

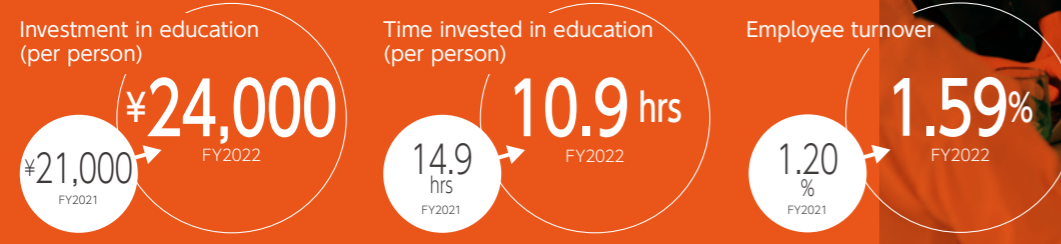


Capital to create value

# Human Capital

Aichi Steel considers that the pursuit of a valuable working life that brings happiness to employees will lead to company growth. As such, we have defined "Employee happiness and corporate development" as one of our management guidelines in Vision 2030, and we are actively investing in our human resources in the following ways to achieve this goal.

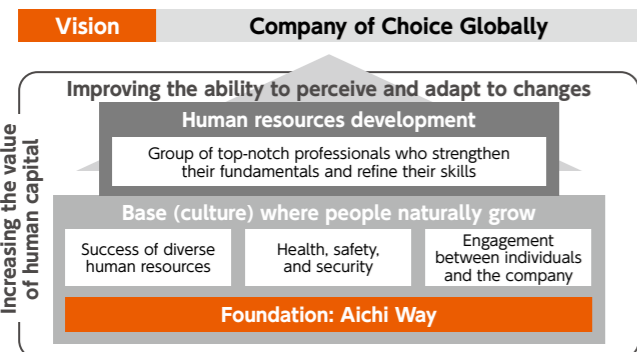
- (1) Creating opportunities for women and older employees to play active roles, and promoting diversity and inclusion to provide diverse workstyles
- (2) Implementing health and productivity management and promoting the creation of safe and secure workplaces
- (3) Improving employee engagement to achieve both individual and company growth
- (4) Developing human resources able to perceive social and company changes and meet those changes with flexibility



## Strengthening of Human Capital Management

Aichi Steel believes that its mission is to accurately identify the changing needs of society and continue to provide new value as a materials manufacturer, amidst highly uncertain circumstances such as the rapid progress of decarbonization. We also consider our human capital to be the source of our success in this mission.

We are working to strengthen our human capital management to achieve corporate growth. In these efforts, we leverage the Aichi Way, which has been passed down through generations as a set of values to be cherished in our work, and the technologies and skills we have cultivated as a materials manufacturer, to help each and every employee maximize their potential by acquiring skills corresponding to changing roles and taking on new challenges with enthusiasm. Our human resources development aims to create a group of top-notch professionals who strengthen their fundamentals and refine their skills. More specifically, at the foundation of this effort is the creation of opportunities and systems that enable the success of diverse human resources, improvement of engagement between individuals and the company, and the development of the base where people naturally grow, all in workplace environments ensuring good health, safety, and security.



## Diversity and inclusion

Aichi Steel believes that employees with diverse values, potentials, and experiences understanding each other, enhancing each other's potential, and demonstrating it will lead to the creation of new value. This is why we are committed to the employment of diverse human resources and the development of systems and environments that enable them to demonstrate their abilities.

## Promotion of more active roles for women in the workplace

Aichi Steel is committed to creating an environment in which women can choose flexible workstyles to pursue their goals. We support career development through training and other measures, and have introduced and developed systems to help women balance work and life events. These include the Nice Family System, which is centered on childcare and nursing care support systems, as well as flextime system without a core period and working from home system. We are also focusing on efforts to raise awareness, such as providing e-learning on childcare support systems to all managers to promote understanding among superiors and other employees in the workplace, and to create an environment that facilitates the use of childcare leave regardless of gender. In fiscal 2022, 22 male employees, double the number of the previous year, took childcare leave, indicating the positive effects of our efforts. We will continue to respect diverse values, promote the creation of an environment in which everyone can play an active role regardless of gender, and work to create an environment in which all employees can balance work with their personal lives.

