

ESG Report

(FY2022)

MARUICHI STEEL TUBE LTD.

Maruichi Steel Tube Ltd.
August 31, 2022

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Editing Policy

This report has been prepared to achieve Maruichi Steel Tube's target vision and to categorize the status of materiality issues that increase the medium- and long-term corporate value from an ESG (Environment, Society, Governance) perspective, and to provide a reference to all stakeholders. Going forward, we will enhance the content and disclose information in a timely and appropriate manner. We look forward to fulfilling our accountability through opportunities for various dialogue with you all.

◇Reporting period: April 1, 2021 to March 31, 2022
(Some details include information from outside the reporting period)
◇Scope of report: The Maruichi Steel Tube Ltd. (non-consolidated)
(Some details include information from some Group companies. We are currently working on future coverage of the entire Maruichi Steel Tube Group, including each consolidated subsidiary.)
◇Posted on the Internet: From April 2021 (FY2020) with plans to update in August each year.

Note. This report has been prepared for the purpose of providing information about Maruichi Steel Tube's business activities. Opinions and forecasts are based on judgements of the Company at the time of preparation and no assurance is given in relation to the accuracy of the information.

Message from Top Management



Founded in Osaka in 1947, we celebrated our 70th anniversary in 2018. In 2020, we created our new slogan “01 x 100: Everywhere, MARUICHI. The One-and-Only Company, Found Everywhere.” It lays out the new journey ahead of us - growing to be a vibrant centurion. From before the war until recently, the prevailing mindset made profit the focal point of corporate value. However, existential issues for the human race such as the scale of human impact on the global environment, climate change and the loss of biodiversity, and food shortages have recently come to prominence. The Maruichi Steel Tube Group’s is addressing these issues head-on, and wishes to grow as a company that all stakeholders believe to be of critical importance.

● Climate Change and Environmental Actions

We recognize the impact that our corporate activities have had on the earth, and the necessity of reducing that impact. The material flow of our products uses electricity, energy, and other resources to turn steel plates (coils) we have procured into pipes, surface-treated steel sheets, and other products. By following this process, we provide value to customers, and can also ultimately recycle our products back into iron. Fortunately, the raw material for steel - iron - is a recyclable resource, but CO_2, wastewater, and other byproducts are emitted during the processing stage, so we are firstly focusing on reducing this waste as much as possible.

● “Axes” of Management Thinking

At the same time as reducing the impact on the global environment, it is also necessary to further raise the level of profit and economic value - but initiatives doing so must be consistent with improving social value. Until recently, the motto that drove our business was "Focused on Steel Tubes."
Moving forward, we will expand in both vertical and horizontal directions, with steel tubes as our business foundation.
“Vertical” refers to our products and fields of business. To date, we have expanded our business upstream through surface processing of steel plates as well as downstream through the processing of automotive components. In addition, we expanded into manufacturing seamless tubes - a completely different technology and customer base to our traditional ERW pipes - through the acquisition of Maruichi Stainless Tube Co., Ltd. in 2019.
“Horizontal” refers to expansion into global markets. By building our presence in North America and Asia, the proportion of our sales generated in overseas markets has increased to approximately 40%.
In the future, we will have to solve problems on a global scale, and if we take a truly global approach, the possibilities that pipes hold will expand enormously. We are working with fresh ideas to solve social issues such as providing comfortable living environments, building resilient cities that are resistant to disasters, transporting renewable energy, using decarbonized forms of transport, and responding to food shortages.

● Diversity & Inclusion, Engagement

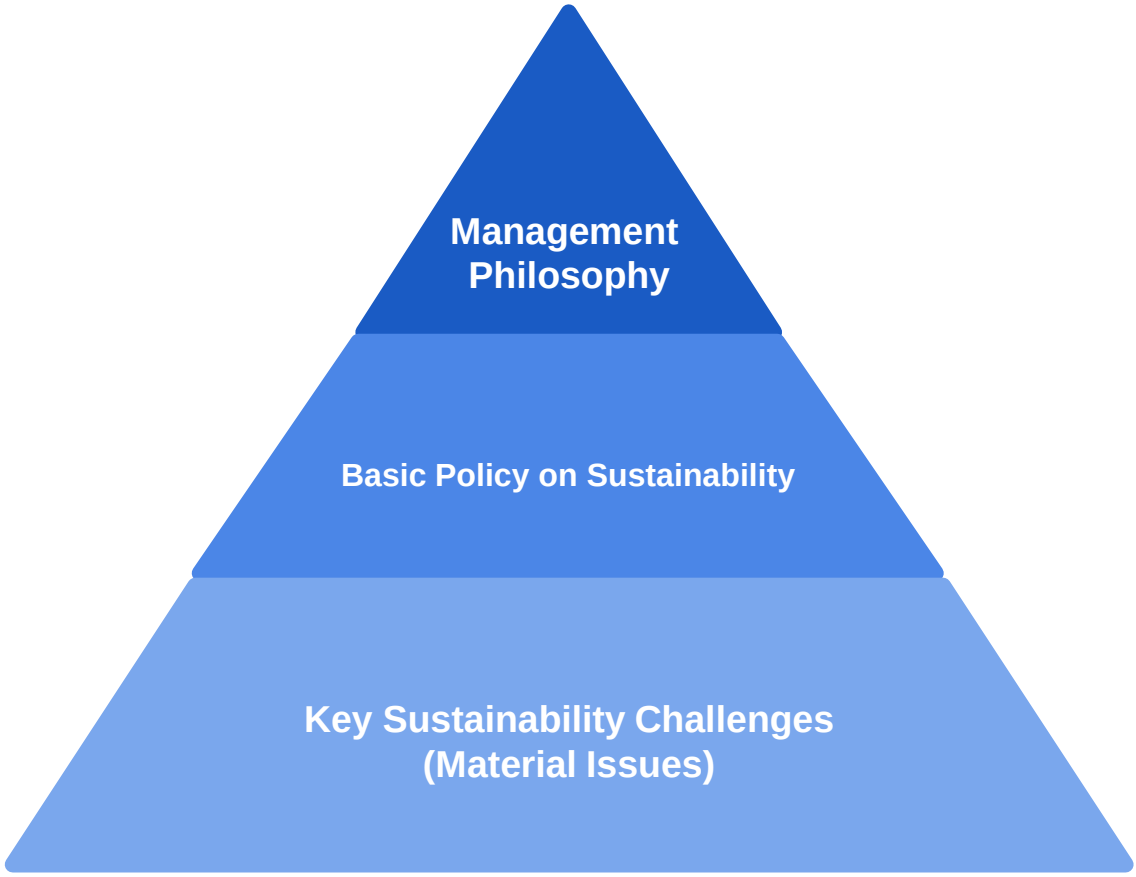
We believe that innovation - the generation of new ideas - is catalyzed by the combination of increasingly-diverse values, and is critical to the creation of new value. Such an innovation process requires that a wide variety of people - regardless of gender, age, nationality, or career background - be active and engaged in the organization. Maruichi has a merit-based wage system, which emphasizes the passion of the individual and places no limits or ceilings on their progression, regardless of gender or educational background. We also have a culture of multitasking, where individual staff are encouraged to master multiple skills. However, the reality is that there are still few women and people of different nationalities here. We recognize this as an issue and are working to address it. In engaging with employees, we emphasize improving the emotional wellbeing of our staff by nurturing their awareness of how much the company values them. We do so by tailoring communication from management in order to share values, developing systems to take on board employee suggestions in whatever diverse form they take, and expanding two-way communication with employees. We also aim to improve the quality of flexible and productive working styles through digital transformation (DX) initiatives both on the front line and at Head Office.

● Governance

In order for a company to demonstrate its ability to create value, both the monitoring and management functions of the Board of Directors as well as the risk management systems based on the internal control systems are essential. We value the perspectives of Board members with different backgrounds and skill sets - especially outside directors - and strive to reflect their input in management decisions. In addition, we intend to help address material issues that cannot be solved through our businesses - such as the problems of poverty and education support in emerging and developing countries struggling to due to the COVID-19 pandemic - by contributing part of our profits after dividends to related charitable endeavors.

Hiroyuki Suzuki, Representative Director, Chairman & CEO
Yoshinori Yoshimura, Representative Director, President & COO

The Maruichi Steel Tube Group's Sustainability



Management Philosophy

1. As a leading steel tube company, our mission is to contribute to society by providing outstanding products and responding to the trust of customers.

1. We respect all stakeholders, including business partners, employees and shareholders based on respect for human rights.

1. We promote the creation of energy for growth and new values for the future by enhancing product reliability, technological capability, and sales capability by means of the wisdom, passion, and action of each employee.

1. We will continue being an outstanding company filled with dreams that our employees feel worthy of entrusting their lives to.

Basic Policy on Sustainability

Under the management philosophy of “contributing to society by responding to the trust of customers and placing a high value on all people, based on respect for humanity,” the Maruichi Steel Tube Group(Maruichi Group) aims to realize sustained growth through business activities that consider all stakeholders. In addition to the Group’s own sustained growth, we engage in important (material) issues in accordance with the policies set out below and aim to increase corporate value in order to contribute to realizing sustainable societies.

Organizational Governance

The Maruichi Group respects the rights of shareholders and strives to ensure equitability and transparency of management while fulfilling our fiduciary responsibilities and providing accountability to our shareholders, led by our Board of Directors. At the same time, we position corporate governance as a critical management issue as we strive to achieve our management vision, and reinforce speedy and accurate decision-making as well as supervisory functions. In addition, in order to improve medium- and long-term corporate value and maintain sound management, we pursue the optimal corporate governance and engage in ongoing efforts for enhancement.

Responsibility to Customers

The Maruichi Group strives to provide safe, high- quality products to meet the needs of our customers, while bearing in mind the effect on end-users, and to respond with sincerity, swiftness and accuracy to the trust placed in us. The Group also endeavors to provide appropriate product information, and secure, maintain and enhance the satisfaction of all customers. We adhere to the word and spirit of the law of each country, and thoroughly protect the personal information of customers and all other people who are involved in our business activities.

Fair Operating Practices

The Maruichi Group acts with proper judgement and moderation in commercial transactions, neither giving nor receiving unfair profits, to prevent mistaken or dishonorable evaluation. Commercial transactions, regardless of whether they pertain to products or services, are carried out through proper processes, after fair comparison and evaluation of transaction details based on honest and legitimate negotiation. The Maruichi Group does not permit bribery, discontinues relationships with antisocial forces, and does not participate in corruption of any form.

