a corporate governance system that functions with maximum effectiveness. Effective commercial operations are inconceivable in the absence of fair and open communication with our stakeholders, so we pay particularly keen attention to mounting thorough approaches to compliance. Throughout the MISI Group, the mandate of group compliance management extends beyond everyday business demands to embrace lifestyle situations away from work. In this way, we will promote thorough compliance as the foundation of all related activities, with every possible means taken to avoid deviating from this pledge at any time or situation.

Working with Local Communities to Build a Sustainable Society

Exchanges with Toyosato Town in Shiga Prefecture — the original home of the Benichu drapery business — have enabled MISI to contribute to the community and develop outstanding people



Toyosato Town
(Shiga Prefecture)

Toyosato—Birthplace of the MISI Vision

MISI's roots lie in two trading companies, ITOCHU Corporation and Marubeni Corporation. These businesses emerged in 1858 thanks to the expertise of Chubei Itoh, a first-generation Ohmi merchant who launched what would become Itochu. Itoh hailed from the east side of Lake Biwa (currently Toyosato Town in Inukami-Gun, Shiga Prefecture), where he began a traveling merchant business handling linen cloth.

Toyosato produced a large number of Ohmi merchants and other talented vendors. Chubei Itoh particularly stood out for his introduction of an in-house conference system, which effectively amounted to what's known as "management democratization," the implementation of the Three-Way Benefit (a concept referring to the buyer, seller and society), advances in the trading business and other modern-day management practices.

Following in his footsteps was his son, also known as Chubei Itoh, who added international vision to his work on the strength of his mother's teaching, study abroad in England and other influences. In essence, he forged the foundation of the present-day general trading company.

The Chubei Itoh Memorial House in Toyosato, erected in 1880, is the family home of the first Chubei Itoh and the birthplace of the second-generation Chubei Itoh. It was later remodeled to exhibit a vast selection of cherished objects used by these merchants as well as documents and other supporting materials.

The old Toyosato Elementary School buildings are also preserved. Marubeni Shoten (Shop) senior managing executive officer Tetsujiro Furukawa arranged for the work and donated the structures in 1937. In a very real sense, Toyosato is a place that immaculately conveys the origins of the traditions and spirit of the Ohmi merchants to the present day.



A vintage signboard displayed at the Chubei Itoh Memorial House

Support for Regional Revitalization in Toyosato (Corporate Hometown Tax System)

Japan's Cabinet Office formulated the Regional Revitalization Support Tax System (corporate version hometown tax payment system) in April 2016. Under this scheme, private companies can make tax-based donations to government-certified regional revitalization projects executed by local public entities.

A project entitled "Toyosato Town Revitalization Plan for Cities, People and Careers" for Toyosato Town, MISI's traditional home, was authorized in November 2021. This vision is being promoted under the three core concepts of "Town development with all hands aboard," "town development with peace mind" and "town development with energy."

MISI has fully supported the objectives of this revitalization project, and in 2021—the company's milestone twentieth anniversary—MISI launched a contribution program to support Toyosato Town. The resulting donations were used for the upkeep and management of aging buildings at Toyosato Elementary School originally donated by Tetsujiro Furukawa.

Regional revitalization, a pressing issue for Japan, is not a quest that can be accomplished overnight. It demands community-driven planning and measures rooted in mid- to long-term visions. To support the sustained efforts and dreams of the citizens of Toyosato Town, MISI began a second round of donations on October 3 in fiscal 2022. Emboldened by this undertaking, our plans call for sustained financial and other support.



MISI receives a certificate of appreciation from Toyosato Town for corporate version hometown tax payments

Selecting a Local Product as Our Twentieth-Anniversary Commemorative Item

Okamura Honke Co., Ltd. is a sake brewer in Toyosato Town with a history of over 160 years. In 2021, on MISI's twentieth anniversary, a special commemorative version of this company's sake was crafted to convey feelings of stellar gratitude to our customers and other partners.

Oaza Yoshida in Toyosato Town is the home of Okamura Honke, renowned for its abundant supply of fresh spring water flowing down from the Suzuka mountain range. The place's name has been shorted to read simply "Yoshida" (meaning "fine rice"). True to its reputation, this is an area where top-quality Ohmi rice has long been cultivated, with the chilly breezes gusting down from Mount Ibuki to ensure ideal conditions for sake production. Okamura Honke opened a distillery here in 1854, and has continued to craft fine sake ever since.

MISI selected Choju Kingame, a top-quality *daiginjo* sake brand viewed as auspicious because of its rich flavor and fine bouquet, as a special twentieth-anniversary commemorative item. Bottles were presented to many customers in recognition of their invaluable patronage over the years, underscoring the importance of our two-decade corporate saga.

This coincided with the second year of the COVID-19 pandemic, bringing with it the declaration of a state of emergency, limits placed on the business hours of restaurants and other trying developments in Japan. With demand for sake plunging under these circumstances, MISI was



pleased to support one of the accomplished local industries in which Toyosato Town takes great pride. Heeding the achievements of Okamura Honke, a renowned brewer of topflight sake with an illustrious corporate history spanning more than a century and a half, this special commemorative item has inspired MISI to redouble our contributions to society for many years to come.

Training Program in Toyosato

MISI's new employee training program includes visits to the Chubei Itoh Memorial House in Toyosato Town, Toyosato Elementary School, and other sites to help staff learn about the company's roots. Participants also work through community service to grasp the "benefits to society" phase of the Three-Way Benefit philosophy dating from the Ohmi merchants of old. During the program, participants propose plans for revitalizing the regional community to Toyosato Town Hall, do farmwork, and take part in a major local festival.

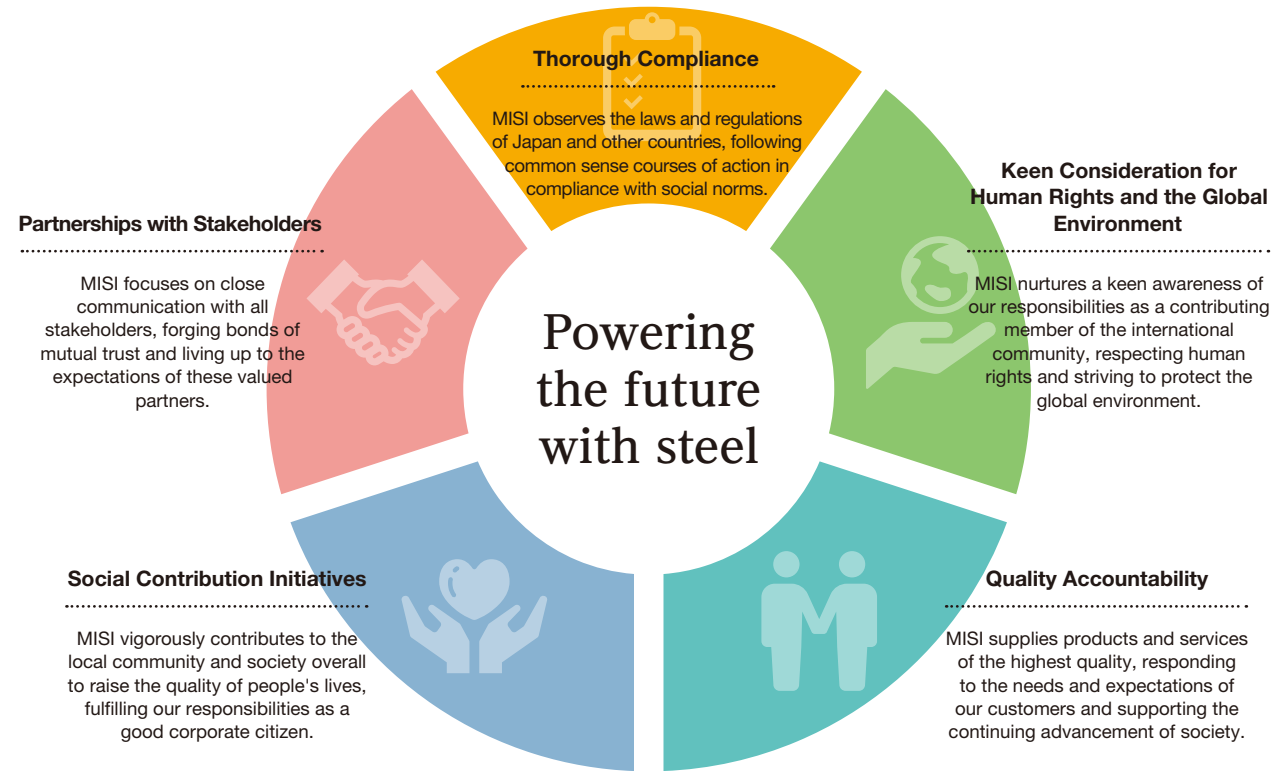
In their proposals to the town office, MISI employees draft plans to invigorate Toyosato according to the theme "devising regional revitalization measures." For the agricultural work, they receive expert guidance from local farmers. Through these efforts they acquire useful knowledge, skills and attitudes to apply to their tasks, drawing from the age-old wisdom that there is much to be learned from fostering a sustained devotion to work.

Trainees also join in the spring festival at Echi Shrine, a key focus of the community with a history of 1,400 years, and carry portable shrines on their shoulders alongside the townspeople. We started this program after learning that many young people were choosing to leave Toyosato in recent years, and the town was having trouble finding enough participants to carry the shrines. The town gladly accepted the offer, and our incoming employees now play an active and energetic role in transporting the two portable shrines around the local streets. Through this undertaking, the newest members of our corporate team deepen their interaction with the townspeople. The ability to work side by side and complete specific tasks clearly provides them a valuable learning experience.



The MISI Philosophy of Sustainability

In 2021, the twentieth anniversary of our inception as a corporate entity, MISI articulated a new corporate philosophy. As a leading innovator in steel distribution, MISI is more determined than ever to work through our business practices to create new value as we mobilize the partnerships with our stakeholders to pave the way to a brighter tomorrow.



Creating a better world: Exerting a positive impact through our business

In "Creating a Better World," the vision set forth in our corporate philosophy, it is crucial to sustain the spirit of co-creation as we tirelessly search out lasting solutions to the challenges our stakeholders face. At MISI, our goal is to help resolve pressing social issues and exert a positive impact in society through our business endeavors, such as expanding green infrastructure and revitalizing regional economies, while leading the evolution of the steel distribution industry.

Hand in Hand with Our Stakeholders

Solutions to climate change and other pressing social issues cannot be achieved through the efforts of individual companies alone. Such progress demands initiatives transcending the borders between specific industries. The role steel distribution will play in this pursuit as a sector linking customers and suppliers is immense indeed. MISI will gird for this mission by refining its advanced expertise as well as the domestic and overseas networks we have cultivated as a trading company over the years. This includes joining with our stakeholders to bolster those partnerships in the quest to drive effective problem-solving.

Growth for Every Employee

MISI is a company created over two decades ago through the spinoff and merger of the steel business divisions of two leading general trading companies—ITOCHU Corporation and Marubeni Corporation. From this foundation, the MISI Frontier Spirit, an original business philosophy and culture rooted in the efforts of every one of our employees, stands as a powerful pillar in the company's business stance. To ensure our sustained growth, while working hand in hand with stakeholders with our sights set on "Creating a better world," MISI channels our energies into human resource training that supports the personal growth of our employees.



Sustainability Management System

MISI has launched a new taskforce meant to generate meaningful deliberations on the critical theme of sustainability. Taking to heart the company's resolve, pursued since its establishment, we are determined to unite the entire MISI Group in pursuit of expanded debate with the goal of pioneering a sustainable tomorrow.