## Overview of the Nice Family System

Childbirth and childcare						Nursing	Other
Birth	Until 1 year old	Until 2 years old	Until 3 years old	Until entry into elementary school	Until 3rd grade at elementary school		
Pre/post birth leave						Nursing care leave	Flextime system
Childcare leave	Extended leave					Nursing care special leave	Working from home system
Overtime exemption						Shortened working hours for nursing care	
Overtime restriction (24 hours/month and 150 hours/year)						Overtime restriction (24 hours/month and 150 hours/year)	
Nighttime work restriction						Welfare leave	
Childcare special leave (5 days/year for 1 child or 10 days/year for 2 or more children)						Reemployment system	
Sick/injured childcare leave (5 days/year for 1 child or 10 days/year for 2 or more children)							
Shortened working hours for childcare							

		FY2022
Rate (and number) of female managers*1		1.0% (4)
Rate (and number) of male employees taking childcare leave*2		33.3% (22)
Wage difference between male and female employees*1, *3 (%)	All employees	66.5%
	Full-time employees	68.2%
	Part-time/temporary employees	68.7%

\*1 Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace  
 \*2 The percentage of employees taking childcare and other leaves under Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members is calculated based on the provisions of the ordinance.  
 \*3 Aichi Steel's salary and evaluation systems do not vary by gender, and the factors that contribute to differences in wages between men and women are the length of service, the ratio of women in manager positions, and the ratio of men and women in different job categories with different salary levels.

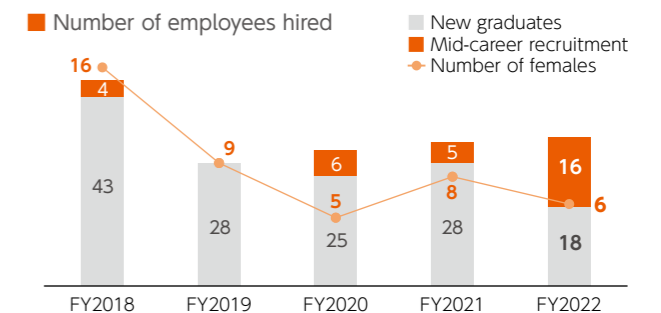
## Expansion of active workplaces for people with disabilities

Aichi Steel is implementing a variety of measures to enable employees with disabilities to play an active role in a wide range of workplaces, including manufacturing sites and administrative divisions. With a focus on motivation, individual characteristics, and suitability for the operations, we determine assignments based on a series of practical workplace training and interviews. We are also implementing measures to fully utilize the potential of employees with disabilities after assignment, such as regular meetings with the employee concerned, follow-up with their workplaces, and other support and consideration led by the Vocational Life Consultants for Persons with Disabilities. In addition, to eliminate obstacles making it difficult for employees with disabilities to work, we are also committed to expanding the number of workplaces available to them through the introduction of barrier-free facilities, support for career advancement, and initiatives to raise employees' awareness and improve understanding.

## Mid-career recruitment

In today's increasingly complex society, Aichi Steel believes that solving social issues through our business requires more advanced knowledge, diverse experience, and abilities than ever before. For this reason, we are focusing on mid-career recruitment, especially in our priority areas.

In fiscal 2022, we hired 16 employees in general positions. (Rate of mid-career recruitment: 44.8%)



## Success of older employees

The number of older employees (aged 60 and above) is expected to increase in the future due to the future decline in the labor force, increase in the age at which pension benefits begin to be paid, and retention and improvement of workplace capabilities. Aichi Steel has established the Nice Senior System, which allows all employees who wish to continue working beyond the age of retirement until the start of pension benefits. Through discussions between labor and management, we have created comfortable work environments and revised employee benefits to ensure that older employees can continue to work with joy. In addition, to provide an opportunity to review their plans for post-retirement life, we are also implementing initiatives for the autonomous career development of older employees, such as holding seminars for those who have reached the age of 55 on themes such as how to work, retirement benefits and pensions, and health and dietary habits.