The Environment

The Maruichi Group regards the fulfillment of social responsibility through legal compliance as fundamental, and contributes to the further protection of the global environment, in order to provide a livable environment for future generations. By providing products using iron, which is highly recyclable, the Group plays a part in supporting a recycling-oriented society, while structuring production activities to prevent environmental pollution such as air, water, or soil pollution. In addition, the Group continually strives for better technology, to realize more efficient use of resources including energy, water, and raw materials. The Group sets goals and targets related to these efforts and establishes management systems to engage in continuous improvement activities.

Community Involvement and Development

The Maruichi Group aspires to develop and grow together with various countries and local communities. The Group contributes through its business activities, by providing a stable supply of products to meet diverse needs in each country or region, thus supporting the construction and development of industry platforms. In addition, the Group also contributes to realizing rich societies, through the expansion of employment opportunities and the redistribution of profits through tax payments and the like. The Group pursues business sustainability, by considering ways to reduce the environmental and social burden of its business activities. Moreover, as a member of local communities, the Group is conscious of the need to solve social issues. By actively taking part in activities that contribute to society, the Group strives for proactive engagement with people in local communities who share the same hopes and aspirations.

Labor Practices

The Maruichi Group works in accordance with the philosophy of “respect for humanity,” to create companies brimming with dreams, in which diverse employees can engage in fair, decent and meaningful work, and to which they can entrust their lives. To this end, the Group facilitates a work-life balance suited to individual circumstances, and diverse and flexible working styles. Each and every employee is encouraged to develop his or her abilities under high health and safety standards, and we create a work environment that ensures the mental and physical health and safety of employees. The Group also establishes sound labor-management relations, with opportunities for dialogue with employee representatives.

Human Rights

The Maruichi Group works to prevent any and all acts of human rights violations, including indirect involvement. The Group protects the human rights of all stakeholders, including people in a weak social position or crisis situation, regardless of individual attributes such as gender or nationality. Products are not supplied to, or purchased from, business entities that violate human rights, and measures are implemented to provide relief for people whose human rights have been violated.

Key Sustainability Challenges (Material Issues)

Building on our Basic Policy on Sustainability, Maruichi Steel Tube has identified issues deemed important in light of issues facing society as a whole, and is promoting initiatives to solve these issues.

Corresponding aspect of the Basic Policy on Sustainability	Category	Material Issues (Key Sustainability Challenges)	Related SDGs
Human Rights Labor Practices	Human Resources & Working Styles	Diversity and Inclusion HR management Recruiting policy Labor health and safety Business efficiency and productivity improvement Protection of human rights	
The Environment	Consideration for the environment	Global environmental conservation Formation of a recycling-oriented society Biodiversity conservation Transition to environmentally-friendly products	
Organizational Governance Fair Operating Practices	Governance	Ensuring fairness and transparency in management Swift and accurate decision-making and a stronger supervisory function Stronger internal controls BCP completion and renewal	
Community Involvement and Development	Social Contribution Activities	Cooperation and support for cultural activities Promotion of sports Contribution to local communities Contribution to the global community	

Feature

Initiatives regarding Climate Change

1 Reducing CO_2 Emissions

In response to the Japanese government's declaration of "realizing a carbon neutral society by 2050," the Maruichi Steel Tube Group(Maruichi Group) has set a target to reduce CO_2 emissions by 2030 as a step toward achieving carbon neutral and we are working to achieve that target.

We aim to reduce the (Scope 1+2) CO_2 emissions of the Maruichi Group in Japan by 46% by 2030 (compared to the FY2013 baseline). In addition, each overseas company in the Maruichi Group is promoting activities to reduce CO_2 to similar levels as Japan.

Target to reduce CO_2 emissions

2030

CO_2 emissions (Scope1+2)

46% reduction (compared to FY 2013)

2050

Achieving carbon neutrality

2 Proactive disclosure of information related to climate change

The Maruichi Group treats the prevention of global warming as a critical management issue, and we are participating in ongoing initiatives to find solutions. The Group also agrees to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), based on which we will work to proactively disclose information related to climate change.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Please refer to: Disclosure based on TCFD

Actions to Reduce CO_2 Emissions

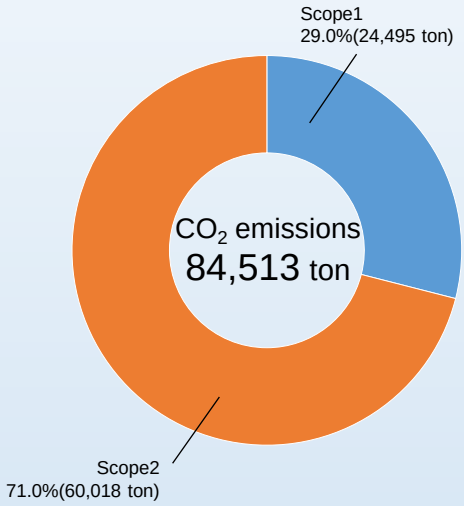
Global environmental conservation

In Japan, the Maruichi Steel Tube Group(Maruichi Group) emits 84,513 tons of CO_2, 71.0% of which is Scope 2 emissions from indirect energy consumption such as electricity. We are working to reduce CO_2 emissions such as by further promoting energy conservation activities and switching to low-carbon energy. In addition, some of our domestic plants began to use electricity from renewable sources in FY2021, contributing to reducing our Scope 2 emissions.
In FY2022, MARUICHI PHILIPPINES STEEL TUBE INC. (MPST), which has production bases in the Philippines, joined the Maruichi Group as a consolidated subsidiary.

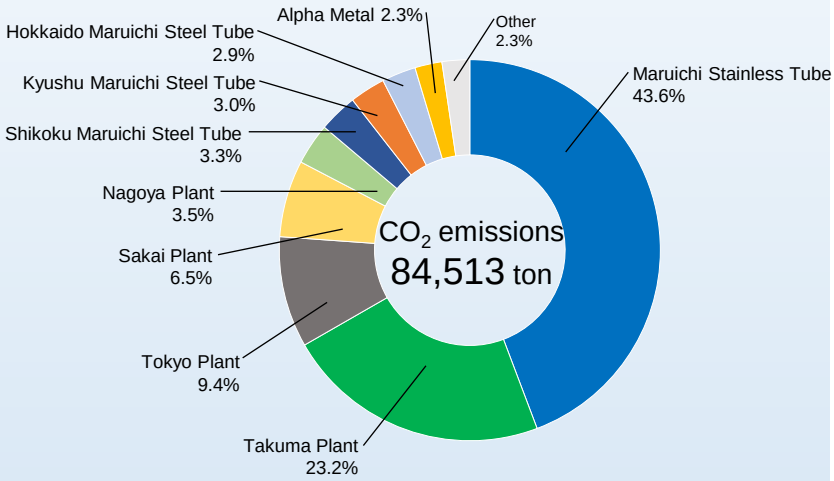
Actual CO_2 emissions in FY2021

The entire Maruichi Steel Tube Group in Japan

CO_2 emissions by Scope level

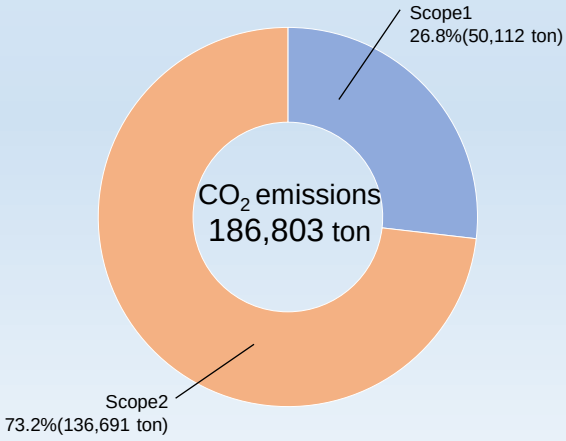


CO_2 emissions by plant

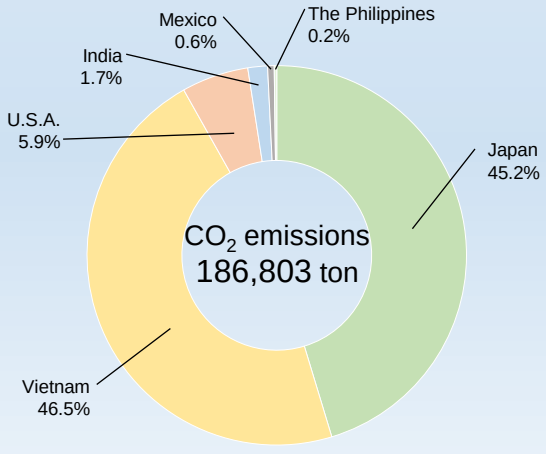


The entire Maruichi Steel Tube Group including overseas consolidated subsidiaries