Taskforce-Driven Promotion of Sustainability

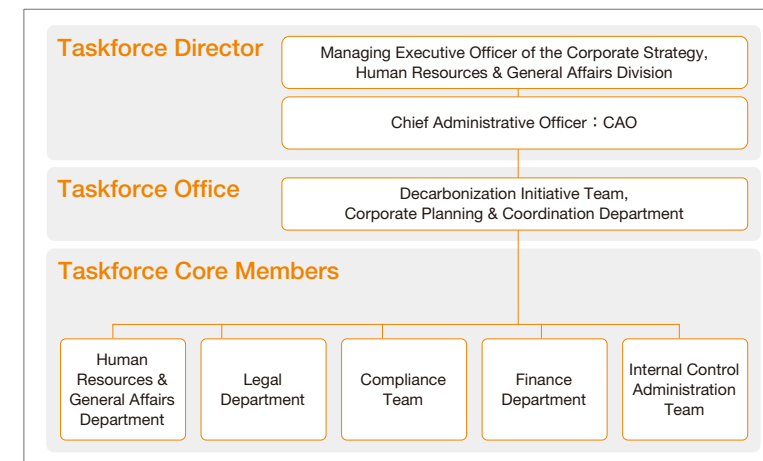
In May 2022, MISI established its Sustainability Taskforce, which is tackling two major objectives during fiscal 2022. The first is a realignment of the sustainability initiatives advanced by the company to date. The second is to disclose to our stakeholders information related to such initiatives in the form of a sustainability report.

Since emerging as a new business corporation in October 2001, MISI has introduced a steady stream of initiatives targeting environmental preservation, social contributions, diversity and other vital causes. In view of the global trends surrounding sustainability, however, we decided to publish a thorough review of where MISI stands on this issue.

We also discussed the mindset and roles that our supporters have demanded of MISI, based on the content of discussions with our customers and other stakeholders. While the contents of our sustainability report released at this time focus on the findings

of those reviews, we fully intend to carry on these discussions to more closely link them to specific management policies and business strategies.

Inquiries and consultations from our stakeholders concerning sustainability are charting a steady upward trend. This is clearly a topic with direct ties to the day-by-day business activities of the overall MISI Group, and the importance of which will only continue to grow. With a focus on initiatives structured to fulfill our corporate social responsibilities, our entire Group also aims to achieve growth by realizing a brighter and more sustainable future and removing the borders between all of our in-house organizations.



FY2022 Sustainability Taskforce



FY2022 Sustainability Taskforce Members

Study on Materiality

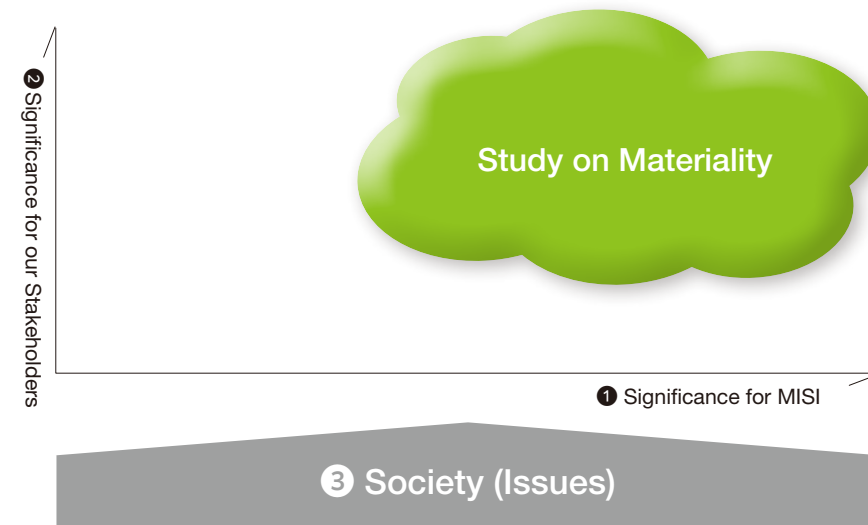
At MISI, we link our Group philosophy on sustainability to concrete actions and advancing discussions aimed at creating a better world. From the perspective of fruitful dialogue with our stakeholders, we also consider it vital to disclose the Group's thinking and approach to materiality—the issues of significant importance.

Status of Our Studies

MISI, a company with original roots in the Ohmi region of western Japan and the traditional merchants there, continually emphasizes the importance of cultivating ties with both customers and society while promoting its business. In this regard, the pursuit of sustainability in the current era is believed to be in line with the values that the company has nurtured over the years.

To properly study materiality, our Sustainability Taskforce organized workshops to reassess core issues encompassing the whole MISI Group, our stakeholders and society using a “backcasting” method—an approach that first defines a desirable future and then works backward to identify ongoing actions we should focus on to achieve that future. We will also continue to investigate new fields in which the company must prepare to set forth.

At our in-house workshops, we pinpointed issues addressed within international standards concerning nonfinancial information disclosure, along with themes viewed as being crucial for the Group in conducting its business. Such matters were classified into environment, social and governance issues, with discussions advanced on the importance of these areas from the perspectives of both MISI and our stakeholders. We also addressed the potential for changes in such importance over the short, medium and long term.



Environment

In addition to ongoing natural environment preservation measures, some key concepts came up in our discussions such as contributions to the new energy field and the high recyclability of steel.

Social

Indispensable in the drive to create a better future is an energetic organization overflowing with creativity in which every employee plays an active role. Our discussions led to a general consensus on the importance of generating employment in all nations and regions where we advance our business, and the concept of co-creation in which all stakeholders along the supply chain create successful new schemes to accomplish that.

Governance

We detailed the vital study theme of refining our risk and opportunity analysis skills against the backdrop of the current era, which is characterized by accelerated global change and heightened uncertainty about the future.

Seventh Medium-Term Management Program

From fiscal 2021, MISI embarked upon its Seventh Medium-Term Management Program. Under the keynote slogan “MISI as Resilient Towards 2023,” we continued to press forward with our three core measures of “Prepare (strengthen our revenue base),” “Enhance (create competitive advantage)” and “Train (develop the fundamental strengths of our human resources).” As the world advances into the post-COVID pandemic stage, MISI is more determined than ever to foster values and business models congruent with the dynamic new era, while training talented people to support this quest.

Powering the future with steel



MISI as Resilient Towards 2023

Prepare Enhance
Train

Prepare

Strengthen our revenue base

MISI is devoted to “improving asset- and cost-efficiency.” In markets around the world, we promote asset transfer and replacement to keep pace with the trends toward local production for local consumption, automotive electrification, energy source diversification and other shifts in market structure, all while maximizing our asset efficiency. To cope with the fierce changes in today's economic environment, we are also striving to raise productivity and create a sustainable cost structure reflecting the framework of a business system attuned to the scale of demand.

Enhance

Create competitive advantage

To raise satisfaction among our customers, it is essential to relentlessly pursue the differentiation of functions. In tandem with customer-oriented product development firmly rooted in market needs, MISI builds solid partnerships with our stakeholders, striving to supply and expand added value that contributes to their future. We also seek to move into growth fields so that we can establish our presence in regions and industries where demand is on the rise. This includes business development keyed to the local markets of Southeast Asia, Africa, Latin America and other emerging regions, with energetic advances into eco-friendly automobiles and the renewable energy field.

Train

Develop the fundamental strengths of our human resources

MISI will devote even greater energies to cultivating our people—our most important management asset. We will accomplish this by following a new personnel evaluation system and taking other steps to elevate individual skills. This will be supported by making MISI a more diversified group of professionals in which the right people are placed in the right jobs and their talents are cultivated, along with other initiatives to bolster our aggregate strength. We also plan to enhance the digital skills crucial in human resource training, based around the formation of an environment that serves as the stage for launching such progress.

Environment

MISI sets forth the following environmental policy to curb the negative impact of our business activities on the environment and promotes initiatives based on scrupulous consideration for the global environment.

Marubeni-Itochu Steel Inc.'s Environmental Policy

Basic Principle

Complying with the environmental policy of Marubeni Group and ITOCHU Corporation as its basic principle and its framework of activities, and aware of its responsibility as a good member of international society, Marubeni-Itochu Steel Inc. shall maintain the environment of our irreplaceable earth and shall contribute to sustainable development of human society.

Basic Policy

Intending to realize the reduction of environmental impact through its domestic and international trading activities for steel products, Marubeni-Itochu Steel Inc. shall provide the following as its basic policy:

- 1. Consideration of natural environment:**
When undertaking business activities, the local community and natural ecosystem shall be considered and efforts shall be made to prevent pollution.
(1) Understanding the environmental influence of the commodities being handled, and keeping in mind preservation of the natural environment, business activities shall be carried out.
(2) When investment, finance and development projects are undertaken, their environmental influence shall be assessed and considered.
- 2. Observing environmental laws and regulations:**
International treaties concerning the environment, and environmental laws and regulations related to Japan and concerned countries shall be observed.
- 3. Effective use of resources and energy, and realization of a sustainable economic society:**
Resources and energy shall be used effectively in order to contribute to realization of a sustainable economic society.
(1) Executing environmental assessment of suppliers from a *green supply* point of view, business with the enterprises that consider the environment shall be positively encouraged.
(2) Business aimed to reduce environmental impact shall be positively promoted.
- 4. Promoting enlightenment:**
The enlightenment of Related Subsidiaries, as well as company members, shall be positively promoted in order to improve their awareness and activities to preserve the environment.
- 5. Establishment of an Environmental Management System and its continual improvement:**
Under a single certificate of approval, the Environmental Management System shall be expanded to include all necessary domestic and foreign branches and overseas subsidiaries and affiliated companies to establish an organized and integrated system, and such system shall be reviewed continually to improve it.
- 6. Environmental Policy publication and notification:**
All directors and employees shall be informed of the Environmental Policy, and it shall be made available publicly outside of the company.

April 1, 2020

Marubeni-Itochu Steel Inc.
Tatsuhiko Toshita
President and CEO

Environmental Accountability

As a corporate entity active in international society, we at MISI are clearly aware of our responsibilities in upholding the global good. As an international citizen, we also devote keen efforts to environmental preservation, energetically engage in social service activities and contribute to the sustained and healthy development of human society.

At the core of this principle is our resolve to conduct corporate activities that aim to both preserve the natural environment and achieve economic growth. True to this pledge, our environmental policy and environmental management regulations have been drafted to protect the global environment, prevent pollution, maintain compliance with environmental laws and regulations and accurately monitor the full range of environmental risks. To ensure the proper execution of these ideas, meanwhile, we have formulated our Environmental Management System (EMS).

As the top manager in charge of the EMS, MISI's president & CEO directs and oversees a chief administrative officer (CAO), the person in charge of supervising our Group's environmental management. The CAO is given the responsibility and authority to establish, implement and uphold the EMS. The Compliance Team assists the CAO in this work, handling administrative operations as the organization consigned to operate the EMS.

Each MISI organization's manager names an environmental operations supervisor, who is then appointed by top management to collaborate with the Compliance Team. This arrangement is used to ensure that the EMS is followed in accordance with the contents of each specific MISI business.

Certification under ISO 14001

MISI is committed to maintaining the universality and uniformity of the EMS while administering the system in an organized and efficient manner. To aid in this quest, we have maintained certification under ISO 14001 (the international standard for environmental management systems) ever since MISI emerged as a corporate entity in 2001, making improvements to the EMS when necessary.

For MISI, ISO 14001 is a yardstick for overseeing the EMS. We vigorously harness this standard to identify and evaluate the environmental impact of our Group's business activities, mobilizing it as a guide to appropriately manage such risks.



Climate Change Initiatives

For MISI, a company devoted to our stated vision of "Creating a better world," climate change poses a particularly critical challenge among the numerous issues facing humanity today. We also consider this a field in which we can contribute on the strength of in-house know-how and networks cultivated over the years.

As the first step in this direction, we are targeting carbon neutral status for the extended MISI Group. Moreover, to best fulfill our role as a member of the decarbonized society we foresee, we view fruitful collaborations with our stakeholders—particularly those active on the supply chain front—as being essential. To move effectively in this direction, we launched the Decarbonization Initiative Team in April 2022.

Our Group's first initiative for achieving carbon neutral status was the calculation of greenhouse gas (GHG) emissions. Since fiscal 2021, we have been setting the scope of calculation for this to cover not only our Tokyo Head Office but all domestic and overseas branches and subsidiaries as well. In the next step, we introduced the intermediate target for reducing the Group's Scope 1 and Scope 2 GHG emissions. The current goal is to implement specific measures aimed at lowering those emissions to half of the fiscal 2020 level by the end of fiscal 2030.