## Person in charge of promotion



**Haruna Nakata**  
 Labor Management Department,  
 Human Resources Division

I am working every day toward the expansion of workplaces where employees with disabilities can play an active role and enjoy it. Each employee has different needs and difficulties, and it is sometimes difficult to provide the right support, but it is very rewarding when I see them succeeding in the workplace. I will continue to provide support in cooperation with related parties so that employees can continue to work with stability for a long time.

## Human Resources Development

Aichi Steel is committed to developing human resources who can improve their basic skills, which are indispensable regardless of the times, and their expertise necessary to adapt to changes, and are able to think and act independently, while practicing the Aichi Way, a set of shared values that must be held by all employees of the Aichi Steel Group whose key words are "Sustain," "Appreciate," and "Create."

### Implementation of the Aichi Way

Aichi Steel's human resources development is based on the concept of the Aichi Way, which is to "sustain" the skills and spirit established by our predecessors, to "appreciate" the colleagues, and to continue to "create" for the benefit of society, people, and colleagues.



### Strengthening of basic skills and expertise

To strengthen the basic skills required for our operations, Aichi Steel is focusing on three areas: problem-solving capabilities, which are the foundation of work, skills for strong workplace capabilities, and digital literacy, which has been newly added. Our basic approach is to acquire problem-solving capabilities and skills through on-the-job training based on the principle of "Genchi-Genbutsu,"\* and to enhance their effectiveness through off-the-job training (group education and training, etc.). For digital literacy education, we provide a flexible training program centered on e-learning, offering an educational curriculum suited to each individual's level of proficiency. In addition, to support self-development efforts, we provide correspondence courses, study assistance, and certification incentive programs to strengthen expertise.

\*"Genchi" is actual place (Gemba) and "Genbutsu" is actual stuff or goods, something you can physically touch



#### Person in charge of promotion



**Aya Tsuchiya**  
Human Resources Development Department, Human Resources Division

Education often does not produce immediate results, but I believe that by improving the basic skills of employees, we can contribute to enhancing their own sense of reward and to providing value to our customers. Especially when it comes to DX education, it is exciting to think of how it can help expand the company's potential, as things that were previously difficult or impossible to do can now be accomplished easily, quickly, and with good quality.

### On-the-job and off-the-job training

Aichi Steel is actively and systematically practicing on-the-job training from the viewpoint that experience in and learning from onsite inspections are the key to developing human resources. We have established a system in which each employee reviews their future career plan and regularly discusses with their superior their work assignments and goals for acquiring the skills and knowledge necessary to realize the plan and for developing competencies. In training programs, various efforts are made to enhance the effectiveness of training, such as senior employees taking charge of instructing junior employees to achieve a synergistic effect between on-the-job training and off-the-job training, and top management providing messages based on their own experiences to raise participants' motivation.

### Digital literacy education

To adapt to the rapidly changing business environment and maintain and improve competitiveness, it is necessary to promote DX for the transformation of the operations, organizations, and corporate culture, in addition to initiatives at manufacturing sites, such as smart factories. To achieve this, Aichi Steel has introduced a new education program to accelerate efforts to develop DX human resources. In fiscal 2022, we conducted digital knowledge training, mainly through e-learning, for all employees in general positions. From fiscal 2023, we are focusing on the selection and training of DX leaders who will drive DX promotion.

DX human resources	Necessary DX human resources	Training target for 2026 (number of employees)
DX leaders	Have the ability to lead digital human resources to promote DX	125
DX members	Possess digital technology and have the ability to promote operational transformation	515
All employees	Have the ability to use digital technology to promote operations	900

### Efforts to develop human resources for executives

To systematically develop human resources who will be responsible for future management, Aichi Steel provides education programs to acquire managerial leadership skills that allow them to see and think from the perspective of the entire company to create management ideas, and to hone their boldness, vision, sense of speed, and other qualities necessary for assuming higher responsibilities. Having the managing executive officers serve as instructors, the programs are designed to make the participants aware that they are core human resources, with an emphasis on their mindset to fulfill their roles. By continuously striving to develop human resources for management, we will ensure that we have the human resources to support the management of the company.