CO_2 emissions by Scope level



CO_2 emissions by country

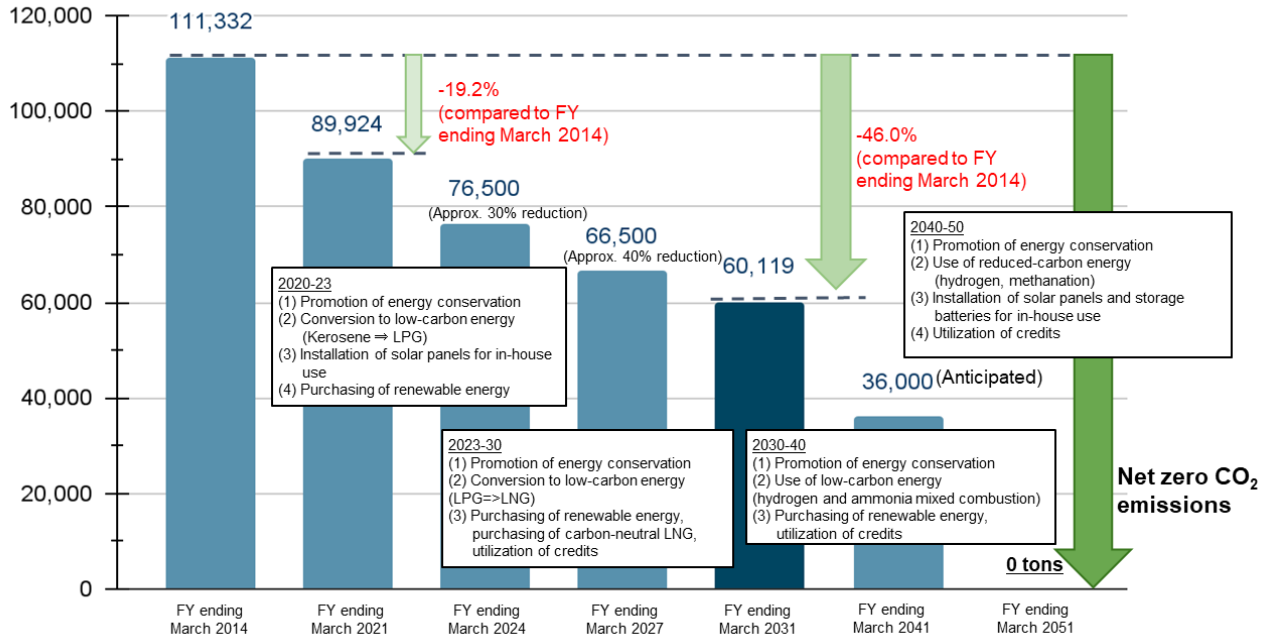


Applicable companies

Japan:	Maruichi Steel Tube Ltd., Hokkaido Maruichi Steel Tube Ltd., Shikoku Maruichi Steel Tube Ltd., Kyushu Maruichi Steel Tube Ltd., Maruichi Stainless Tube Co., Ltd., Alpha Metal Co., Ltd., Maruichi Kohan Ltd.
Vietnam:	Maruichi Sun Steel Joint Stock Company, Maruichi Sun Steel (Hanoi) Co., Ltd
U.S.A.:	Maruichi American Corporation, Maruichi Leavitt Pipe & Tube, LLC Maruichi Oregon Steel Tube, LLC
India:	Maruichi KUMA STEEL TUBE PRIVATE LIMITED
Mexico:	MARUICHIMEX S.A. de C.V.
The Philippines:	MARUICHI PHILIPPINES STEEL TUBE INC.

Roadmap for reducing CO_2 emissions in Japan

In order to achieve carbon neutrality by 2050, the Maruichi Steel Tube Group In Japan has formulated a medium- to long-term CO_2 emissions reduction plan (roadmap), and is using it in our work to reduce emissions.



By 2030, we will promote further energy conservation activities, the switch to low-carbon energy, and the usage of renewable energy (the installation of solar panels for in-house use and beginning to use electricity from renewable sources) in order to reduce CO_2 emissions. By the end of FY2022, we plan to set CO_2 emissions reduction targets for overseas Maruichi Group companies based on the situation in each country.

Plan to introduce solar power generation for in-house use

Group company Maruichi Stainless Tube plans to install solar panels on the roof of its factory office in FY2022 and use the generated electricity in-house. We are contributing to reducing CO_2 emissions by replacing some of the power required for our operations with electricity from renewable sources. Looking ahead, we will actively consider installing solar power generation for our in-house use at other sites.

Reduction in compressor air

We set a company-wide target to reduce the compressor air used in production plants by 3% per unit of production for the two years FY2020 and FY2021 (versus the FY2019 baseline) and have introduced compressor air reduction campaigns in each production plant. Although we have not achieved our target due to compressors increasing in number as we open new production facilities, we will continue to strive to save energy expended on compressors.

Upgrading factories with energy-saving equipment

We emphasize the selection of highly energy-efficient options when replacing or upgrading equipment. Notably, we have been installing super high-efficiency transformers that surpass the efficiency even of 'top runner' transformers. In addition, this fiscal year we have been upgrading boilers and hydraulic units with high-efficiency equipment. Other energy-saving initiatives include transitioning equipment such as pumps used at our plants to inverter technology.

Shift to energy-efficient lighting

The Company has proactively adopted energy-efficient lighting such as LEDs. We plan to upgrade all ceiling lighting in production plants to energy-efficient lighting by 2023. The Company also intends to upgrade the warehouses of Maruichi Stainless Tube, Alpha Metal, and Maruichi Kohan with energy-saving lighting systems, underlining our commitment to energy efficiency not only in production sites but across the entire Maruichi Group.

Total number of energy-saving light fittings installed in Japan

FY2019	FY2020	FY2021	FY2022 (estimate)
259	886	452	715

*The FY2022 estimate includes three additional Japanese subsidiaries in upgrade plans.

Balance of Materials in Business Activities

Formation of a recycling-oriented society

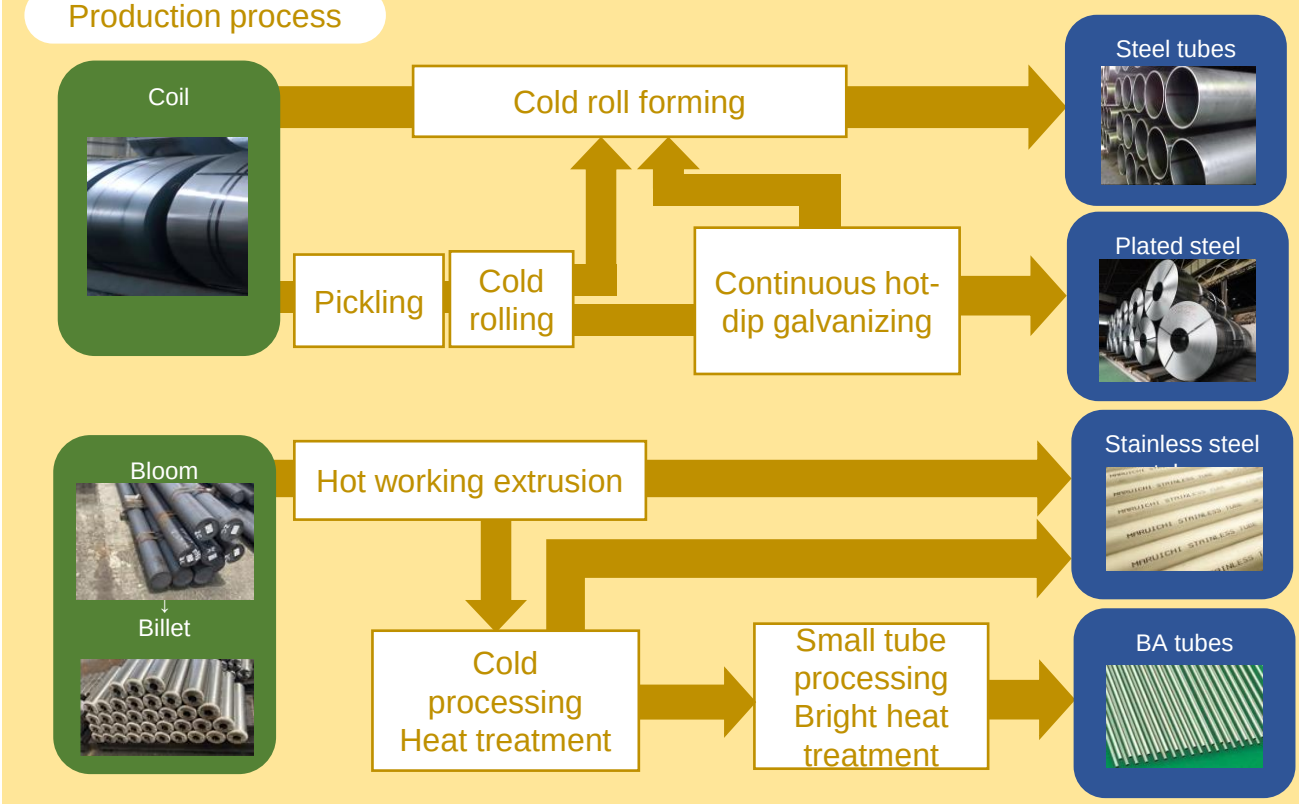
The Company manufactures carbon steel and stainless steel tubes, BA tubes, and plated steel coils using highly recyclable iron as raw materials. In addition, we are continuously engaged in initiatives to reduce waste emissions and CO_2 emissions in each manufacturing process as well as energy conservation activities.

FY2021 Results (for the entire Maruichi Steel Tube Group in Japan)

INPUT

Raw materials		Energy		Water resources	Transport fuel
Coil	785k ton	Electric energy	136.4 GWh	3,233 km^3	4,547 kl *1 (crude oil equivalent)
Zinc and aluminum	4.6k ton	LNG	3,848 ton		
Stainless steel tube	24k ton	Steam	28k ton		
		Town gas	5,062 km^3		

Production process



OUTPUT

Products		CO_2 emissions (production)		CO_2 emissions (transport)
Steel tubes	681k ton	Scope 1	24.5k ton	20k ton *1
Plated steel coils	61k ton	Scope 2	60.0k ton	
Stainless steel tubes	12.3k ton			
Medium diameter BA tubes	484k units			
Small diameter BA tubes	1,386k units			

Waste	Water discharge	Substances subject to the PRTR Act
5,448 ton	2,811 km^3	83 ton

*1 Results for Maruichi Steel Tube Ltd. and Maruichi Stainless Tube Co., Ltd.

Information Disclosure based on TCFD Recommendations

Recognizing that climate change has become a global crisis issue, the Maruichi Steel Tube Group(Maruichi Group) believes it is also one of the most important management issues we face. We aim to realize a world in which the average temperature rise is limited to 1.5° C - as laid out in the Paris Agreement - by conducting business in a manner considerate to all global stakeholders. Therefore, the Group also agrees to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), based on which we will disclose information on governance, strategy, risk management, as well as indicators and targets.

Governance Organizational governance concerning climate-related risks and opportunities	• In order to respond to the various challenges and opportunities our Group faces due to climate change, Environmental Management Officers have been appointed at each Group company in Japan and overseas, and we have established the Maruichi Group Carbon Neutral Environment Committee, which is headed by the Chief Environmental Officer, the company President. • The Chief Environmental Officer sets the policies and measures for carbon neutrality for the entire Maruichi Group, and makes progress reports to the Board of Directors (at least once every six months).
Strategy Impact of climate-related risks and opportunities on the organization's business, strategic, and financial plans	• Risk and opportunity analysis using 4°C and less than 2°C scenarios released by the IPCC and IEA. • Estimating the financial impact in FY2030 for items whose risks and opportunities can be identified and quantitatively analyzed.
Risk management Processes for identifying, managing, and evaluating climate-related risks	• The Maruichi Group Carbon Neutral Environment Committee identifies climate-related risks and evaluates as well as manages the extent of their financial impact. • The Compliance Committee evaluates how companywide and the above climate-related risks relate to each other, identifying and regularly monitoring significant risks based on factors such as their frequency of occurrence and financial impact. • It reports the risk management situation to the Board of Directors, and incorporates risk countermeasures into management strategies and the Medium-Term Management Plan.
Indicators and targets Indicators and targets for evaluating and managing climate-related risks and opportunities	• In 2030, the Maruichi Group in Japan aims to have reduced CO_2 emissions by 46% (compared to FY2013 levels). • The Group aims to achieve carbon neutrality by 2050.