The MISI business model of shouldering the responsibilities of steel distribution is supported by close cooperation with our customers and all our other stakeholders. In coming to grips with the climate change challenge, we will need to strengthen the bonds with our stakeholders and work to create a better world together. In the drive to address climate change, while there are many issues in our path, this is an opportunity for us to attain greater growth. As such, this is a realm that we must strategically approach as a united corporate group. Working through steel materials used by a vast range of consumers and industries, we want to contribute to building a green infrastructure, eco-friendly cars, carbon capture, utilization and storage (CCUS) and progress in other fields. We will supplement this with other programs structured to address the essential themes linked to shifts in the industrial structure as we move to supply genuinely high-added-value solutions.

Implementation Status

Governance

Seeking to strengthen our approaches to the climate change issue, we launched the Decarbonization Initiative Team in April 2022. We also formed the Sustainability Taskforce, a keen manifestation of the desire to implement sustainability measures across the entire MISI Group.

Strategy

MISI is in the process of conceiving and studying services positioned to speed the transition to a decarbonized society through initiatives for generating business at our frontline worksites as well as efforts by the Decarbonization Initiative Team and the Next-Generation Business Study Project. We will be assessing the effects of climate change on MISI Group businesses.

Risk Management

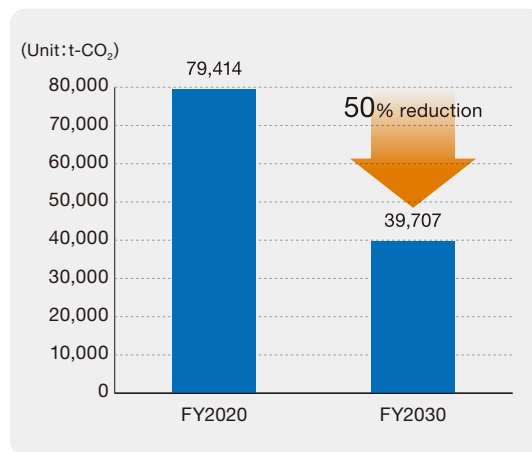
At MISI, we use regular internal environmental assessments based on the ISO 14001 standards to ensure effective risk monitoring. Along with this, we are integrating environmental risk studies and assessments into our new investment project judgment process.

Metrics and Targets

MISI has set an intermediate target to reduce GHG emissions. In addition to the implementation and reviews of the plan aimed at achieving the goal, we will pursue studies into defining reliable metrics and targets geared to other initiatives.

Intermediate Reduction Target for GHG Emissions

In seeking to achieve carbon neutrality by 2050, the MISI Group established the Scope 1 and Scope 2 GHG emissions intermediate reduction target of 50 percent cuts compared to fiscal 2020 by fiscal 2030. This is a goal based on scientific findings and in line with the international efforts of limiting the rise of global average temperature to 1.5°C above preindustrial levels. We are advancing our efforts to help realize a decarbonized society. We will formulate a concrete action plan by employing the “backcasting” approach of defining a desirable future and then moving to reach the goals we set. Over 80 percent of MISI Group emissions are defined as Scope 2 emissions (indirect emissions from using electric power). In addition to shifting to renewable energy-derived power sources at our manufacturing-related Group companies, we are carrying out studies on the introduction of solar panels and other measures. Moreover, while our Scope 1 emissions (direct emissions) are low, we are looking into the feasibility of transitioning to operations using electricity. Along with all this, our entire Group will be advancing initiatives aimed at achieving the fiscal 2030 intermediate reduction targets as they are currently envisioned.



FY2021 GHG Emissions

The following computations were compiled in fiscal 2021, with the volume of MISI Group Scope 1 and 2 GHG emissions totaling 67,458 tons of CO₂.

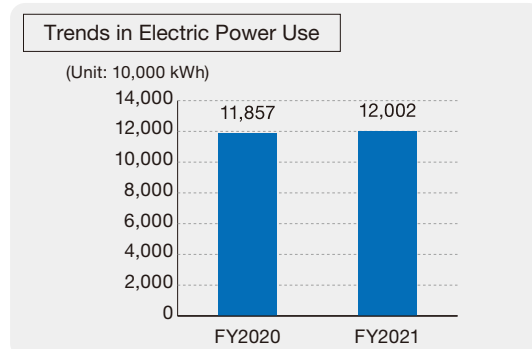
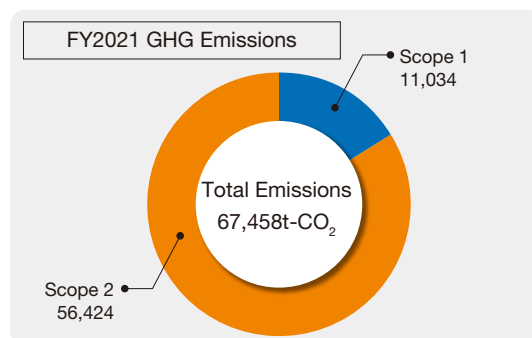
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Scope	GHG Emissions (t-CO ₂)	Change vs. Previous Year
Scope 1	11,034	+12.0%
Scope 2	56,424	-18.9%
Total for Scope 1 and 2	67,458	-15.1%

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Targets: 228 bases (82 companies in 25 countries)
 Period: April 2021 to March 2022

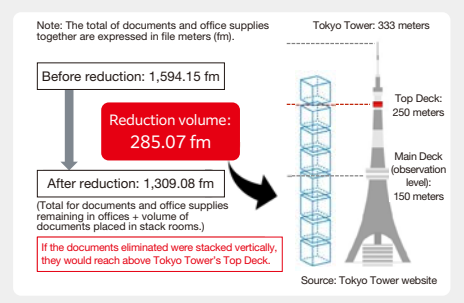
Comparing MISI Group GHG emissions by Scope shows that over 80 percent were Scope 1 emissions. While the volume of power used for the year under review is on par with the previous fiscal year, the reduction in the emissions factors used in the calculation actually showed a drop in indirect emissions derived from electric power use. While the use of energy is indispensable from the perspective of business continuity, we will seek to reduce the volume of GHG emissions through more efficient use of energy and greater adoption rates of renewable energy-derived power sources. We will use such steps to support sustained growth for the MISI Group and society at large.



Staging the “Paper-lympics” in 2021

To improve our working environment and spur a move toward paperless business operations, MISI held an in-house “Paper-lympics” (Paperless Olympics) for approximately one month from the end of October 2021. This undertaking included efforts to dispose of and/or recycle unneeded office supplies and paper documents found on company premises. The result was a reduction of 285.07 fm (file meters*). If the documents, etc. eliminated through this effort was piled up in a single stack, it would be higher than Tokyo Tower’s Top Deck. To encourage more paper-reduction initiatives, plans call for continuing to hold such events to steadily reduce the use of paper resources in our corporate operations.

* A “file meter” is a unit used to measure document volume. The amount of A4-sized paper stacked one meter high equals one file meter (fm).



Realizing a Decarbonized, Recycling-Oriented Society

Wind Power Generation

Expanding the use of renewable energy is indispensable to creating a decarbonized society. In 2014, the MISI Group was commissioned to construct a windmill tower for a floating offshore wind-power generation demonstration project the New Energy and Industrial Technology Development Organization undertook in Fukuoka Prefecture. Taking advantage of this achievement, we went on to compile a strong track record in wind-power generation (offshore wind power in particular), devising a system for undertaking such large-scale projects. As one phase of the push to enhance this stance, in 2018 MISI entered into an exclusive Japan sales contract with Jiangsu Strong Wind Marine Equipment Co., Ltd., a specialized maker of offshore wind-power basic materials in China, continuing to bolster our capacity on this front.



Photo courtesy of the Fukushima Offshore Wind Consortium



Solar Power Generation

The MISI Group is channeling major efforts into solar power generation as a key initiative in the field of renewable energy. In addition to locations in Japan, we supply high-corrosion resistant steel plate for use in solar panel platforms in Asia, Europe, the Middle East and other overseas sites to expand the use of solar power generation. We are also gearing up to capture growing demand anticipated in areas such as distributed solar power generation-related equipment and technologies, thin solar power film roof power generation proving work in Africa following advances in technology, and other emerging fields.

Eco-Friendly Automobiles

In the automotive industry, which is approaching a major turning point, we strive to provide solutions to meet the needs of the world. This includes proposals for materials that help reduce GHG emissions by lowering vehicle weight, supplying steel materials designed for use in electric vehicles (EVs) and other eco-friendly automobiles, and similar progress. We also advance into new business fields by such means as strategic investment in the manufacture of motor cores, a key component in EVs, and by supplying the high-efficiency electrical steel sheet used in such items.



“Clean” Fuels and CCUS

Hydrogen and ammonia are attracting keen attention as fuels for decarbonization, effective in lowering GHG emissions. The MISI Group is refining the comprehensive management service functions that were cultivated for use in oil and natural gas development. This empowered us to join a large-scale hydrogen pipeline project in Europe from the design stage onward, paving the way to the supply of knowledge concerning steel pipe technology needed for such projects, ammonia shipment pipe designed for an ammonia-mixed fuel combustion power plant, and other progress. We also maintain our focus on carbon capture, utilization and storage (CCUS) technologies used to produce blue hydrogen and blue ammonia.

Recycling-Oriented Society and Steel Scrap

Over the years, economic and social activities driven by mass production and consumption have also emerged as the backdrop for climate change, depletion of natural resources and other environmental issues. This has triggered calls to shift to a more recycling-oriented society, characterized by moves to curb resource consumption and lower the environmental load to the greatest extent possible. In this regard, the steel industry already has long-established production methods that use steel scrap and achieved heightened efficiency at the recycling stage and other economically rational recycling systems. Steel itself is an indispensable material in the quest to create a better world. At the MISI Group, we propose and generate values that meet newly emerging needs. For example, we are creating schemes in which steel scrap generated from steel products procured and used in the past by customers is collected and reused to make new products and supplied to the same users.



Social

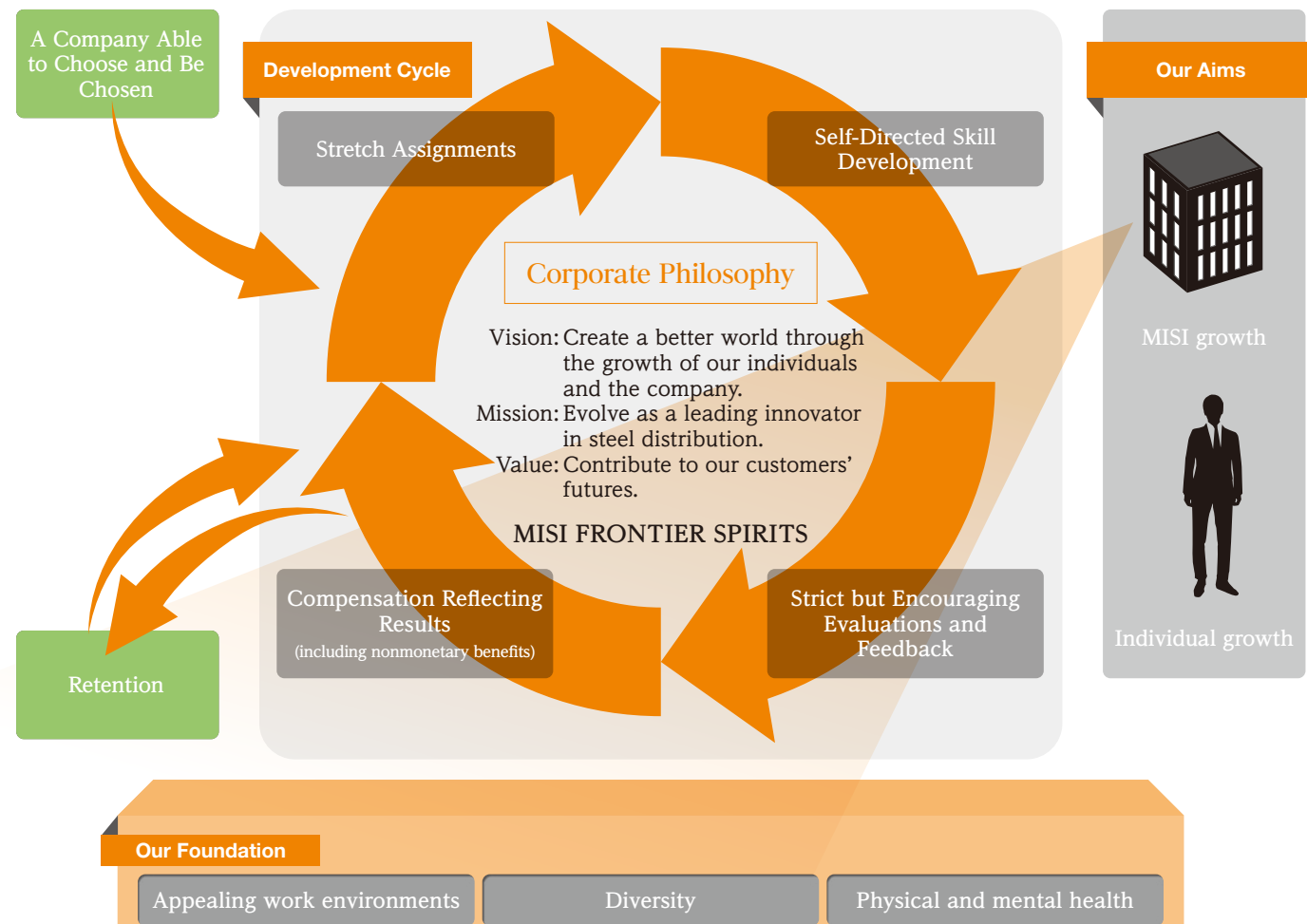
MISI Thinking on Human Resource Strategies