## Health and Safety Initiatives

### Basic approach

Since its foundation, Aichi Steel has practiced people-oriented management. People-oriented management refers to management that enables employees to lead healthy and active lives, both physically and mentally, to realize valuable lives and the happiness of employees and their families, and provides value to society. Based on the basic philosophy that health and safety take priority over all, we position employee health and safety as priority issues, work to maintain and improve their mental and physical health, and create people-friendly, safe, and secure workplaces.

### Implementation of health and productivity management

Aichi Steel believes that efforts to maintain and improve employee health bring a range of benefits, including vitality and productivity improvements for the organization. Based on this belief, we are committed to implementing health and productivity management for sustainable growth. In the Medium-term Management Plan, we have established quantitative targets for employee health and have been working on continuous improvement through PDCA cycles. With mental health and the prevention of lifestyle-related diseases as our priority issues, we are working to enhance various measures by promoting "collaborative health"\* through collaboration among the company, Health Insurance Society, and labor union. In recognition of these initiatives, we were recognized for the sixth consecutive year in 2023 as a Certified Health & Productivity Management Outstanding Organization.

\* Efficient and effective implementation of disease prevention and health promotion for insured individuals through active collaboration between the insurer and the business with clearly assigned roles and favorable workplace environments



#### Promotion structures



### Prevention of lifestyle-related diseases

With the aim of improving lifestyle habits for better health, Aichi Steel is promoting Health Challenge 8 initiatives to raise employees' health awareness and encourage behavioral changes. Employees and workplaces voluntarily engage in health promotion activities in a fun and creative way by holding inter-office events to encourage the implementation of healthy habits related to the eight categories: maintaining appropriate weight, eating breakfast, drinking alcohol, snacking between meals, giving up smoking, doing exercise, sleeping, and reducing stress.

#### Person in charge of promotion



**Tomoyo Sanada**  
Health Promotion Department, Human Resources Division

We are working to improve mental health, which is the foundation for employees to play an active role in their work. In fiscal 2022, we engaged in activities focusing on detailed follow-up and post-return-to-work care for employees with mental health issues. From fiscal 2023, we are strengthening self-care and care involving their supervisors with the aim of preventing the occurrence of problems.

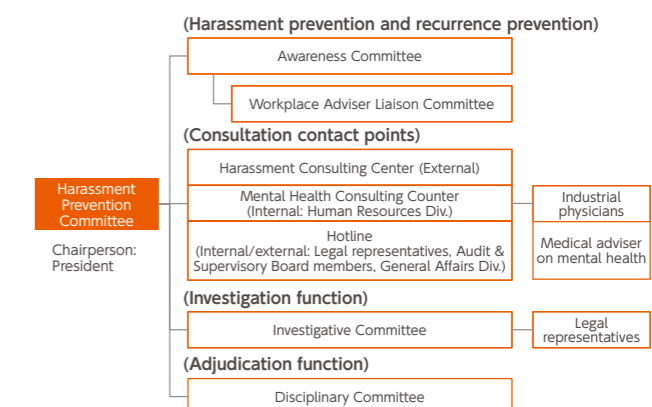
### Mental health

Aichi Steel is working to prevent the occurrence of mental health issues and ensure their early detection and care by establishing a Mental Health Consulting Counter, providing education to both regular employees and supervisors, and providing consultations with a medical adviser on mental health for employees with mental health issues. In addition, we conduct stress checks once a year for all employees, and promote mental health by providing care for high-stress individuals and high-risk workplaces.

### Harassment

Harassment is not only an assault to personal dignity and a disturbance of the peace in workplaces, but it is a problem that severely impacts business management as well. This is why labor and management are working together to create harassment-free workplaces. Aichi Steel established the Aichi Steel Harassment Prevention Guidelines, which defined measures for preventing harassment and rules for the company and employees to observe, and provide education to all executive officers and employees. We have also established dedicated consultation contact points internally and externally to address harassment issues, and we are allocating consultants in each workplace to systematically suppress harassment while achieving early detection and resolution. Consultations, reports, and issues uncovered are quickly examined, and facts are confirmed, in the Investigative Committee made up of members of labor and management who work to prevent recurrence through strict measures, education of supervisors, and other actions. In fiscal 2022, we increased the number of Workplace Advisers in remote areas and workplaces with rotating shifts for the purpose of increasing the convenience and effectiveness of these advisers, who are set up to support and serve as guides for workplace development. We are also working to raise awareness about harassment by regularly publishing a Labor Affairs News on harassment.