Major climate-related risks, opportunities and evaluations

Classification	Business impact	Evaluation of impact	Measures
Risks			
Transition	**Changes in raw materials costs** Increases in raw materials costs due to the introduction of carbon taxes and increased supplier operating costs	Large	• Beginning to use electricity from renewable sources • Solar panels for in-house use
Physical	**Increased severity of abnormal weather** Disruption of operations at production sites and logistics functions in the supply chain	Large	• Installation of tide gates at factory building entrances • Elevating electrical switchboards etc.
Opportunities			
Transition	**Increasing power generation plant construction** Increase in demand for steel conduit due to construction of diverse renewable energy power stations and upgrades to power distribution networks	Large	-
	Increasing demand for hydrogen Increase in demand for seamless stainless steel tubes for use in VCF and hydrogen stations due to the spread of hydrogen energy	Medium	-

CO_2 emissions data by scope (FY2021)

Unit: t-CO_2

Scope 1 *1		50,112
Scope 2 *1		136,691
Scope 3 *2		1,665,046
Category 1	Purchased products and services	1,529,390
Category 2	Expansion of production facilities	16,545
Category 3	Fuel- and energy-related activities other than Scope 1 and Scope 2	31,023
Category 4	Shipping (Upstream, downstream - by the consignor itself)	37,078
Category 5	Waste generated by business operations	3,911
Category 6	Business trips	185
Category 7	Commuting	586
Category 8	Assets leased inward by the company	-
Category 9	Shipping (Downstream - other than by the consignor)	1,021
Category 10	Processing of products sold	44,090
Category 11	Usage of products sold	-
Category 12	Disposal of products sold	-
Category 13	Assets leased from the company to others	1,217
Category 14	Franchises	-
Category 15	Stock investment	-

*1 Range of data collection: Maruichi Steel Tube plus 13 Japanese and overseas subsidiaries
*2 Range of data collection: Categories 1, 4, 9, 10, 13 - Maruichi Steel Tube plus three Japanese subsidiaries
Categories 2 and 3 - Maruichi Steel Tube plus 13 Japanese and overseas subsidiaries
Categories 5, 6, 7 - Maruichi Steel Tube plus five Japanese subsidiaries

Initiatives for Environmental Conservation

Global environmental conservation
Biodiversity conservation

Shift to PHVs and EVs for company cars

Company cars at the Sakai Plant have been upgraded to electric vehicles, which contributes to reducing CO_2 emissions when using company cars. We have also installed an electric vehicle charging station in the factory grounds, and will consider rolling them out to other plants as well.



Electric vehicle charging station

Environmental education

Our Company works to raise the environmental awareness of employees through meetings of Environmental Promotion Committee members engaged in environmental activities at plants as well as environmental education at new employee training sessions. As part of our environmental education program, we encourage employees to take the Certified Environmental Specialist exam, 40 of whom passed in FY2021.

Waste reduction targets

In order to reduce CO_2 emissions from industrial waste disposal, our company has set an annual target of reducing industrial waste generated via our business activities by 3% from the previous year as well as taking initiatives to reach that target.

Biodiversity conservation

We are engaged in activities to protect the glasswort plants (designated endangered plants II in the Ministry of the Environment's Red Data Book) that grow naturally within the grounds of the Takuma Plant. Glasswort plants are halophytes that grow on tidal flats and saltpans.



Glasswort plants

Investment in the Carbon-Neutral Fund

The Fund aims to contribute to the spread and expansion of renewable energy, driving its transition to baseload generation as an integrated business from production right through to stable consumption of renewable energy. Our Company will continue its initiatives to promote the spread of renewable energy and contribute to the realization of a sustainable environment and society by investing in the Fund.

Status of environmental qualifications

The Company encourages employees to obtain environmental qualifications. We have taken initiatives such as introducing a system to pay a certain allowance to holders of public qualifications such as the Qualified Person for Energy Management and Pollution Control Manager, with the aim of improving employee capabilities and self-development.

Status of qualifications obtained

Qualified Person for Energy Management		23
Pollution Control Manager (Air, Water)	First Grade	6
	Second Grade	18
Certified Environmental Specialist		62

Effective use of water resources

Our Sakai and Takuma Plants promote the effective use of water resources by recirculating some of the water discharged from wastewater treatment facilities as well as water containing forming oil used in steel tube making machines.



Forming oil recirculating in steel tube making machines

Contribution to the Environment through Products

Transition to environmentally-friendly products

Maruichi Handy Pipe STK700

By adopting high tensile steel (700 N/mm^2), the weight is almost 25% lighter than steel tubes used in conventional single tube scaffolding. Consequently, CO_2 emissions are reduced during production as well as transport.



Non-chrome products

We have developed non-chrome type agricultural steel tubes (AL-Z55N) and steel tubes for conveyor rollers that have the same level of corrosion resistance and do not contain hexavalent chromium, which are environmentally-hazardous substances.



Colored products (square steel tubes • C-shaped steel)

We reduce the environmental impact by coating with “JIS K 5674 (lead-free, chrome free anticorrosive paints) class 2,” a paint that is corrosion resistant and does not contain hexavalent chromium.





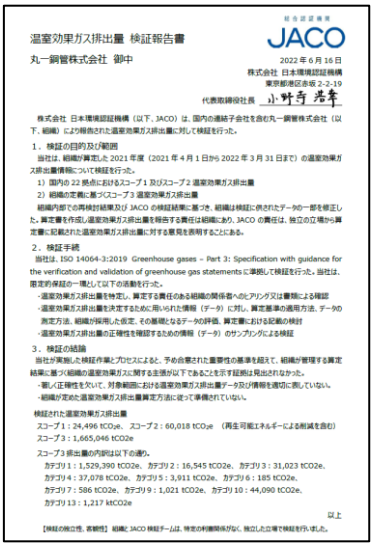
External Evaluation and Third-Party Assurance

CDP Evaluation

We responded to the CDP questionnaire for the first time last year, receiving a score of B- for climate change and C for water security. We have responded to the CDP questionnaire again this year, and will continue with proactive information disclosure.
CDP is an international environmental not-for-profit charity engaged in activities encouraging companies, cities, states and regions to disclose and publish information on their environmental impacts.

Emissions verification (JACO)

Previously, our company calculated and evaluated CO_2 emissions based on the amount of energy used at each plant, based on the Act on Rationalizing Energy Use standards. However, from the perspective of reliability and transparency of emissions, this year we conducted a third-party verification for the first time, obtaining certification from the Japan Audit and Certification Organization for Environment and Quality (JACO) for some Scope 1, 2, and 3 CO_2 emissions.
We will continue to conduct third-party verification in the future to ensure the reliability of CO_2 emissions figures. In particular, we will expand the scope of Scope 3 calculation and work to further improve its accuracy.


温室効果ガス排出量 検証報告書

JACO

丸一鋼管株式会社 御中

2022年6月16日

株式会社 日本環境認証機構

東京都港区赤坂 2-2-19

代表取締役社長 小野寺 光幸

株式会社 日本環境認証機構（以下、JACO）は、国内の連結子会社を含む丸一鋼管株式会社（以下、組織）により報告された温室効果ガス排出量に対して検証を行った。

1．検証の目的及び範囲

当社は、組織が算定した 2021 年度（2021 年 4 月 1 日から 2022 年 3 月 31 日まで）の温室効果ガス排出量情報について検証を行った。

1）国内の 22 拠点におけるスコープ 1 及びスコープ 2 温室効果ガス排出量

2）組織の定義に基づくスコープ 3 温室効果ガス排出量

組織内部での再検討結果及び JACO の検証結果に基づき、組織は検証に供されたデータの一部を修正した。算定書を作成し温室効果ガス排出量を報告する責任は組織にあり、JACO の責任は、独立の立場から算定書に記載された温室効果ガス排出量に対する意見を表明することにある。

2．検証手続

当社は、ISO 14064-3:2019 Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements に準拠して検証を行った。当社は、限定的保証の一環として以下の活動を行った。

・温室効果ガス排出量を特定し、算定する責任のある組織の関係者へのヒアリング又は書類による確認

・温室効果ガス排出量を決定するために用いられた情報（データ）に対し、算定基準の適用方法、データの測定方法、組織が採用した仮定、その基礎となるデータの評価、算定書における記載の検討

・温室効果ガス排出量の正確性を確認するための情報（データ）のサンプリングによる検証

3．検証の結論

当社が実施した検証作業とプロセスによると、予め合意された重要性の基準を超えて、組織が管理する算定結果に基づく組織の温室効果ガスに関する主張が以下であることを示す証拠は発出されなかった。

・厳しく正確性を欠いて、対象範囲における温室効果ガス排出量データ及び情報を適切に表していない。

・組織が定めた温室効果ガス排出量算定方法に従って準拠されていない。

検証された温室効果ガス排出量

スコープ 1：24,496 tCO2e、スコープ 2：60,018 tCO2e（再生可能エネルギーによる削減を含む）

スコープ 3：1,665,046 tCO2e

スコープ 3 排出量の内訳は以下の通り。

カテゴリ 1：1,529,390 tCO2e、カテゴリ 2：16,545 tCO2e、カテゴリ 3：31,023 tCO2e、

カテゴリ 4：37,078 tCO2e、カテゴリ 5：3,911 tCO2e、カテゴリ 6：185 tCO2e、

カテゴリ 7：586 tCO2e、カテゴリ 9：1,021 tCO2e、カテゴリ 10：44,090 tCO2e、

カテゴリ 13：1,217 ktCO2e

以上

【検証の独立性、客観性】 JACO 検証チームは、特定の利害関係がなく、独立した立場で検証を行いました。

GHG Verification Report

EPD Issuance

Three North American Group companies (MAC, MOST, and Leavitt) have obtained Environmental Product Declaration (EPD) certification for their round and square steel tubes from UL Solutions of the U.S.A.
We will continue to actively conduct life-cycle assessments of our products, working to reduce environmental impact from the product life cycle perspective.





ISO certification registration information

The Maruichi Steel Tube Group is building ISO 14001 environment management systems for continuous improvement of environmental management. We have also obtained the following certifications and renew the certifications as appropriate.