MISI human resource strategies are closely linked to our business strategies and formulated on the basis of our management policies, priority measures, domestic and overseas environments surrounding the company and other pertinent factors. Our MISI Corporate Philosophy vision states: “To create a better world through the individual and collective growth of our stakeholders.” We are confident that raising the abilities and performance of every member of our team will assist us in manifesting advanced functions as an integrated steel trading company, thereby generating high added value and enhancing our competitive strength.

Our efforts for laying a foundation for this mission include creating attractive work environments, promoting diversity, and supporting physical and mental health. For individual team members, we provide the following: stretch assignments to accelerate their growth, skill development opportunities that meet various individual needs, fair evaluations of work performed, feedback encouraging greater development, and compensation reflecting the results of their labor. MISI is committed to the sound operation of this human resource development cycle to promote the growth of individuals. The objective is to excel as a company capable of both choosing and being chosen, while achieving a high level of employee engagement.

Overview of MISI Human Resource Strategies

Working from a strong and appealing foundation, MISI mobilizes its human resource development cycle to help generate ever-greater individual and corporate growth.



Human Resource Development

MISI designates duties reflecting roles to be fulfilled over the medium to long term, followed by setting specific human resource development policies and formulating training guidelines (including development objectives, rotation standards and other key supports).

Based on these guidelines, each organization follows its own systematic human resource development, while employees pursue self-improvement by defining their own career plans. This is MISI's key to realizing individual growth.

Training Systems

MISI training systems are divided into two major courses. The first course is function-specific training, which addresses issues encountered on the business side. The second course is class-specific training, a method used to address issues emerging from the perspective of organization-based human resources.

Specific Training Examples

Training in Thailand

As one phase of efforts to strengthen our global human resource training, MISI holds a short-term overseas training program in Thailand for new employees. Thailand is a pivotal base for MISI Group business, with large numbers of our Japanese employees stationed there. We have established a total local supply chain, extending from steel plate manufacture to primary and secondary processing, parts and final products. During the three-day training session, trainees travel some 1,200 km within Thailand to observe this business flow in action.

This opportunity enables new employees to grasp the great scope and dynamism of the Group's steel business as well as to observe the dedicated efforts of our locally stationed employees to raise MISI's presence in Thailand. We want to raise the motivation of these new members, based on a firm grasp of roles they will likely be asked to perform someday.

The schedule for this program is demanding, with participants getting back to Japan in the morning hours and then reporting directly to work. This is an invaluable experience as they begin the next stage of their lives as trading company employees and working members of society.



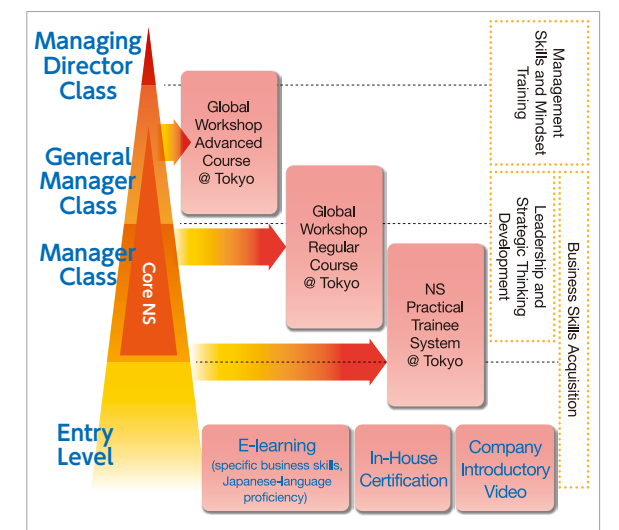
National Staff Practical Trainee System

To ensure that we place the right people in the right jobs and also spur appropriate human resource development, we have established class-specific training courses for our national staffers (NS)*.

Among these initiatives, the NS Practical Trainee System is designed to respond to the trend toward local production for local consumption in our business. Under this approach, NS viewed as promising future managerial candidates from MISI overseas branches and affiliates undergo training at the MISI Tokyo Head Office for periods ranging from six months to two years. This style of on-the-job training enables these NS to learn practical skills needed in their work, enhancing their knowledge of business areas, organizational structure, decision-making processes and other aspects of our business. They are also able to participate in crucial networking with employees at the head office and customers.

Since its launch in 2007, this program has hosted large numbers of trainees from Asia and other regions around the world. As a long-term training effort, it has proved effective in raising the motivation of both the NS and head office employees, contributing to cross-cultural understanding and otherwise raising the strength of the extended MISI Group network.

* Employees hired locally at MISI overseas bases.



Promoting Diversity

MISI has launched a specialized team to promote greater diversity for truly innovative business environments and empowering an impressive range of personnel to excel at maximum capacity.

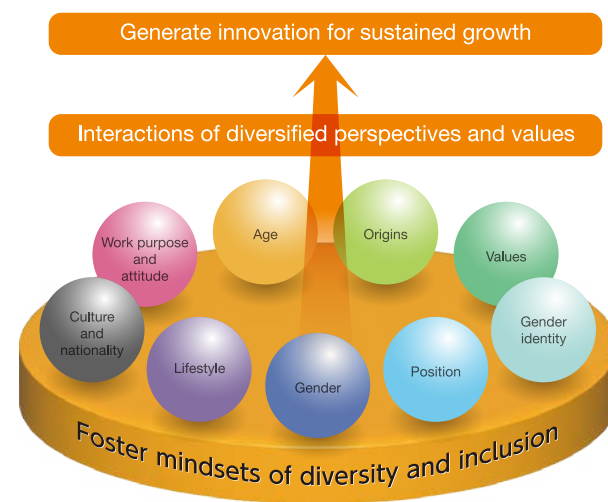
The MISI Group has a truly vast range of employees. Having that extensive array of talented people onboard is not the goal of diversity, however. The true goal is to have employees that possess richly varied perspectives and values who strive to appreciate each other's individuality and accept their differences, all while working together to achieve the organization's ambitions and paving the way for genuine innovation. For the MISI Group, succeeding as an organization where employees with unique characteristics are inspired to achieve at greater heights and effectively handle changes is essential to the quest for sustained growth.



The Goals of Promoting Diversity

Having diversified perspectives is a major strength in any corporate quest for growth. Unconscious prejudices and preconceptions can impede such progress, however. At MISI, numerous means are used to remove such obstacles.

The purpose of this approach is to create an environment in which a rich range of people will shine. This includes promoting greater progress by women; effectively cultivating local hires in other countries and employees from outside of Japan; reviewing the treatment of senior employees, supporting compatibility between childcare, nursing care and work; expanding support for employees with disabilities; and spearheading other important advances.



- Eliminate unconscious prejudices and preconceptions to cultivate climates of respect for individuality
- Create environments that empower talented people of diverse backgrounds and mindsets and encourage them to manifest their abilities and succeed

Diversity Promotion Measures

Better Support for Employees Engaged in Childcare and Nursing Care <ul style="list-style-type: none"> ● Preparation of a childcare/nursing care system handbook ● Refining and improving pre-childcare leave briefings ● Seminars for fathers ● Fostering greater managerial awareness ● Nursing care seminars 	Promoting Progress for Women <ul style="list-style-type: none"> ● Career planning workshops for young career-track women ● Support for the career advancement of clerical workers ● Fostering better organization chief awareness 	Mobilizing Global Human Resources <ul style="list-style-type: none"> ● Promote more local hires in other countries ● Introduce new training programs ● Expand practical training systems
Mobilizing Senior Talent <ul style="list-style-type: none"> ● Revise the post-retirement reemployment system ● Life planning seminars 	Supporting Greater Involvement of the Disabled <ul style="list-style-type: none"> ● Seminars on understanding disabilities ● Job role expansion ● Support for para-athlete employees ● Formation of cheering sections 	Promoting LGBT Understanding <ul style="list-style-type: none"> ● Seminars on LGBT

MISI is deeply committed to pursuing sustained initiatives designed to enhance people's social and cultural awareness and transform the corporate scene. True to this pledge, MISI is determined to cultivate workplace environments and a corporate climate characterized by mutual understanding and trust, and help employees with diversified abilities advance and excel with total peace of mind.

VOICE (Employees Speak Out)

From MISI to the World !

At my previous employer, I worked full-time while continuing to pursue my athletic career. I moved to MISI looking for an even more positive athletic environment in which to prepare for the Tokyo Paralympic Games. Here, I received the support I needed to maintain a good training environment, and was able to place high in my events in the Paralympics. As I trained, I received heartwarming support from my MISI colleagues, many of whom gathered for an online sendoff party just prior to the Games. With COVID-19 infections easing in Japan, I will do everything in my power to use work and numerous in-house events to deepen my ties with everyone here, sharing both joys and challenges. I will also be training to qualify for the Paris 2024 Paralympic Games, where I hope to improve my performance and come home with a medal. I look forward to your continued support and understanding.



Tomomi Ishiura

Career Development Even after a Major Lifestyle Change

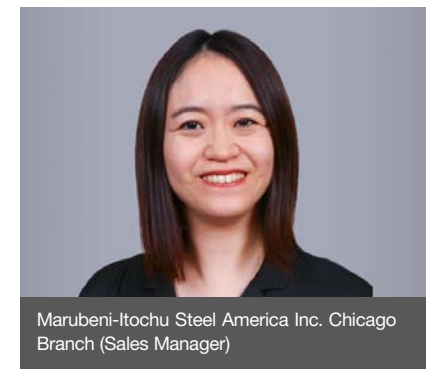


Ayako Onishi

After transferring to MISI, I went through major changes in my life. I applied for an overseas transfer after completing childcare leave for my second child, using the in-house program under which employees may take their children along on such assignments. Since 2020, I've been stationed at our subsidiary in Malaysia. Earlier, I served in sales upon returning to work after giving birth to my first child. Unable to perform the duties as envisioned due to restrictions on my time, however, I asked my supervisor for a transfer. I got the following reply: "We specialize in team-based work here. If you can't perform at full capacity right now, our team members will fill in and support you. You can make up for this later on when you're able to." After my transfer to Malaysia, I have received crucial assistance from my colleagues in coping with the many challenges, effectively developing my career while raising children. I continue to thrive in an environment rooted in mutual acceptance among people from various different backgrounds. My goal is to help build an organization where everyone feels empowered to evolve their individual characteristics into solid strengths.