#### Basic conceptual diagram of harassment prevention structures



## Safety

### Basic approach

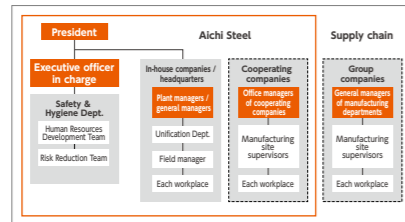
The Aichi Steel Group recognizes that safety takes priority over all. With this approach in mind, in accordance with the Basic Philosophy for Safety and Health, we aim to create safe and secure workplace environments for our employees and everyone else on our premises and to transform into a company with a safety culture.

#### Basic Philosophy for Safety and Health

Safe work, Reliable work, Skilled work. Safe work is "the gate" to all work. Let us pass through this gate.

### Promotion structures

Led by the Safety & Environmental Division which is directly supervised by the president, the Aichi Steel Group is working on reducing and preventing occupational accidents, fostering safety-conscious human resources, and conducting inspections and audits. Based on the belief that all accidents and injuries can be eliminated, we are working to create safe and healthy workplace environments for all workers on our premises by sharing companywide policies not only with the in-house companies, headquarters, and Group companies, but also with cooperating companies.



### Activity policy

To prevent accidents, the Aichi Steel Group is developing safety activities based on the three pillars: safety management, fundamentally safe designs, and the development of safety-conscious human resources.

**Safety management:** Risk assessment able to reliably identify sources of danger

**Fundamentally safe designs:** Facilities with zero points of contact between people and sources of danger

**Development of safety-conscious human resources:** Development of human resources that can promote mutual awareness

#### Transform into a company recognized by society as having a safety culture



\* Occupational Safety and Health Management System

#### Person in charge of promotion



**Yuji Yoshida**  
Safety & Hygiene Department,  
Safety & Environmental Division

Based on the concept that safety takes priority over all, we are working to create accident-free workplaces by eliminating all serious risks by 2027, to transform into a company recognized by society as having a safety culture. Safety activities are like rowing a boat continuously on a river; if you do not keep rowing, you will fall back. We will build a solid foundation based on the three pillars of safety, and maintain and sustain this foundation to create safe workplaces.

### Fiscal 2022 initiatives

#### Safety management

##### Safety Convention

The Safety Convention is held in conjunction with National Safety Week to share information on occupational accidents and to establish common policies for activities.



All Aichi Safety Convention

##### Onsite support

This initiative promotes accident prevention activities by supporting the activities of all workers on our premises by proposing better work practices and improving problems.



Accompanied Safety Patrol

#### Fundamentally safe designs

##### Management Safety Inspection Meeting

This initiative promotes the horizontal implementation of safety initiatives through guidance on and sharing of measures to eliminate hazardous sources specific to the workplace based on onsite inspections by top management.



Management Safety Inspection Meeting

##### Learning and sharing of past accidents

This initiative aims to prevent the recurrence of similar accidents by inspecting the status of countermeasures for accidents that occurred in the past.



Onsite Disaster Inspections

#### Development of safety-conscious human resources

##### Skill competition

This competition is designed to raise the level of our daily safety awareness and skill training by confirming and improving this level through competition.



Forklift Safe Operation Competition

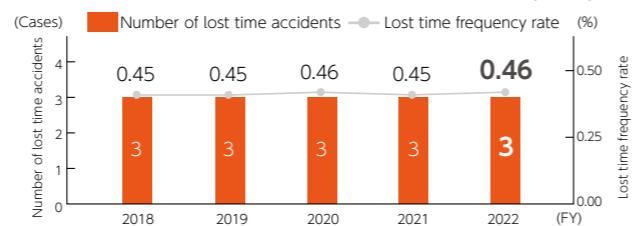
##### Prevention of disasters and accidents from being forgotten

This initiative strives to develop autonomous human resources by learning about the true causes of accidents and sustaining the mindset to be applied to autonomous actions.