Registering organization	Registration number	Acquisition date	Most recent date of renewal
Maruichi Steel Tube Ltd.*1	JSAE699	August 8, 2003	August 8, 2021
Maruichi Stainless Tube Co., Ltd.	E1714	February 15, 2007	February 15, 2022
Alpha Metal Co., Ltd.	34767/B/0001/UK/En	April 29, 2009	April 29, 2021
Maruichi Sun Steel Joint Stock Company	VN10/00022	February 2, 2010	February 26, 2021

*1 Registered organizations include Hokkaido Maruichi Steel Tube Ltd., Tomakomai Plant, Shikoku Maruichi Steel Tube Ltd., Shikoku and Tachibana Plants, and Kyushu Maruichi Steel Tube Ltd., and Kyushu Plant.

Stakeholder Engagement

The Maruichi Steel Tube Group(Maruichi Group) considers all stakeholders to be the source of the Company's creation of value. Through communication we respond to stakeholders' expectations and demands, and leverage these to achieve sustained growth.

Stakeholders		Main responsibilities of the Maruichi Steel Tube Group	Approaches	Points of contact
Customers	Our steel tubes are used for a wide range of purposes, in diverse applications in society, and our customers come from many different industries. We provide high-quality products to meet the needs of our customers.	- Provision of safe, secure, and valuable products - Appropriate provision of product information - Appropriate response and support for customers - Appropriate management of customer information	- Regular sales activities - Quality assurance support - Corporate site & product information site - Website inquiries service (email) - Exhibitions & events - Plant tours	Each office Sales Departments Quality Assurance Divisions, Sales Offices
Business Partners	We treat our business partners with respect, as partners in the creation of value for society. We are careful to ensure that transactions are fair and founded on a relationship of trust.	- Fair trade - Fair and reasonable criteria for the selection of business partners - Elimination of questionable relationships - Consideration for human rights in supply chains - Consideration for the environment in supply chains	- Information exchange through business partner visits - Regular procurement activities - Quality audits	Procurement & Outsourcing Division Quality Assurance Divisions, Sales Offices
Shareholders & Investors	In addition to providing value through the return of profits from sustained growth, we engage in fair and transparent corporate management, with the timely distribution of information and ample opportunities for dialogue through our IR activities.	- Timely and appropriate information disclosure - Appropriate distribution of profits - Maintaining and enhancing corporate value - Applying shareholder and investor perspectives in management	- General Meeting of Shareholders - Briefings for institutional investors - Plant tours - Annual Report & business reports - Website for investors - Email magazine - Individual interviews with institutional investors	Human Resources & Administration Dept. (PR & IR)
Employees	Based on our philosophy of respect for humanity, we strive to create environments that bring out the best in each and every employee.	- Fair evaluation and conditions - Consideration for labor health and safety - Proactive empowerment of human resources - Respect for human rights and diversity - Support for diverse working styles - Career development	- 1 on 1 meetings - Meetings in each workplace - Company newsletter - Relationship with the labor union - Compliance hotline - Wide range of training - Regular transmission of messages from top management - Production site inspection tours by top management	Human Resources & Administration Dept. Corporate Planning Division Secretariat
Local Communities	The Maruichi Group respects the culture and customs of each region where we have bases in Japan and overseas and engages in business activities with care for the local environment.	- Respect for local culture and customs - Activities to contribute to local communities - Prevention of plant accidents and industrial accidents - Support for surrounding regions in the case of disaster	- Support for cultural and artistic activities - Contribution through businesses to local communities - Information exchange meetings - Support for social studies learning - Participation in events held by local governments and regional groups - Participation in volunteer activities	Each office Human Resources & Administration Dept.
Global Environment	In addition to preventing environmental pollution through business activities, the Maruichi Group plays a part in building a recycling-oriented society, by providing products using iron, which is highly recyclable.	- Anti-pollution measures - Global environmental protection through effective use of resources - Appropriate disposal of waste - Biodiversity conservation - Provision of environmentally-friendly products	- Legal compliance - Communication with those responsible for ultimate disposal - Activities to protect specific animals and plants - Research and development activities	Each office General Manager in Charge of Environmental Management Human Resources & Administration Dept.

Human Resources & Working Styles

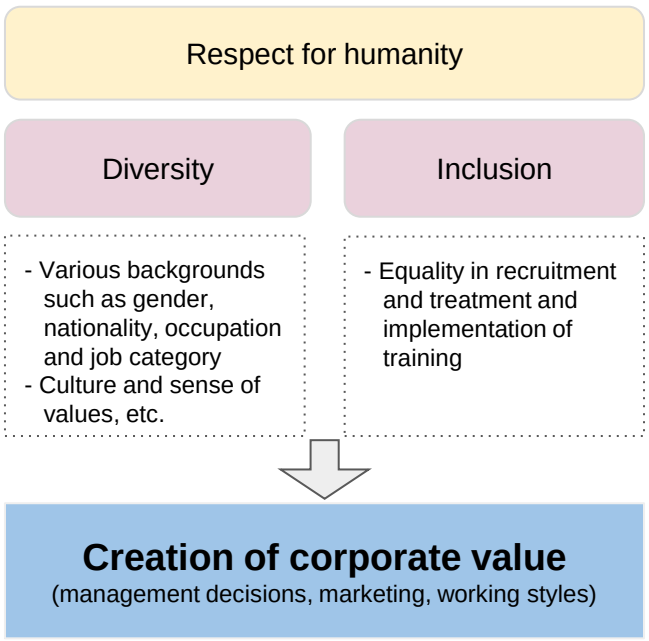
Basic approach

The Maruichi Steel Tube Group has pursued becoming a company that places a high value on all people based on the philosophy of respect for humanity.

The following types of human resources are necessary to create corporate value in the current society where there are big changes and high uncertainty.

- Human resources with diverse backgrounds
- Diverse human resources with different genders, nationalities, cultures and senses of values

In addition, there simultaneously needs to be a structure that embraces and accepts such sense of values as an organization.



Our values

- Philosophy of respect for humanity
Aiming to maintain employment and create a workplace that gives everyone a fulfilling and exciting purpose in life.

- Multitasking
Under the idea of ”small number of people creates efficient workers,”striving to cultivate each individual to be adept at a wide variety of skills in multiple operations (in the case of plant,ability to be responsible for multiple manufacturing processes).

Our vision

- Diversity and inclusion
In light of the large changes in the business environment and global development, we promote diverse sense of values and embrace and accept different cultures.

- Empowerment of females, non-Japanese, seniors, etc.
In addition to the above, we strive to further develop our response to the lower birth rate and aging society.

Challenges and opportunities

- Expansion of recruitment channels
- Establish a new human resource system and cultivate and educate from a long-term perspective

Data about our Employees

Basic employee data

*Shows the number of regular employees at Maruichi Steel Tube (non-consolidated)

	March 2018	March 2019	March 2020	March 2021	March 2022
Number of employees	633	623	627	626	612
of which male	590	579	580	578	562
of which female	43	44	47	48	50
Number of managers	70	75	71	81	81
of which male	70	74	70	80	80
of which female	0	1	1	1	1
Average age (years)	37.9	38.9	38.7	39.8	40.0
of which male	38.9	39.3	38.8	39.7	39.9
of which female	34.9	38.2	37.2	40.3	40.7
Average number of years of continuous employment	16.5	17.9	17.6	18.2	18.2
of which male	16.8	18.5	18.2	18.6	18.8
of which female	9.3	10.7	10.7	11.6	11.7
Average salary (million yen)	636	637	638	610	657
of which male	-	-	645	628	644
of which female	-	-	508	495	504
Number of recruits	31	24	37	23	26
of which male	23	24	33	20	21
of which female	8	0	4	3	5

(Targets under the Act on the Promotion of Female Participation and Career Advancement in the Workplace (until the fiscal year ending March 2026):
1. At least 2.2% of managers are female
2. The difference between men and women in the average number of years of continuous employment shall be 70% or less.)

Basic employee data (major overseas companies)

Data from major overseas companies	Leavitt	MAC	MOST	MMX	SUNSCO	SUNSCO Hanoi	KUMA	MPST
	December 2021	December 2021	December 2021	December 2021	December 2021	December 2021	March 2022	March 2022
Number of employees	131	69	41	78	522	97	117	35
of which male	124	64	37	51	437	41	116	26
of which female	7	5	4	27	85	56	1	9
Number of managers	45*	8	4	6	27	11	17	4
of which male	-	7	4	5	21	9	16	1
of which female	-	1	0	1	6	2	1	3
Average age (years)	46	43	47	35.4	37	33.7	39	29
Average years of continuous employment	11	11	8	4.6	10	7.4	9	1.5
Number of recruits	17	9	8	3	106	4	3	12
of which male	17	8	8	3	91	1	3	11
of which female	0	1	0	0	15	3	0	1

*The number of Leavitt managers is shown only by the total number of non-union members.

Diversity and Inclusion

Create an environment where employees can reach their full potential

- We are proactively incorporating a female perspective that had tended to be overlooked in the steel industry, which had originally been a domain of “male society.”
- We are implementing measures such as a system that responds to life events and training to cultivate skills to build an environment where females can continuously exhibit their abilities and to prevent them from leaving. In addition, we are taking initiatives such as reviewing work content to further improve the environment in which female employees can play an active role in technical positions.

Upgrading the plant equipment and workplace environment

We are upgrading the equipment and the environment to make it easier for female employees to work even at plants that tend to be seen as male workplaces.



A female engineer working at the Sakai Pole Plant

Examples of upgrades *Including projects in progress

- Review of the workplace environment following the recruitment of female technical workers
- Renovation of women's changing rooms at Sakai, Tokyo, and Nagoya Plants
- Renovation of women's restrooms in the Maruichi Stainless Tube plant complex

Childcare leave system

The childcare leave system is available until a child reaches two years of age. In addition, based on the legal reforms in April 2022, we will publicize the system and promote male employees taking childcare leave from around the fall of 2022.

Program of reduced working hours for childcare

Ability to have reduced working hours until children enter elementary school.

Childcare leave and support for early return to work

We provide an Early Return Support Allowance to female employees who return to work early from childcare leave to support their ongoing career building.

Diversity promotion training

We implemented female participation promotion training for female employees and male managers and shared issues and solutions with each office.