Creating New Value through Mutual Respect

After joining MISI, my assignments included budget control management and subsidiary support for sales divisions. I then participated in a short-term training program in the U.S., and moved on to handle stainless steel exports to overseas car parts manufacturers. At present, I'm a sales manager at the Chicago Branch of Marubeni-Itochu Steel America. In my work experiences to date, I've encountered dilemmas that sometimes proved deeply discouraging. At such times, however, the support of my supervisors and section and overseas colleagues enabled us to surmount these challenges as a team. At MISI, we perform our work as teams of individuals from wide-ranging backgrounds and views, with no questions asked about nationality, gender or other aspects. There are naturally occasions when opinions differ, but we work through such situations on the strength of mutual respect and sharing views from a wide range of perspectives. I'm confident that such stances lead to the creation of new value, with our organizations able to mount flexible responses to the ever-changing world.



Arisa Ishizuka

In-House Café Supporting a Work-Friendly Environment



In-house café staffers

A café specializing in fine-quality drip coffee for employees was opened inside the Tokyo Head Office in August 2022. Besides serving coffee, the café staffers assist in employee workstyle reforms and welfare, helping foster an environment where we all can achieve work fulfillment regardless of disabilities or other challenges. The café management team members entered MISI after graduating from special support schools. Besides running the café, they also take part in a wide range of office support work. The in-house café fosters opportunities for interaction between various employees, leading to greater job motivation and satisfaction. Looking ahead, the goal is to expand the café's services to excel as a pivotal hub for promoting employee workstyle reforms and greater health and productivity management initiatives.

Health and Productivity Management Initiatives

Rooted in the conviction that the health of our employees is the foundation for lasting growth, MISI collaborates with all members of our corporate team to maintain and promote healthy working conditions. This also helps to raise our productivity. Solid initiatives and a promotion system structured to function effectively over the medium to long term are essential factors in achieving superior health and productivity management. Toward this end, MISI has formulated the following crucial initiatives and approaches.

Medium- to Long-Term Initiatives

MISI publishes an annual health white paper, compiling the results of health awareness surveys that track the status of employees' physical and mental health and lifestyle habits, overtime work performance, stress check results, use of vacation time and other pertinent data. This information is organized to visualize the health status of the company and its individual employees, identify specific issues, and spearhead potent countermeasures and progress. These improvement measures have been highly evaluated, with MISI recognized under the following three categories for four consecutive years from fiscal 2019 (when we first applied for such status) through fiscal 2022: Certified Health & Productivity Management Outstanding Organizations Recognition Program; a sports yell company and a Tokyo sports promotion company (two categories honoring businesses founded to encourage and support sports activities for their employees).



2022 Certified Health & productivity management outstanding organizations



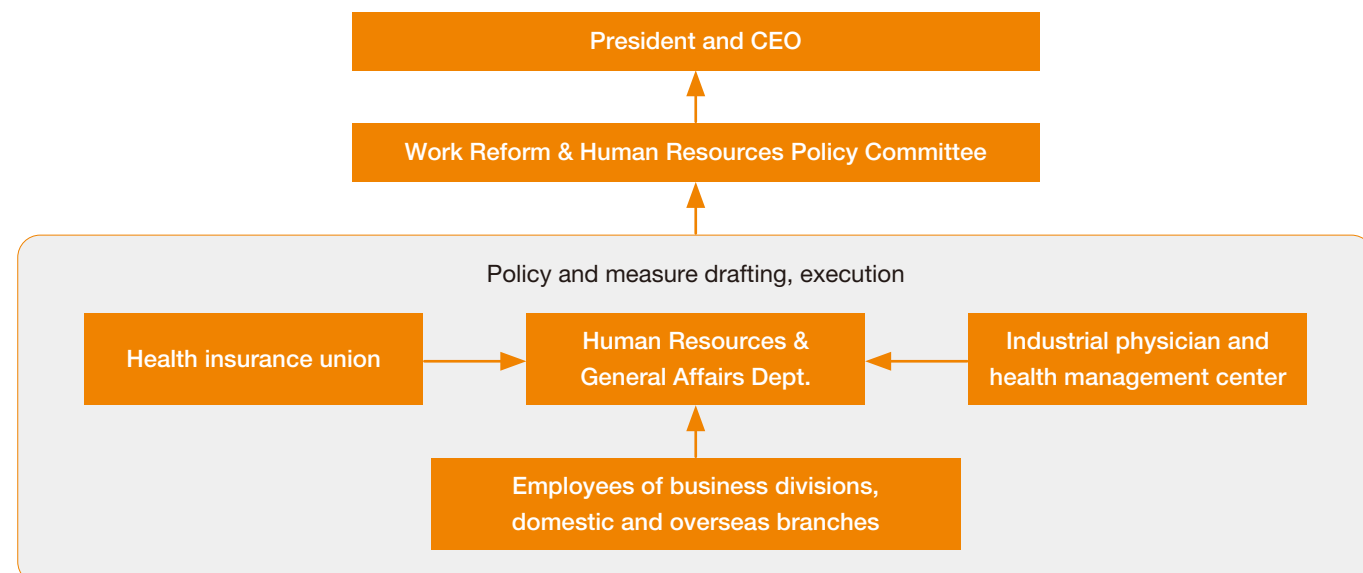
Tokyo sports promotion company



2022 sports yell company

Promotion System

MISI has developed a promotion system headed by the president and CEO. Under the president and CEO, the Human Resources & General Affairs Department oversees the top management, industrial physician and health management center, health insurance union and employees in studies and the implementation of effective measures. The Work Reform & Human Resources Policy Committee brings top managers together to review measures implemented to date, as well as to examine and execute future actions.



Specific Initiatives

At MISI, we divide health and productivity measures into the three general categories: physical health, mental health, and literacy enhancement. Our improvement initiatives target themes and issues we have identified from employee surveys. Specific examples include: monthly office stretching sessions, in which trainers visit the company to oversee onsite stretching exercises; discounts on membership fees at fitness gyms near the company; assistance for exercise related clubs; a new career counseling office to encourage employees to increase their motivation; and nutritionally balanced box lunches and other opportunities for employees to raise their health awareness. Below, we profile three areas among these numerous undertakings that we are focusing our energies on at present.



Office stretching sessions

Supporting Employee Health with Medical Examinations

MISI devotes keen efforts to measures involving medical exams, striving to detect illnesses early and prevent conditions from getting worse (including partial support from our health insurance union).

Lifestyle-related disease screenings (medical checkups) for employees age 35 and above	Financial assistance for colorectal cancer endoscope exams (every third year from age 45)
Financial assistance for follow-up exams to regular health checkups, etc.	Financial assistance for osteoporosis prevention exams (employees at ages 35, 45 and 55)
Financial assistance for brain checkups	Financial assistance for dental checkups for employees under age 35 (odd-numbered years) and employees age 35 and above (annually)
Financial assistance for gynecological exams (female employees under age 35)	Financial assistance for periodontal disease prevention checkups (employees ages 35 and 40)

Health and Productivity Management Improvement Month

August 2022 was designated Health and Productivity Management Improvement Month at MISI. We based the program on responses from our employees to a health awareness survey probing their specific health concerns and desired activities. Sessions focused on seminars addressing themes such as diet, exercise, sleep, mental health and quitting smoking. Reflecting the particularly large number of workers concerned about their eating habits, participants were served salad lunches. A total of 324 employees took part, with the project earning an extremely high satisfaction rating of 93.4 percent.



Health and Productivity Management Improvement Month seminar

MISI Walking Events

MISI stages walking events every November. In fiscal 2021, to commemorate the company's twentieth anniversary, we organized global-scale walkathons that involved both domestic and overseas Group companies. The feedback we got indicates that these events inspired many employees to increase regular exercise and otherwise devote greater thought to their health.

Participating employees and countries	1,216 employees (including executives, domestic and overseas Group company personnel) in nine countries
Employees averaging 8,000 steps/day	857 employees
Total number of steps	418,237,302 steps (eight times around the Earth)



One team participating in a walking event

Human Rights, Occupational Safety and Health

MISI Thinking on Human Rights

The first item in MISI's Group Compliance Program (Observation Matters) is respect for human rights, intolerance of discrimination and harassment. This basic policy is the principle for action to respect human rights and reject all types of harassment, and serves as the foundation for all activities MISI Group undertakes. As such, we strive wholeheartedly to follow this path in our everyday operations.

With regard to our thinking on sustainability as well, one key point of MISI's action guidelines is a keen consideration for human rights and the global environment, underscoring our belief that upholding human rights is an essential element in realizing a sustainable society.

Status of Initiatives

Harassment Training

During fiscal 2021, 3,546 executives and employees in MISI domestic Group companies went through harassment training, mainly via e-learning. The aim was to build a climate in which harassment is avoided, work-friendly environments are fostered, and a greater awareness of harassment is developed as a personal matter that directly affects employees. Case studies focused on power, sexual, maternity, alcohol and sexual orientation and gender identity (SOGI) harassment, with the goal being to achieve an accurate understanding of harassment as a phenomenon.

In fiscal 2022, an e-learning training program covering the full range of compliance was implemented for 5,304 MISI domestic and overseas Group company executives and employees. Harassment was addressed as a key area of concern.

In both these efforts, we achieved 100-percent participation rates for all targets. Along with the actual training, awareness activities were organized in the quest to make the MISI Group corporate whistleblowing system (see page 25) more efficient.

Occupational Safety & Health at Manufacturing Group Companies

MISI's manufacturing-related Group companies have adopted MISI Production Way as their universal standard, and strive through daily activities to make safety the foundation and top priority in support of our corporate stance. The MISI Engineering Department formulated MISI safety standards, which serve as the foundation and shared guidelines for all our Group companies when formulating safety and health standards, planning disaster prevention measures, and creating other progress-related initiatives. The department also holds Group safety conferences, issues our monthly safety bulletins and safety posters, and conducts other efforts to raise our safety awareness and promote related activities. Meanwhile, each subsidiary targets zero work-related accidents, following the health and safety action plan when advancing related activities firmly rooted at their daily worksites.



Safety Dojo: a training hall to simulate accidents at the Vienna Plant of Clarkwestern Dietrich Building Systems LLC of America

During fiscal 2021, the total number of accidents within the Group was 64—31 in Japan and 33 overseas. This was a decline of four compared to the 68 in fiscal 2020, despite the recovery in production volume achieved and the number of companies targeted in the count expanding by five, from 47 to 52.

Social Contributions (Regional Societies and Communities)

As a leading innovator in steel distribution, MISI strives to constantly create new value, support sustained social development, and promote coexistence with the communities where it does business. This includes making beneficial contributions to local communities and society overall to raise the quality of people's lives and fulfill our responsibilities as a good corporate citizen.

Participation in Tokyo's Sanno Festival

Located in Tokyo's Nagatacho district, Hie Shrine is where the Sanno Festival is staged every other year in mid-June. The shrine dates back to before the Edo Period (1603–1867), when the original pioneers of the region erected to serve as the guardian shrine of what came to be known as Edo (the old name for Tokyo). The festival grew into one of Edo's three great festivals. Today, along with the Gion Festival in Kyoto and the Tenjin Festival in Osaka, the Sanno Festival is considered one of Japan's three major celebrations. Since our Tokyo Head Office is located in Nihonbashi 1-chome (and the company is a member of the local neighborhood association), our employees participate in this festival by carrying *omikoshi* (portable shrines) along the parade route as it passes through the Nihonbashi vicinity. This is part of our regional contribution efforts.



Annual Cleaning of Nihonbashi Bridge

Located near the MISI Tokyo Head Office, Nihonbashi Bridge is famed as the traditional starting point of the five main highways radiating out from Edo (old Tokyo). Originally built in 1603, the bridge flourished as a shining symbol of the prosperity Edo enjoyed. Over the centuries, it has been rebuilt several times due to damage from fires and other causes. The current bridge was constructed in 1911 as a Renaissance-style double-arch stone bridge, and has been officially designated an Important Cultural Asset. The Nihonbashi Bridge Preservation Society was formed to maintain the scenic beauty of the bridge for future generations. One of this group's key activities is to thoroughly wash and polish the bridge each July, with 2022 marking the milestone fiftieth instance of this regular summer event. MISI employees once again volunteered to help, armed with deck brushes and other cleaning equipment.