Education at Denshinkan

#### Number of lost time accidents and lost time frequency rate



## Creation of a Comfortable Work Culture

### Basic approach

For the company and employees to share goals, grow together, and for each employee to demonstrate their full potential, a high level of engagement and a comfortable workplace culture are necessary. To achieve this, Aichi Steel conducts regular employee engagement surveys and implements necessary measures to ensure that employees feel a sense of growth through their work, remain motivated to work, and feel more fulfilled in their jobs. We are also working to enhance safe and comfortable work environments, such as by improving office environments, cafeteria, and restrooms.

### Examples of activities

Category	Examples
Communication	<ul style="list-style-type: none"> <li>Campaigns to greet others and to call them without honorific titles</li> <li>I-Time system for supervisors to communicate and discuss management information in workplaces</li> </ul>
Workplace environments	<ul style="list-style-type: none"> <li>Improvement of rest areas in workplaces (expansion of area, enhancement of facilities, etc.)</li> <li>Expansion of women's locker room space</li> </ul>
Benefits and welfare	<ul style="list-style-type: none"> <li>Construction of new dormitory for single employees</li> <li>Introduction of cafeteria plan*</li> </ul>

\* A system that allows employees to select their favorite benefits from a menu of benefits within the points allotted to them

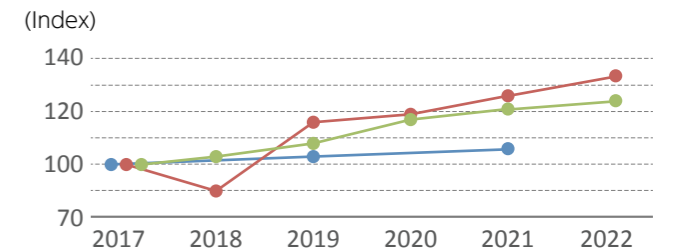


Exterior view of new dormitory for single employees, Hakusen Dormitory

#### Cafeteria plan menu (excerpts)

- Lifestyle support**
  - Subsidies for cafeteria use
  - Subsidies for purchase of working and office wear
  - Subsidies for highway commuting expenses
  - Subsidies for scholarship repayment
  - Subsidies for car inspection
- Health support**
  - Subsidies for use of various health checkups and medical examinations
  - Subsidies for use of sports facilities
- Asset building and insurance support**
  - Subsidies for contribution to My Savings Pension Plan
  - Subsidies for premiums for Happy Life Insurance
- Housing support**
  - Subsidies for private housing rent
  - Subsidies for mortgage repayment
- Diverse workstyle support**
  - Subsidies for purchase of computer equipment for working from home
  - Subsidies for use of housekeeping services
- Childcare and nursing care support**
  - Subsidies for use of childcare facilities and services
  - Subsidies for use of nursing care facilities and services
- Self-development support**
  - Subsidies for TOEIC examination fee
- Refreshment support**
  - Subsidies for travel expenses
  - Subsidies for use of relaxation facilities

### Changes in engagement evaluation



- Morale survey:** Survey of employee attitudes to company management and policies, motivation for work (once every two years)
- Office workplace management survey:** Survey of attitudes of employees in general positions to workplace management performance, relationships with superiors and colleagues, etc. (once every year)
- Workplace capability survey:** Survey of attitudes of specialized employees to workplace management performance, relationships with superiors and colleagues, etc. (once every year)

### Initiatives to improve engagement

Aichi Steel conducts an annual engagement survey of all employees. Based on the results of the analysis from various perspectives, such as motivation toward work, sense of growth through work, support from superiors, and workplace culture, we are working to develop various personnel measures and improve management in each workplace. In addition, for managers, who play an important role in workplace development, we are working to improve their management skills through lectures by experts and leadership training. In fiscal 2023, to gain a deeper understanding of the analysis of each workplace and clarify the direction of improvement, we are working to create a better workplace culture aimed at employee happiness and growth by starting to improve the engagement survey.

#### Person in charge of promotion



**Toshihiro Asaoka**  
Human Resources Division

I feel that there are things that I have taken for granted in my long career at the company that, on second thought, could have been done a little better. To make junior employees and future employees feel comfortable and want to continue working at the company, we will continue to engage in our activities while constantly asking ourselves what is a good workplace culture.