Training to promote active participation by females

Creating an environment for global performance

Against a backdrop of rapidly developing globalization, the Maruichi Steel Tube Group(Maruichi Group) is creating a work environment that is very conducive to non-Japanese personnel and creating a company where personnel can play an active role regardless of race, country or region of origin. Engineers from overseas subsidiaries are welcomed at domestic plants, contributing to improving the skills of local staff and development of local production once they return to their country of origin.
In addition, we are working to develop skillful human resources who will lead the Maruichi Group in the future by actively seconding staff from Group companies in Japan to overseas bases.

- Proactive recruitment of non-Japanese students

Even within the recruitment activities, we proactively recruit non-Japanese students with the aim of increasing diversity.
There are also employees who have been seconded as candidates for key personnel at overseas subsidiaries soon after accumulating practical experience in Japan.

- Welcoming technical employees from overseas subsidiaries

From the fiscal year ended March 2020, technical employees from SUNSCO, Vietnam, have been welcomed at domestic plants with the aim to for exchange of personnel and technology within the group and to improve the skills of overseas personnel.

	FY March 2020	FY March 2021	FY March 2022
Number of employees	2	8	5



Technical employees from SUNSCO, Vietnam (Nagoya Plant)

Overseas training

We form teams spanning divisions according to the year of joining the Company and visit overseas subsidiaries. Our target is to cultivate a global perspective through inspections of overseas manufacturing bases, visits to local business partners and similar measures.

Overseas training is currently suspended due to the COVID-19 pandemic, but will be resumed in the future when it is safe to do so.



Business partner visits in Hanoi

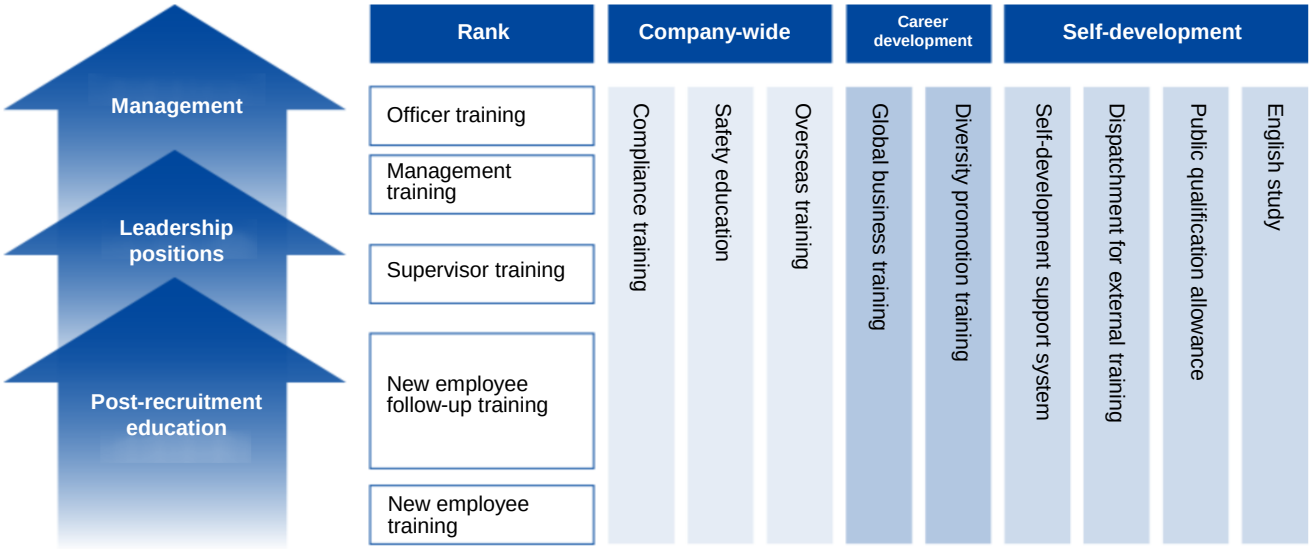
Timing	Number of participants	Destination
2004 to 2010	211	MMP (China) and others
2011	28	SUNSCO (Vietnam)
2013	29	SUNSCO (Vietnam)
2014	20	SUNSCO (Vietnam)
2015	20	ISTW (Indonesia)
2016	27	SUNSCO (Vietnam)
2017	18	ISTW (Indonesia)
2018	19	SUNSCO (Vietnam)
2019	18	SUNSCO (Vietnam)
Total	390	

Human Resource System & Training System (in Japan)

Cultivating human resources

The Maruichi Steel Tube Group(Maruichi Group) is cultivating multiskilled human resources that respond to wide-ranging operations with each individual acquiring multiple skills and knowledge. We revised the human resources system from the fiscal year ended March 2021, in a radical revision that promotes the creation of a system for rapid advancement of careers for talented employees and not by seniority.

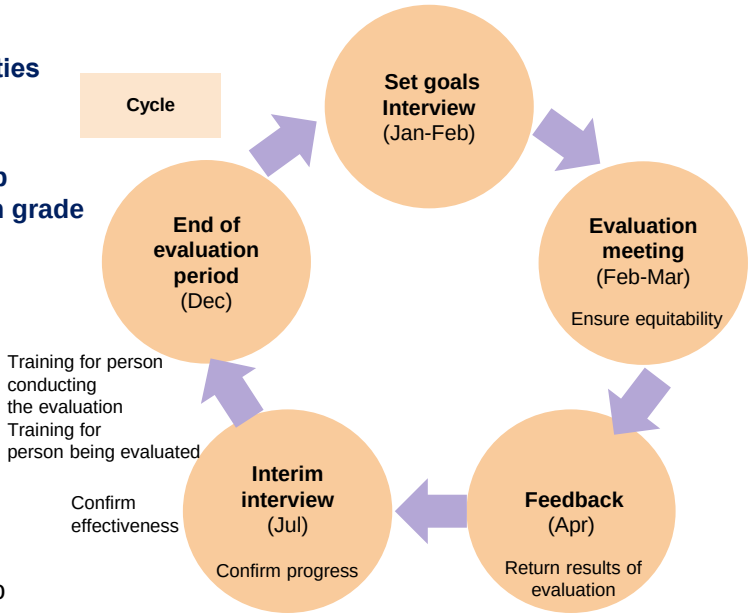
Education and training systems



New human resource evaluation system (revision in the fiscal year ended March 2021)

In recent years, the change in social circumstances due to rapid technological innovation and the low birth rate and aging society has also led to major change in peoples' working environments. To respond to such changes, we started a new human resource evaluation system from the fiscal year ended March 2021 targeting stimulation of the organization and increasing motivation and desire to work across a broad generation of employees. The key points of the revision are as follows.

- **Rather than seniority, focuses on an individual's qualities such as ambition, desire, and capabilities**
- **Introduces a system for challenging at high levels, defining the capabilities required by grade for each job category, and clarifying the mission according to such grade**
- **Strengthens employee engagement**
- **Evaluates on the basis of both goals management and capabilities (behavior)**



Conducting more satisfactory evaluations has become possible by each employee understanding these key points of revision and being clear about the process by which they set business goals and take action.
In addition, promotion based on fair evaluation contributes to the motivation of staff being evaluated.
Looking ahead, we will further enhance employee engagement through methods such as employee surveys.

Training by rank

New employee training	When joining the Company, we provide all new employees with training to learn the fundamental matters as an employee of the Maruichi Steel Tube Group(Maruichi Group) such as the history of the Maruichi Group, preparedness as a working adult, and safety initiatives. Subsequently, we provide OJT when actually working on the line at the plant.					
		FY March 2018	**FY March 2019**	**FY March 2020**	**FY March 2021**	**FY March 2022**
	Period	Around one month after employees join the company				
	Number of participants	33	34	33	36	21
New employee follow-up training	When three months have elapsed since joining the Company, we conduct follow-up training on matters such as safety together with mutual confirmation of growth and issues by presenting what has been learned during the intervening period.					
		FY March 2018	**FY March 2019**	**FY March 2020**	**FY March 2021**	**FY March 2022**
	Frequency held	Annually				
	Number of participants	34	34	33	36	21
Supervisor training	We conduct training for new supervisors on matters such as preparedness and confirmation of the role as a supervisor, how to progress work, instructions and communication with subordinates and creation of a workplace atmosphere.					
		FY March 2018	**FY March 2019**	**FY March 2020**	**FY March 2021**	**FY March 2022**
	Frequency held	Annually				
	Number of participants	27	17	13	22	21
Management training	We conduct training for new managers on matters required of a manager such as management capabilities to bring subordinates together, preparedness and compatibility of a playing manager and a manager, cultivating subordinates and strengthening the organization.					
		FY March 2018	**FY March 2019**	**FY March 2020**	**FY March 2021**	**FY March 2022**
	Frequency held	Annually				
	Number of participants	7	7	7	8	9
Officer training	We conduct training on matters such as market analysis, business environment, state of earnings and future issues for each overseas base, brining together domestic officers, general managers, and officers of overseas bases.					
	Frequency held	Annually				

*In addition, we regularly provide external training to improve the management skills of our executives.

Other training

Compliance training	We conduct training with external lecturers on the themes that are established for each year at the company-wide meeting where the heads of all plants gather once a year. We strive to raise awareness of human rights by recording the details so that all employees can hear. Compliance training was not possible for some time due to the COVID-19 pandemic, but will resume in FY ending March 2023 for a small number of staff to begin with.
Global business training	We provide training to persons scheduled to be seconded overseas on necessary matters such overseas life and communication with different cultures.

System to support public qualifications

This system pays an additional monthly stipend or a lump sum to employees who have acquired public qualifications required for their work, and also rewards those who acquire qualifications for the purpose of personal development.

Overseas Employment Situation (North America and Mexico)

Working environment at major companies in North America and Mexico

This section introduces the labor situation - including policies and trends related to the working environment - at major overseas companies.