Joining in WFP's "Walk the World" Charity Event

WFP Walk the World is a charity walk sponsored by the United Nations World Food Programme (WFP), the world's largest humanitarian support body devoted to eradicating global famine and poverty. WFP contributes part of the participation fees it receives to pay for school lunch programs in impoverished countries.

Since 2009, MISI has taken part in Walk the World events organized in Yokohama and Osaka, with large numbers of our employees completing either the ten-kilometer or five-kilometer course each year. We will continue to join in this worthy effort as a way to support the WFP's quest to eliminate famine-related suffering for children worldwide.



Other Support Initiatives

MISI has launched many initiatives to support society in response to the COVID-19 pandemic. Major examples include helping healthcare workers on the frontlines of infection prevention and treatment, students financially challenged by the contagion, and institutions active in research and development of vaccines and other efforts. We have also supported the Chuo City Public Health Center in Tokyo—which has played a key role in preventing the spread of the infection—as well as homes for orphaned, neglected or abused children.

MISI also dispatches volunteers and provides donations when natural disasters occur, and supports the national land afforestation movement to preserve Japan's forests. Overseas, during 2022 we provided emergency donations after major flooding in Pakistan in September, and later did the same for Indonesia after the large earthquake that struck in December.

Throughout the year, meanwhile, we promote eco-friendly activities by collecting plastic bottle caps, used stamps and contact lens cases. We also make regular donations of food and beverages to foodbanks when we replace our in-house supplies emergency stockpiles for use during disasters.



Japan's Forestry Agency Director-General presented MISI with a certificate of appreciation

Governance

Corporate Governance

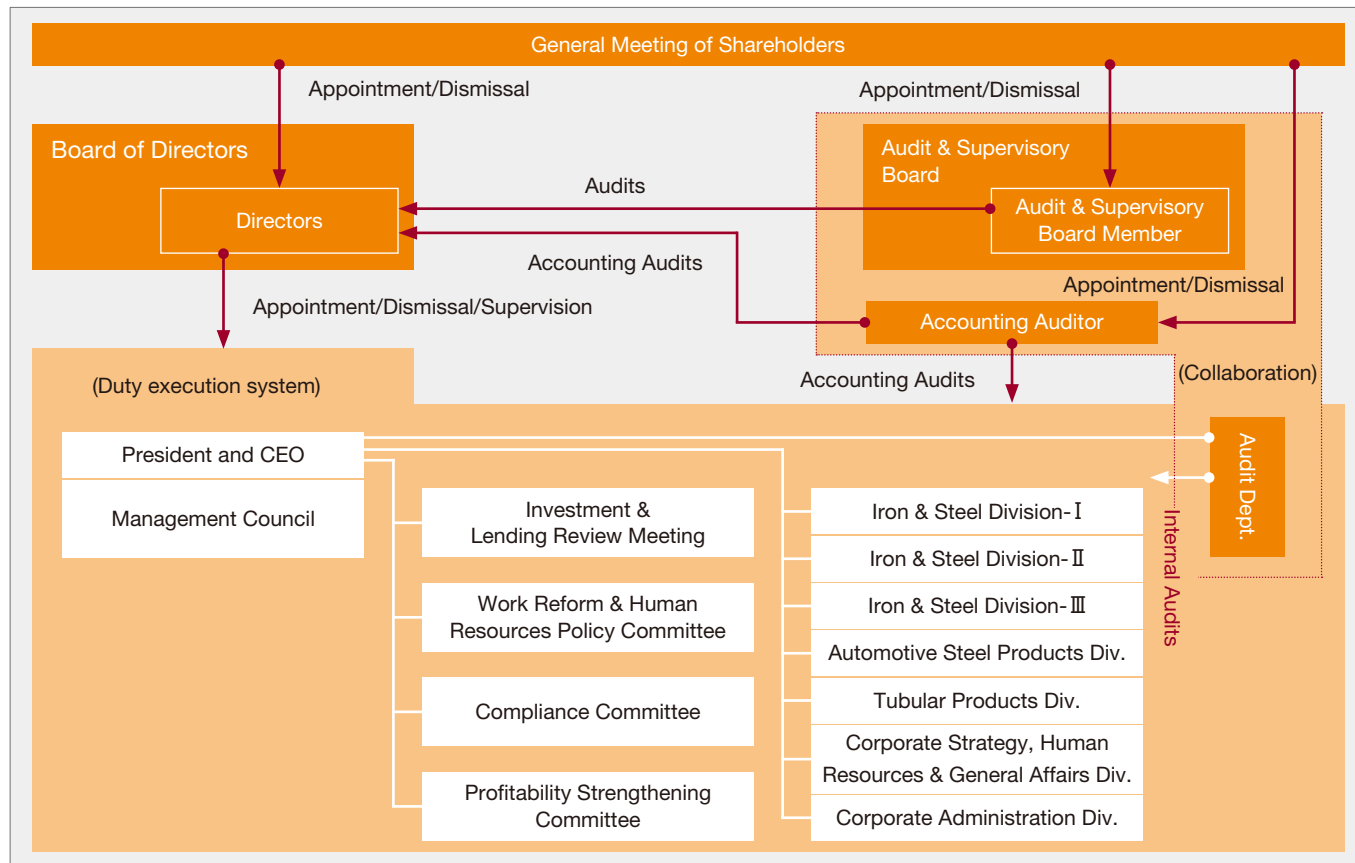
MISI operates on the principle of growing the company on the strength of sound corporate endeavors. In keeping with this, our goal is to maintain a corporate governance system that empowers fully transparent decision-making and supervision to function effectively in all respective domains. We likewise stress clear and open communication with our stakeholders, striving to achieve full compliance and support the various other initiatives profoundly connected to the company’s business platform.

The MISI Governance System

MISI has developed the corporate governance system following.

1. The Board of Directors shall act in compliance with applicable laws and regulations, MISI’s articles of incorporation, the Board of Directors regulations and other internal regulations when determining important matters pertaining to management, as well as when overseeing directors executing their assigned duties.
2. Directors shall execute their assigned duties in compliance with applicable laws and regulations, the articles of incorporation, Board of Directors resolutions and internal regulations, pursuant to the roles the Board of Directors determine.
3. An executive officer system shall be adopted to strengthen decision-making and supervisory functions and enhance the efficiency of the Board of Directors executing their duties. Executive officers shall execute their assigned duties in accordance with decisions the Board of Directors renders, acting under the instructions and supervision of representative directors.
4. Corporate auditors shall exercise their authority as stipulated in applicable laws and regulations, and collaborate with the MISI Audit Department and accounting auditors when conducting inspections of the appropriateness and legality of the execution of duties by directors, pursuant to the board of corporate auditors regulations and corporate auditor audit standards.
5. In principle, directors and corporate auditors shall be assigned to individual subsidiaries. The assigned officers shall supervise and evaluate how well each subsidiary executes its assigned duties, striving to ensure that how the directors and employees of the company execute their duties conforms with applicable laws and regulations and MISI’s articles of incorporation.

MISI Corporate Governance System



Internal Control System

Core Principles

To ensure reliable internal controls, MISI has developed a system to confirm that its members of the board perform their duties in compliance with applicable laws and regulations and the company’s articles of incorporation, together with other procedures upholding the execution of related operations. We have also formulated and maintain a basic policy to guarantee that the business activities of both MISI and the companies comprising the MISI Group comply with the Companies Act and the Regulation for Enforcement of the Companies Act (hereinafter referred to as “the Internal Control Basic Policy”). Targeting the fields in which the MISI Group is active, we have established, operate, evaluate and regularly refine internal control practices in accordance with the Internal Control Basic Policy to reliably safeguard effective and efficient business operations, accurate financial reports, compliance with laws and regulations applicable to business activities and asset preservation.

The purpose of the Internal Control Basic Policy is to mobilize sound corporate activities to expand the company’s value, while building a stable and sustainable foundation for all MISI Group companies. True to this pledge, MISI steadily advances qualitative improvements in the added value and services related to our transactions and other business endeavors, excelling as a company positioned to respond to the vast range of demands emerging from our precious customer base.

To stay abreast of society’s constant changes, MISI also regularly reviews and adjusts the contents of the Internal Control Basic Policy, thereby ensuring that we have a suitable and efficient system serving these needs.

Operational Status

To support the proper operation of our internal control system, each fiscal year MISI draws up confirmation items for deeper analysis of matters determined in the Internal Control Basic Policy. Departments are selected to supervise each of these areas, and they draft procedures to confirm the introduction and operational status of the internal control system at the end of the year. Specific checklists are compiled to detail progress, issues and other matters pertaining to each confirmation item the supervising departments submit. These lists play a pivotal role in confirming the smooth introduction and operation of the internal control system, including methods adopted for compliance, appropriateness of financial reports and effective loss risk management.

The confirmed results of the introduction and operational status are reported annually to the MISI Management Council and the Board of Directors. The Board of Directors issues final full-year evaluations of how the internal control system has been implemented and operated. The overall internal control system is constantly reviewed to promote ongoing improvements, with every possible step taken to achieve a more appropriate and efficient system. The fiscal 2021 introduction and operational evaluations for each item set forth in the Internal Control Basic Policy were conducted at the Board of Directors meeting convened in April 2022. It was confirmed then that no major defects or deficiencies existed.

In addition to the Internal Control Basic Policy, we launch initiatives to raise the accuracy of our financial reporting. For example, to enhance the reliability of consolidated financial reports, we have established an in-house system to regularly evaluate the introduction and operational status of such reports, with improvements made as deemed necessary. To ensure that this process goes smoothly, we make adjustments in our internal control system with a focus on the Internal Control Administration Team (in the Corporate Administration Division). The system is then advanced on a day-to-day basis at each in-house organization, with the Audit Department Internal Control Assessment Team assessing the results and providing feedback to each organization. This cycle is utilized to achieve continuous improvement. The Audit Department plans and oversees this overall process to strengthen company-wide internal controls. The department is an independent unit established for company-wide monitoring and under the direct control of the president. In audits targeting all MISI Group organizations and subsidiaries, comprehensive inspections and the identification of inherent risks are used to assess the potency and appropriateness of the targets of internal control audits. This is followed by appropriate suggestions meant to encourage the auditees to achieve improvements.

In addition to appropriate operation and regular inspections of our internal control system, confirmations and checks implemented through Audit Department audits serve to encourage steady improvements in MISI Group-wide internal controls.

Information Security

In our quest to maintain a stellar level of information security and advance our business on a stable and sustained basis, MISI fully discloses its information security policy. Moreover, regulations pertaining to information security have been enacted for members of the board and other personnel engaged in overseeing our business operations. We take these steps to promote universal knowledge of the importance and responsibilities related to information security, along with appropriate handling, management, protection and preservation of such data.

In fiscal 2020, we created a comprehensive roadmap for strengthening MISI Group information security, and followed that up with measures spanning the security of all sensitive information categories. More specifically, we revised our information security-related rules to address newly emerging work approaches, achieving a functional balance between convenience and security. This has included the infusion of resources vital to the effective enforcement of these rules, in tandem with enlightenment activities to promote their lasting acceptance. For example, we introduced measures for strict controls over the authority to access information assets, security solutions targeting the sophisticated cyberattacks witnessed in recent years, and systems to mount effective responses to all conceivable security incidents.

Targeting MISI Group companies and based upon the aforementioned MISI rules from fiscal 2022, we enacted revisions in the standards governing information security measures throughout the Group. This has included assessments of the status of Group information security, together with the development of information security countermeasures whose effectiveness has been confirmed at MISI itself.

Compliance

Compliance Basic Policy

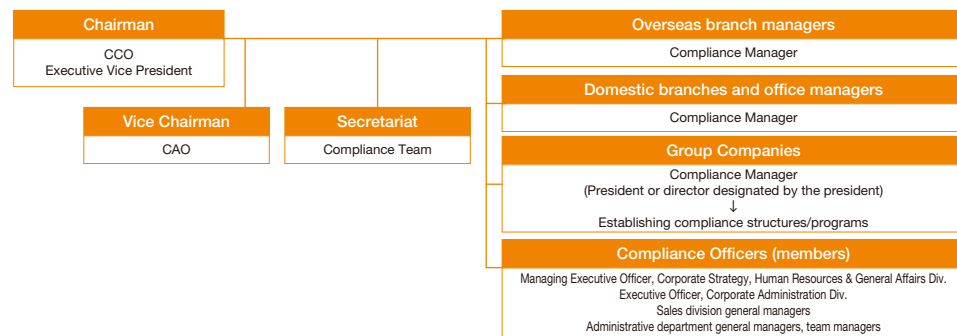
At MISI, “compliance” is defined as the observation of laws, regulations and related rules to advance corporate activities, driven by a high sense of ethics. Striving to sustain our evolution as a leading innovator in steel distribution, the goal is to create new value that contributes to the future of our customers and to join with our stakeholders to create a better world. Devoted to acting sensibly in accordance with compliance serving as the major premise toward that end, we maintain comprehensive compliance as the foundation of all our activities, making every possible effort to avoid deviating from that path.

Compliance Program (Observation Matters)

- | | |
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| <p>1. Respect for Human Rights, Intolerance of Discrimination and Harassment
Respect human rights; refuse to tolerate acts of harassment.</p> <p>2. Compliance with the Antimonopoly Law, the Subcontracting Law and Related Legislation
Avoid private monopolies, unfair trade restraints (cartels) and unjust trade practices.</p> <p>3. Prohibition Against Unfair Competition
Avoid the manufacture and sale of products that infringe on copyrights, trademarks, etc.; the unfair acquisition and use of business secrets; and unfair competitive behavior.</p> <p>4. Observance of all Business Laws
Acquire the necessary permits and licenses, and observe all business laws when conducting business activities.</p> <p>5. Observance of Insider Trading Regulations
Avoid actions that violate insider trading regulations.</p> <p>6. Implementation of Appropriate Import/Export Procedures and Security Trade Controls
Observe laws and regulations, international treaties and other trade-related controls during the practice of appropriate import and export procedures. To maintain global peace and security, implement strict trade controls and refuse to handle cargo that may be used or diverted to proliferate weapons of mass destruction and other unsuitable transactions.</p> <p>7. Observance of Intellectual Property Rights Laws
Show zero tolerance for violations of intellectual property rights owned by other parties.</p> | <p>8. Prohibition on Bribes, Gifts and Entertaining, etc.
Avoid bribes and the granting, requesting or pledging of unfair gains to overseas civil servants. Avoid gifts, entertainment or the supply of other services to customers outside the appropriate sphere of conventional wisdom.</p> <p>9. Prohibition Against Provision of Favors to Antisocial Groups
Adopt firm attitudes toward and refuse to associate with antisocial activities and forces.</p> <p>10. Environmental Preservation
Maintain a clear awareness of the company’s responsibilities as a good corporate citizen. Contribute to the prosperity and harmony of human society, and devote the utmost efforts to preserve a sound global environment.</p> <p>11. Appropriate Control of Information
Exercise reliable control over the company’s confidential information and confidential information disclosed by third parties.</p> <p>12. Appropriate Use of Information Systems
Show zero tolerance for inappropriate use of or damage to the company’s information systems.</p> <p>13. Prohibition Against Conflicts of Interest, etc.
Faithfully carry out the company’s business operations; avoid actions that go against the company’s best interests.</p> <p>14. Implement Fair and Accurate Financial Procedures
Implement fair and accurate financial procedures pursuant to clearly defined accounting facts.</p> |
|--|--|

Compliance Committee Objectives and System

In fiscal 2002, directly after becoming a corporate entity, MISI formed the Compliance Committee to provide critical support and guidance to MISI Group officers and employees in upholding reliable corporate compliance. Placed under the direct control of the president and CEO, this committee has been a key force in advancing comprehensive compliance activities over the past two decades.



MISI Group Whistleblowing System, Responses to Compliance Issues

To strengthen compliance management through early detection and the correction of compliance-related issues, the Group established a corporate whistleblowing system to protect the interests of in-house whistleblowers who reveal compliance issues.

This whistleblowing system plays a crucial role in supporting sensible actions by MISI Group officers and employees based on proper compliance. The following systems have been introduced to support consulting and reporting on compliance-related matters: 1. office hotlines; 2. contacts to MISI auditors, the Compliance Team manager and outside attorneys capable of dealing with domestic Japanese matters; and 3. the multilingual MISI Global Hotline, which is open to use by all MISI Group officers and employees.

Since fiscal 2020, MISI has participated in the Whistleblowing Compliance Management System (a self-adaption registration system) overseen by Japan’s Consumer Affairs Agency. Through this and other initiatives, we continue to refine the operation of our whistleblowing system for solid responses to compliance issues.



MISI Group Compliance Initiatives — Group Compliance Management —

Under the slogan “Group Compliance Management,” the MISI Group mobilizes e-learning and other means of enlightening all officers and employees about the importance of compliance. Monitoring is also performed every six months to track the status of compliance implementation—one more part of the sustained push to avoid any deviation from our basic policy of comprehensive compliance.

Yet another demand is to provide guidelines for sound judgments and actions upholding the goals of compliance in our day-to-day business operations. We prepared the MARUBENI-ITOCHU STEEL GROUP Compliance Manual for this purpose. Designating fourteen areas for monitoring compliance, this manual promotes detailed Group-wide knowledge of the critical importance of compliance.

Compliance with Competition Laws

To promote business transactions rooted in fair and free competition, we take firm measures to avoid bid-rigging, cartels and other violations of Japan’s Antimonopoly Law. This includes the formulation of our Antimonopoly Law Compliance Regulations, which set forth rules concerning contacts with other companies in our industry.

Under these regulations, we observe the applicable laws and regulations in Japan (e.g., the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade; the Act on Elimination and Prevention of Involvement in Bid Rigging and Punishment for Acts by Employees that Harm the Fairness of Bidding; the Penal Code, etc.). We also observe antitrust legislation in the United States and China, the EU Treaty on the Functioning of the European Union, and all other laws and regulations in Japan and overseas based on the quest for fair competition. We also take systematic steps to fully familiarize all MISI Group officers and employees with our compliance regulations, including issuing manuals, monitoring, holding various types of in-house training sessions and so on. In this way, we run rigorous enlightenment programs to ensure that MISI does not become involved in any antitrust activities.

Prevention of Bribery and Other Corruption

The MISI Group makes every effort to maintain healthy, normal and transparent relationships with civil servants, clients and all other parties to ensure the soundness of our business operations. For example, messages about the prevention of bribery and other corruption sent from the chief compliance officer (the chair of the Compliance Committee) are directed to all Group officers and employees. Likewise defined are rules governing entertainment and exchanges of gifts with civil servants; strict internal regulations for properly screening agencies, investment targets and investment partners; and training and internal audits (monitoring). We also use our in-house whistleblowing system to firmly establish and strengthen initiatives to prevent bribery and other forms of corruption.

Specific steps we take include rules on entertainment and gifts, ensuring effective due diligence upon appointing agencies and other operations, as well as when considering prospective business partners and investment targets in shared investment and joint ventures. Specific authorizers, screening standards and other in-house procedures are determined for each of these categories with these goals in mind.

Secure Trade Controls

For trade transactions—the core focus of MISI business activities—we have formulated The Security Export Control Regulations. These guidelines are designed to ensure secure trade management practices that help uphold international peace and security. Under the direct control of the president and CEO, these regulations are used to exercise firm control over all Group operations in keeping with the following basic policies:

1. For exports of regulated cargo and other items, intermediary trade transactions and intermediary trade in technology, no actions will be taken that violate the Foreign Exchange and Foreign Trade Act or other applicable legislation.
 2. To comply with the Foreign Exchange and Foreign Trade Act and other applicable legislation, no trade shall involve cargo or other items related to the development of either nuclear or conventional weapons, as well as any other such weapon-related transactions. We will also exercise appropriate management with consideration for effectively responding to the international political situation.
- These regulations have been submitted to the Ministry of Economy, Trade and Industry, for which we received an export management internal regulation certificate of acceptance (Compliance Program acceptance certificate) from that ministry.

Avoiding Ties with Antisocial Forces

The basic policy at MISI Group is to avoid all transactions with or related to antisocial forces capable of undermining the order and security of civil society. The definition of such antisocial forces includes organized crime groups, members or quasi-members of organized crime groups, companies related to organized crime groups, corporate racketeers, miscreant social movement advocates, special intelligence gangs and other suspicious parties. The steps we have taken to uphold this policy include the establishment of a department to deal with antisocial forces; a system to gather and manage information related to antisocial forces, establish a system of cooperation with external professional organizations; the formulation of regulations and manuals for responding to antisocial forces; the introduction of antisocial force exclusion stipulations in entering into contracts with customers; and other systems necessary to avoid such relations. This stance likewise includes comprehensive approaches to regular education for employees, regular surveys to ensure that customers or other parties involved in our business are not in fact antisocial forces, and the establishment and enhancement of other necessary in-house measures.

Enlightenment Activities and Awareness-Raising Measures

We use e-learning and other training to drive compliance enlightenment activities for all MISI Group officers and employees, and conduct a compliance awareness survey once every two years. This survey is used to confirm and analyze the status and degree of proper compliance being practiced at each Group company, department and employee level. The results are used to study specific directions for Group-wide compliance management, paving the way for initiatives to foster a truly healthy corporate culture. Posters for the MISI Global Hotline, a multilingual contact system available to all Group officers and employees, are put up at Group companies to raise awareness of our whistleblowing system.



Risk Management

Objective and Definition of Risk

MISI has formulated its own Risk Management Regulations as a way to perfect the management systems used to evaluate and address risks prone to occur at the company. The underlying purpose is to ensure the smooth operation of our business activities by preventing risks before they appear. These regulations define “risk” as factors with the potential to either have a serious impact on the financial conditions or performance of the MISI Group or impede the achievement of our business objectives. At present, there are seventeen categories of major risk deemed to demand particular attention. Risk management officers are appointed for each of these major risk groups, with regular reviews and reassessments conducted in areas viewed as posing threats to executing our business operations.

Major Risk Categories

Major Risks	Responsible Departments	Risk Management Officers
Macroeconomic environment risk	Corporate Planning & Coordination Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Stock price risk	Accounting Dept.	Executive Officer, Corporate Administration Div.
Product price fluctuation risk	Corporate Planning & Coordination Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Trade, customs clearance, security management risk	Logistics & Insurance Dept. Compliance Team	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Information security risk	IT Solution Dept. Human Resources & General Affairs Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Investment risk	Affiliates Administration Dept.	Executive Officer, Corporate Administration Div.
Country risk	Credit Dept. Affiliates Administration Dept.	Executive Officer, Corporate Administration Div.
Human resources and labor risk	Human Resources & General Affairs Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Legal regulations risk	Legal Dept. Compliance Team Human Resources & General Affairs Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Important litigation risk	Legal Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Environmental risk	Compliance Team	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.
Credit risk	Credit Dept.	Executive Officer, Corporate Administration Div.
Foreign exchange risk	Finance Dept.	Executive Officer, Corporate Administration Div.
Interest rate risk	Finance Dept.	Executive Officer, Corporate Administration Div.
Financing risk	Finance Dept.	Executive Officer, Corporate Administration Div.
Fixed asset impairment loss risk	Accounting Dept.	Executive Officer, Corporate Administration Div.
Retirement benefit expense and obligation risk	Human Resources & General Affairs Dept. Accounting Dept.	Managing Executive Officer, Corporate Strategy, Human Resources & General Affairs Div.

Management and Reporting System

Designed to span all major risk categories, we established our guidelines on reporting risks to set up effective management from both quantitative and qualitative perspectives. In accordance with these standards, the department in charge of the major risk evaluates said risk, considers countermeasures as necessary, and reports to the risk management officer. Based upon these collective findings, reports are issued to the MISI Management Council and Board of Directors each fiscal quarter.