Approach to human rights and compliance for employees at North American and Mexican companies

North American companies (Leavitt, MAC, MOST)	Mexico (MMX)
We work to maintain compliance with laws and regulations in these regions which have strict provisions regarding human rights issues, racial discrimination, religious issues, and political orientation. At the same time, we constantly pay attention to a wide range of considerations to ensure we always provide a positive working environment for diverse human resources, including employees and suppliers. The company takes active measures to raise awareness of human rights, including providing harassment training courses and study materials for employees.	In addition to observing strictly-defined laws and regulations related to human rights, we have established a policy*1 to prevent psychological risks to employees. This policy will prevent workplace violence as well as promote a positive organizational environment, dignified treatment of all staff, and communication with employees. We work to ensure employees appreciate each other's efforts, and strive to eliminate discrimination of all kinds. ***1: Policy to prevent psychological risk on MMX**

Creating a positive working environment at North American and Mexican companies

North American companies (Leavitt, MAC, MOST)	Mexico (MMX)
Cultivating human resources: With the aim of enabling autonomous management at each company, not only raising the level of individual employees' work, but also creating work arrangements where staff always consider who their work will affect and assist. **Active participation by women**: Initiatives are being promoted without setting numerical targets. **Labor Health and Safety**: Introducing work-from-home arrangements in response to the COVID-19 pandemic.	**Human resource training**: Promoting the development of multiskilled human resources. Regular training on workplace psychosocial risks*2 is provided to executives. **Active participation by women**: Over 30% of employees are female. **Labor Health and Safety**: Implementing work-from-home arrangements during the COVID-19 pandemic. ***2: Refers to psychological risks due to work-related stress, etc.**

Approach to business continuity planning (BCP) at North American and Mexican companies

North American companies (Leavitt, MAC, MOST)	Mexico (MMX)
Distributing action manuals to enable employees to prepare for and respond to disasters autonomously.	We are building systems to enable North American companies to substitute production capacity lost in the event of a disaster.

Overseas Employment Situation (Asia)

Working environment at major companies in Asia

This section introduces the labor situation - including policies and trends related to the working environment - at major overseas companies.

Approach to human rights and compliance for employees at Asian companies

Vietnamese companies (SUNSCO/SUNSCO (HANOI)) and Philippines company (MPST)	Indian company (KUMA)
The human rights of employees are thoroughly protected by complying with laws and regulations as well as the policies of respective Government ministries and agencies. In terms of the working environment, we are promoting the development of an environment which is easier for female employees to work in. At SUNSCO (including HANOI), the ratio of female employees is now more than 15%. At MPST, the ratio of female managers is as high as 75%, with female employees playing an active role in the company.	Company rules relating to human rights have been established, with a fair, non-discriminatory approach being taken to all employees. Providing employees with regular training on key skills will improve work productivity and employee career prospects.

Creating a positive working environment at Asian companies

Vietnamese companies (SUNSCO/SUNSCO (HANOI)) and Philippines company (MPST)	Indian company (KUMA)
Cultivating human resources: We provide regular health and safety training, technical training, and business skills training. Notably, MPST has introduced tuition dedicated to mental health. **Active participation by women**: The percentage of female employees is high - more than 15% - and we are promoting the development of an environment which is easier for women to work in. **Labor Health and Safety**: Implementing work-from-home arrangements during the COVID-19 pandemic.	**Cultivating human resources**: Implementing on-the-job training to develop and improve employee skills. **Active participation by women**: Working on ways to increase the ratio of female employees in order to create an environment which is easier for female employees to work in. **Labor Health and Safety**: Implementing work-from-home arrangements during the COVID-19 pandemic.

Approach to business continuity planning (BCP) at Asian companies

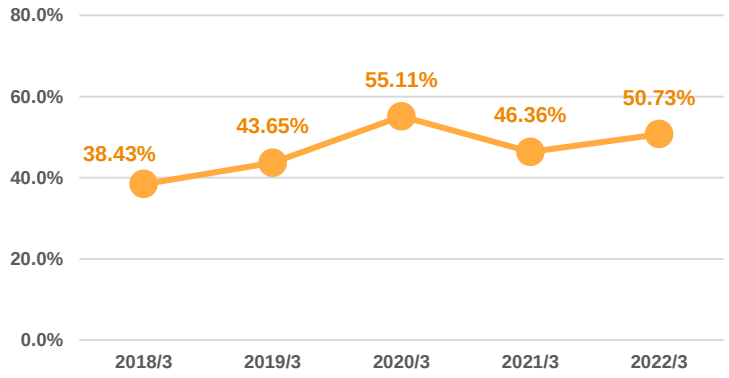
Vietnamese companies (SUNSCO/SUNSCO (HANOI)) and Philippines company (MPST)	Indian company (KUMA)
Promoting the development of corporate structures that enable flexible responses through distributing emergency response manuals, creating substitute production arrangements, training multi-skilled employees, and participating in disaster evacuation drills hosted by industrial parks.	We have created a corporate structure that enables flexible responses by having multiple plants - in which each factory supports supply as an substitute plant - and by also establishing a system that enables procurement from multiple suppliers.

Work-Life Balance & Welfare Program

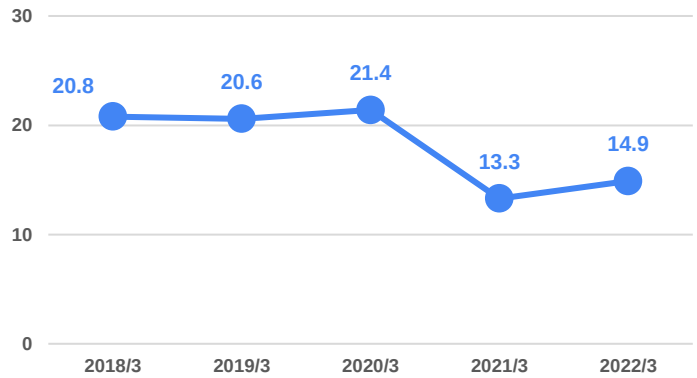
Work-life balance

In line with the aims for the “work style reform” promoted by the government, we support both working and private lives by promoting enhanced operational efficiencies and aim to achieve flexible working styles according to each and every employee’s circumstances.

■ Rate of taking paid leave



■ Overtime hours (monthly)



(Reference) Maruichi Steel Tube (non-consolidated) fiscal year ended March 2022. Working hours: 7.55 hours (8:30 - 17:10). Days off per year: 119

Welfare program

Apart from providing a residential environment complete with dormitories and company housing so that employees can work with security, we support various life plans and implement arrangements to foster personal growth through self-development and initiatives for better health and active communication between employees.

- Special leave

In addition to annual leave, we have established a range of special leave to promote the creation of an environment conducive to participation in various life events and public events.
From around the fall of 2022, we will further encourage male employees to take childcare leave.

Marriage leave, maternity leave, bereavement leave, public service leave, jury duty leave, transfer leave, maternity leave and postpartum leave, childcare leave, nursing leave for children, nursing care leave (including leave for working hours reduction)

- Supporting the housing environment

- Singles dormitories and company housing
- Housing allowance payment
  (to homeowners and people living in rental homes)

- Supporting employee education

- Internal English conversation lessons
- Public qualification allowance
- Self-development support system
- Japanese language lessons…including for employees from overseas including technical interns

- Supporting life plans

- Employee stock holding association
- Corporate defined-contribution pension system (launched in 2022)
- Wealth accumulation system
- Employee Stock Ownership Plan (ESOP)
  …treasury stock that is accumulated by the Company according to the term of service that is provided on retirement
- Mutual aid lending system and Housing loan system

- Supporting better health

- Health examinations
- System for the Company to bear the cost of flu vaccinations
- Promotion of COVID-19 workplace vaccination as well as taking leave after vaccination
- Corporate contract for welfare program services
- Sports day … annual, convened with the inclusion of employees of partner companies in each region and their families

	Employee stock holding association participation rate	Number of shares
FY ending March 2021	70%	484,339
FY ending March 2022	76%	501,181

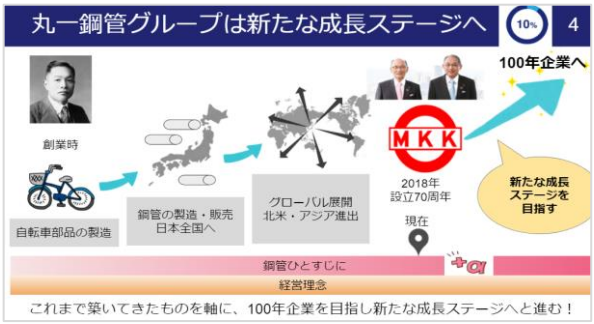
Employee Engagement

Basic approach
We share our corporate philosophy and future vision company wide and foster and environment that generates a desire to contribute and trust in the company so that employees and society move together in the same direction and write the same future. In addition, we also promote initiatives that foster interaction between employees.

Union
We have adopted a union shop system since the formation of the labor union at the Maruichi Steel Tube Group in March 1964, and improve labor conditions and the welfare program, conduct mutual aid activities and activities for safe production measures. The Company and the labor union hold opportunities for discussion throughout the year to protect both employees and their families and to build an even better workplace environment.

Formulate and share the medium- to long-term vision

We share the ideal direction of the company with the formulation of the “01 x 100” concept of aiming to be a 100-year old company and through company-wide distribution of an explanatory video for employees as well as the Company newsletter



01 x 100 Challenge System
As part of our efforts to become a sustainable corporate centurion, we revised our suggestion system for the first time in more than 20 years, launching a new "01 x 100 Challenge System" in May 2022.

This system involves reporting our employees' daily improvement initiatives, working to translate them into broader improvements through two channels: "Kaizen Sharing," which is shared internally, and "Maruichi ideathon," which promotes embracing the challenge of new initiatives across the organization.



President’s Message
(At bonus time, at the anniversary of company foundation, to mark various events, etc.)
The President sends a message to all employees on matters such as the issues and initiatives at the time and policies.

Initiative to stimulate communication
For recreation expenses in each office, a certain amount to be borne by the Company can be set aside to cover the cost of get- togethers, etc.

Company history and publication of Company newsletter
The Company history has been compiled twice with the 50-year history and the 70-year history.
We distribute details of internal events, reports from each office, personnel, alumni news, etc. two to three times a year.

Interviews for personnel evaluation
Individual interviews are conducted with each and every employee to set goals, check on interim progress and provide feedback, sharing issues that lead to growth.

Debrief on return of employees who have been seconded overseas
With a growing number of secondees due to the acceleration in overseas development, debrief meetings are held with top management on the return of such secondees to share information on the status of their work and living conditions.

	Number of employees seconded overseas
FY March 2017	34
FY March 2018	31
FY March 2019	32
FY March 2020	29
FY March 2021	32
FY March 2022	32

Human Rights and Compliance

Basic approach

The Maruichi Steel Tube Group(Maruichi Group) aims to create an environment where everyone can work fairly and honestly regardless of country or region, nationality or gender based on the corporate philosophy of valuing all people such as business partners, employees and shareholders based on respect for human rights.

Specific initiatives

We treat employees from overseas as well as Japanese employees equally and continuously conduct human rights development activities to gain the proper understanding and knowledge about human rights.

- Treatment of overseas subsidiaries and engineers from non-Japanese technical intern backgrounds

We prepare the same housing environment as for Japanese employees, pay the same for the same grade of job category, while providing opportunities for Japanese language training and various communication so that such employees can fit into the Company.