Crisis Management System

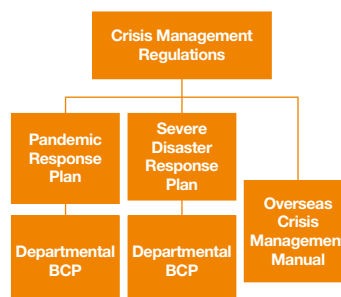
Objective

In March 2022, MISI introduced its restructured Crisis Management Regulations. While specific plans and manuals had been formulated and used over the years, these new regulations help us to comprehensively determine the positioning of all such materials. The objective is to maintain smooth, uninterrupted business operations even when crises capable of affecting the execution of MISI corporate activities occur. Such “business execution crises” are defined under the five following categories: 1. Natural disasters; 2. infectious diseases, highly toxic influenzas or other epidemic crises lacking specific medications; 3. terrorism, sabotage, attacks, seizures or occupations (including those of a cyber nature); 4. wars, insurrections or coup d’états; and 5. other cases or circumstances the president has determined may threaten the proper execution of business activities. These regulations stipulate ways to ensure the precise and prompt transformation of information as well as establish taskforces and other necessary responses when such crises occur.

Management and Reporting System

Our Crisis Management Regulations stipulate adopting one of the following three types of plans and manuals to deal with specific circumstances. The first is the Severe Disaster Response Plan, used to deal with earthquakes, floods, typhoons and other disasters occurring domestically in Japan. The second is the Pandemic Response Plan, for combatting infectious diseases, highly toxic influenzas or other epidemic crises lacking specific medications occurring either overseas or in Japan. The third is the Overseas Crisis Management Manual, which offers responses to overseas occurrences of general crime, accidents, armed conflict, terrorism, major scale natural disasters, abductions, intimidation, infectious disease epidemics and other life-threatening dangers to employees and other personnel needed to ensure prompt responses.

Crisis Management System



Quality

Quality Management System

MISI has formulated its Quality Control Regulations to ensure that we are able to continue supplying top-quality products and services that satisfy customer demands, as well as to make steady improvements in our in-house operational systems toward that end. To ensure the proper execution of these regulations, we formulated our quality management system (QMS).

The QMS is incorporated into the MISI in-house organization by participating departments, based on the necessity to make operational improvements and address specific customer needs. The executive officers overseeing each department act as the QMS top management team. They determine quality policies through consultation, management reviews and appointment of employees responsible for quality management. This arrangement effectively confers the responsibilities and authority to establish, implement and uphold the QMS.

ISO 9001 Certification Status

The MISI QMS is certified under ISO 9001, the international certification standard for quality management systems, and strictly follows that standard. As of October 1, 2022, the extent of this certification was as follows.

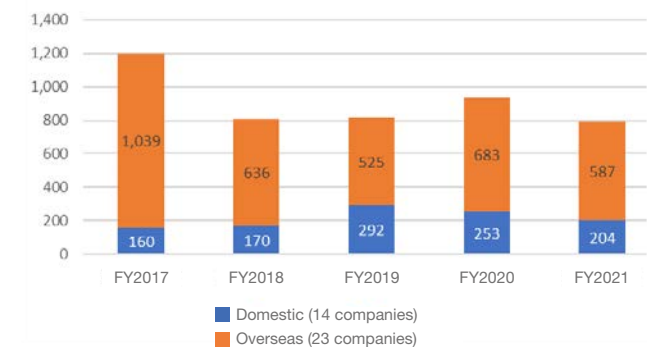


Application Standards	ISO 9001:2015/JIS Q 9001:2015
Scope of Registration	Steel pipe trade business and incidental services, automotive steel and electrical sheet trade business, steel sheet, wire rod, specialty steel and stainless steel domestic transactions and trade business
Business units included in registration scope	<p>Tubular Products Div. Energy Industries Steel Products Dept.-I, Energy Industries Steel Products Sec.-I, Energy Industries Steel Products Sec.-II Tubular Products Div. Energy Industries Steel Products Dept.-II, Energy Industries Steel Products Sec.-III, Energy Industries Steel Products Sec.-IV Iron & Steel Div.-III Steel Sheets Dept., Electrical Steel Sec.-I, Electrical Steel Sec.-II Automotive Steel Products Div. Automotive Steel Products Dept.-I Automotive Steel Products Sec.-I Overseas Team, Automotive Steel Products Sec.-II Overseas Team, Automotive Steel Products Dept.-II Automotive Steel Products Sec.-III Overseas Team, Automotive Steel Products Sec.-IV Overseas Team, Specialty Steel & Wire Rods Dept. Automotive Specialty Steel Sec. Overseas Team</p> <p>The above business units are located at 4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo [For trading services]</p> <p>Osaka Division Osaka Steel Sheets Dept. Steel Sheets Sec.-II, Stainless Steel (OSAKA) Sec, Specialty Steel & Wire Rods (OSAKA) Sec. 3-18, Nakanoshima 2-chome, Kita-ku, Osaka, Japan [For domestic transactions and trading services]</p>

Quality Management at Steel Plate Processing Group Companies

Steel plate processing Group companies that join with MISI to form a steel plate supply chain formulate their own quality management systems based on “MISI Production Way”. This approach is instrumental in eliminating the outflow of foreign material and major claims as we pursue quality-first, customer-focused day-to-day production activities. This stance encompasses quality management conforming to their processing equipment and specific product characteristics, as well as reflecting worksite operations. Together with meticulous quality management advanced through processes based on the global QMS of the International Standards Organization, the International Automotive Task Force and other authorities, this ensures stable, top-level quality. MISI’s “QC Circle Conference” is held annually in Japan, with companies sharing outstanding quality improvement initiatives. Other gatherings include our Asia Factory Manager Conference and North America Factory Manager Conference—events likewise used to introduce improvement examples, best practices and other achievements by participating companies. These endeavors encourage the adoption of approaches deemed crucial to raising global quality levels and competitive strength.

Trends in Occurrence of Group User Claims (claims/year)

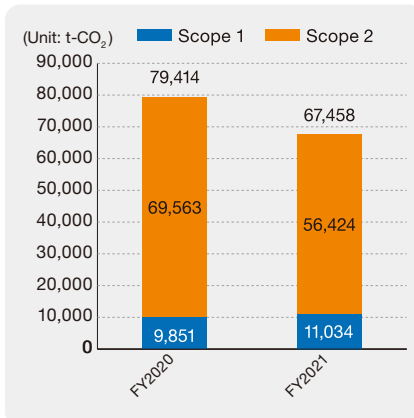


Data

Highlights

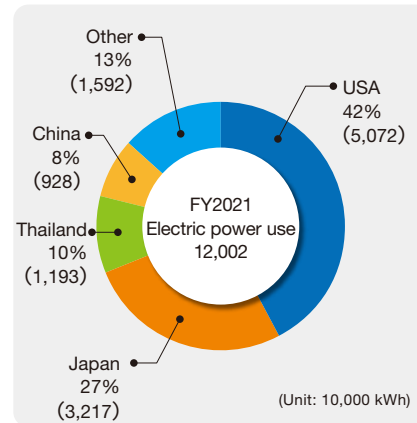
Conducting reviews based upon quantitative data is essential to managing effective MISI Group sustainability initiatives. This process is used to both establish and regularly examine and reassess barometers aligned with specific measures. This helps us target ever more effective approaches.

GHG Emissions



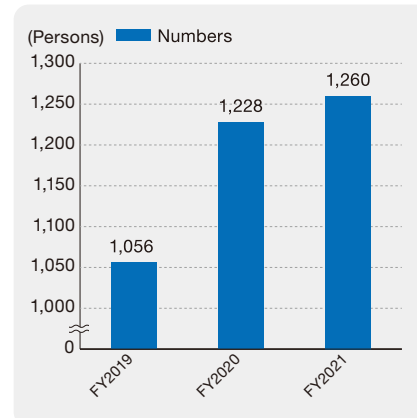
As part of our climate change initiatives, the MISI Group closely tracks and computes our greenhouse gas (GHG) emissions. We have established an intermediate reduction target in the quest for carbon neutrality for 50 percent cuts compared to fiscal 2020 by fiscal 2030. We continue to steadily advance that plan.

Electric Power Use



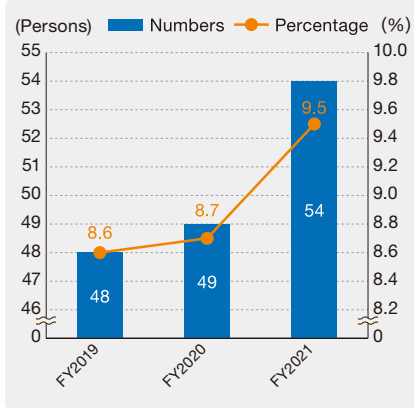
One core theme for the MISI Group is to use energy more efficiently while simultaneously raising the percentage of power we derive from renewable energy. We study measures in keeping with the type and operational status of each business base, as well as specific host nations and regions, paving the way to specialized initiatives.

Number of Participants in Human Resource-Related Training



To achieve growth for every employee and the company as a whole, MISI implements training programs covering a wide range of positions and duties. With the onset of the COVID-19 pandemic, we also increased the ratio of "hybrid training" featuring both online and face-to-face guidance. All in all, we supply a greater range of training opportunities than ever before.

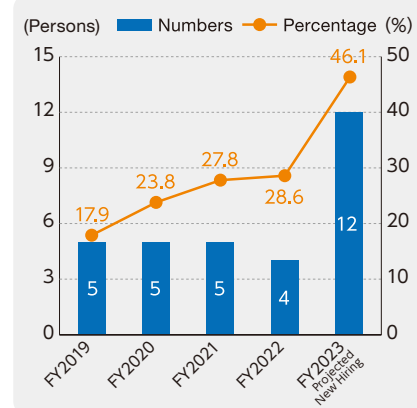
Numbers and Percentage of Female Career Track Employees



The number of female career track employees at MISI continues to grow every year, accounting for 9.5 percent of all career track employees in fiscal 2021.

Our goal is to cultivate a beneficial in-house climate, bolster career development support and encourage women and all employees that maximizes their individual strengths. This policy involves diversified measures and sponsoring numerous types of seminars and other programs.

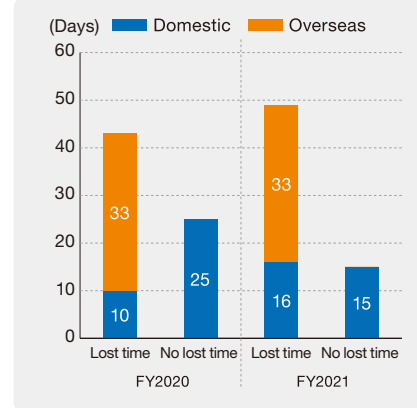
Numbers and Percentage of Female Career Track Employees Hired as New Graduates



The number of women recruited to serve in career track positions has continued to grow since MISI began to hire new graduates in 2003.

Women are projected to comprise 46.1 percent of new graduate hires in fiscal 2023.

Number of Accidents Year on Year



During fiscal 2021, there were 31 accidents in Japan (compared to 35 in fiscal 2020) and 33 lost-time accidents overseas (same as the previous fiscal year). The number of companies counting accidents has increased across the whole MISI Group. For production volume as well, while the total number of accidents declined amid a recovery in volume to FY2019 levels, the unfortunate occurrence of critical accidents points to the need for continued improvements in safe operation standards for the whole Group.

Corporate Profile

Corporate name	Marubeni-Itochu Steel Inc.
Date of Establishment	October 1, 2001
Capital	30 billion yen
President and CEO	Tatsuhiko Toshita
Executive Vice President	Haruhiko Ida
Fiscal year-end	March 31
Shareholders	50% owned by Marubeni Corporation 50% owned by ITOCHU Corporation
Number of Employees	non-consolidated 948 (April 1, 2022) consolidated 9,960 (April 1, 2022)
Business areas	Processing, import, export, and sales of steel products; supply chain management; investment in steel-related industries
Head Office	Nihonbashi 1-chome Bldg., 4-1, Nihonbashi 1-chome, 16-18F Chuo-ku, Tokyo 103-8247, Japan