Dissemination of corporate ethics and compliance

We have compiled the compliance requirements and corporate ethics that should be adhered to by all employees in the performance of their everyday duties in a handbook that is known to all.

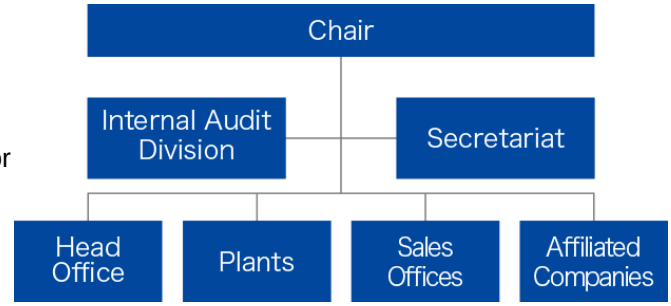
Compliance Items

1. Respect for human rights; prohibition of discrimination, sexual harassment, and power harassment; protection of personal information	2. Compliance with the Antimonopoly Act and related laws and regulations	3. Prohibition of unfair competition
4. Compliance with laws and regulations	5. Regulations against insider trading	6. Intellectual property related laws and regulations
7. Prohibition against bribery, and rules on gifts, entertainment, etc.	8. Prohibition against providing benefits to antisocial forces	9. Environmental conservation
10. Appropriate management of information	11. Appropriate use of information systems	12. Appropriate accounting, tax filing, and appropriate disclosure of company information
13. Prohibition of conflicts of interest	14. Reporting to authorities and cooperation with investigations	15. Rules for participation in political movements, etc.



- Establishment of a Compliance Committee

We have established the Compliance Committee, which reports directly to the President, to support and guide the thorough practice of compliance by officers and employees of the Maruichi Group. A Compliance Committee member has been appointed for each plant, office and Group company.



- Internal whistle-blowing system

We have established an internal compliance hotline, an internal compliance hotline for women and an external compliance hotline to enable employee consultations concerning violations such as harassment.
The hotlines handled any inquiries with securely based on duty of confidentiality and the consulter as well as persons who cooperate in confirming the facts take particular care in their response to ensure that no disadvantages arise.

Labor Health and Safety (Group Companies in Japan)

As a manufacturer, the Maruichi Steel Tube Group (Maruichi Group) is implementing initiatives to improve the workplace environment for employees at manufacturing sites and for persons at companies contracted for operations, while promoting better physical and mental health for all employees.

Labor health and safety policy

The Maruichi Group prioritizes safety over everything based on our management philosophy of “respect for humanity” and understands the social responsibility of a company to prevent labor industrial accidents. We have proactively developed labor health and safety management systems to further improve the health and safety levels and strive to create a comfortable workplace environment that secures the health and safety of all employees with initiatives to definitely reduce risks in the workplace.

Guidelines

1. Safety first – strive to create a comfortable workplace through 5 S activities, maintaining physical and mental health.
2. Strive to continuously improve the level of health and safety in the workplace by developing voluntary health and safety activities in the workplace, aiming to prevent labor industrial accidents, and through effective and efficient implementation of labor health and safety activities.
3. Create self-awareness of one’s own role and labor health and safety obligations through safety education training for all employees of the Maruichi Group and partner companies working at the same business location and strive for thorough awareness of our labor health and safety policy and labor health and safety goals.
4. Comply with laws and regulations and internal rules concerning health and safety management structures.

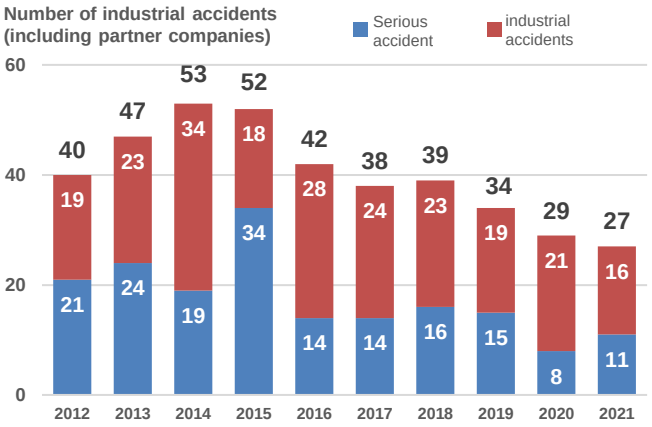
Status of industrial accidents and countermeasures

- Measures to prevent industrial accidents

Working from the Labor Health and Safety Policy and the Guidelines, the Safety Education Department sets the health and safety activity policy. Each plant then formulates a management plan based on the policy, and conducts health and safety activities.

In the unlikely event that a industrial accident occur, the site managers and the Safety Education Department will take the lead in analyzing the cause, devising countermeasures, and rolling them out at all plants to prevent similar accidents. In addition, we regularly provide on-the-job education and training in response to past industrial accidents.

At work sites, employees and partner companies work together to conduct risk assessments at each workplace, reviewing work methods and continuing to improve equipment.



Health and safety activities

Health and safety activities place particular emphasis on health and safety education.

We will continue to train employees in basic and applied knowledge according to their rank. Our aim is to develop staff to be always aware of safe work, observe established rules and work methods, and to be able to manage a safe work environment.

Holding safety conferences

As the umbrella organization of the Health and Safety Committee of each plant, and led by the President, the head of the Safety Education Department, the manager responsible at each plant, and the Head Office safety officer tour all plants nationwide together, identifying unsafe behaviors, providing guidance such as about point and call techniques to eradicate human error, and reinforcing the 5S (sort, set in order, shine, standardize, and sustain), which are the foundation of health and safety. Conferences are held four times a year, with around 20 participants each time.

Improving the workplace environment

To deal with the summer heat,
- Install ventilators
- Distribute work clothes that have fans
- Install double roofing
- Install large ceiling fans and thermal barrier sheets on ceiling

Mental health care

As well as training provided according to rank, we provide regular training on self-care by employees and line-care by management supervisors, working to establish mental health care within the company.

We conduct stress checks of all employees annually, provide opportunities for employees to become aware of their own stress situations, and for those who desire, interviews with industrial physicians.

Safety education

We established the Safety Education Department in 2015 and conduct training for each level starting with new employees.



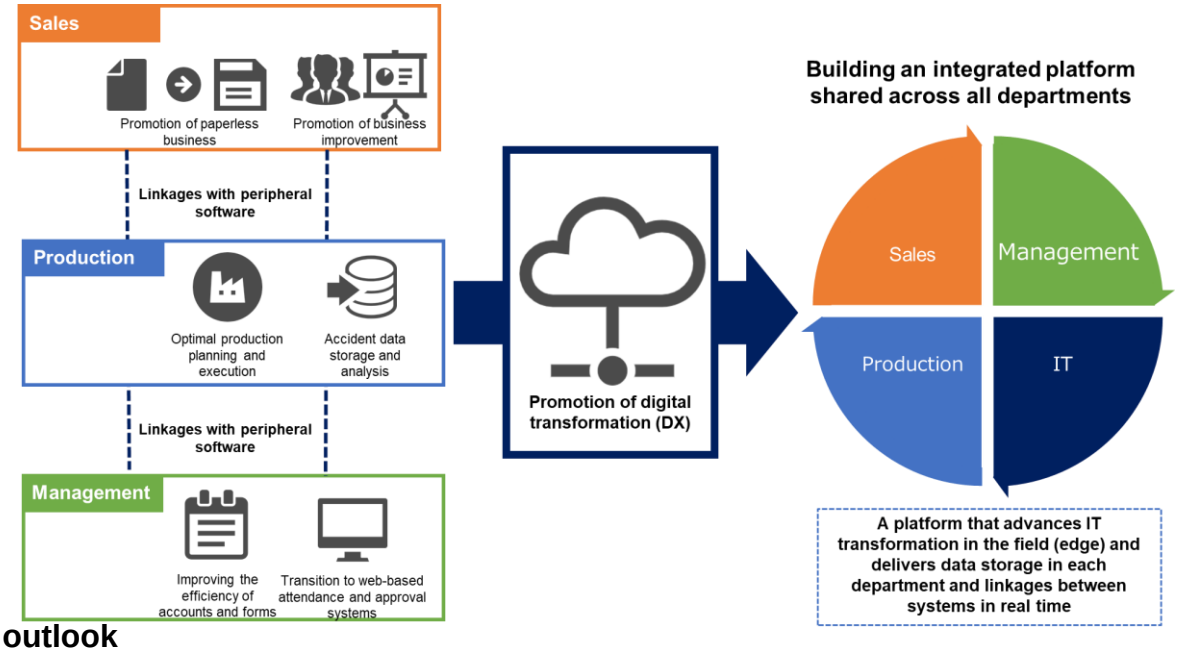
Training at the Sakai Plant hazard simulation facility

Year	Frequency per year	Educational content
Year 1	12 times	Fundamental knowledge and safe operations (point and call, slinging work, crane operation), equipment handling, heatstroke prevention, quality management
Years 2 to 3	4 times	Fundamental knowledge (5S, human error, work procedures, improved danger sensitivity)
Years 4 to 8	2 times	Practical knowledge (risk assessment, quality management)
Years 9 to 14	2 times	Preparedness for middle management, methods for instructing subordinates
Years 15 to 20	3 times	Safety education for foreman, prevention of industrial accidents from falling, preparedness for middle management, methods for instructing subordinates
Year 21	Annually	Prevention of industrial accidents from falling

Business Efficiency Improvement

Digital transformation at Maruichi Steel Tube

Our Sixth Medium-Term Management Plan stresses further digitalization to improve productivity. In the areas of system improvement and digital transformation promotion, we are promoting activities that take into account short-, medium-, and long-term plans. In addition to the departments which are directly in charge, the sales, plants, and management departments are fully engaged in building the optimal systems for our company.



Future outlook

In response to changes in the external environment such as the COVID-19 pandemic and the enactment of the Act concerning Preservation of Electronic Books, we have been promoting the transition from faxes to digital records and paperless systems, as well as the sharing of various types of information. Looking ahead, we will further digitize our operations in order to improve business processes such as optimizing sales and production, spreading the use of specific technologies, and improving quality.

Recent achievements	Future aims
■ **Introduction of IT devices at paper-based manufacturing sites** - Visualization of the day's production plans - Storage of production planning/machine downtime and cause data - Cause analysis and application of analysis results - Electronic recording of equipment inspections ■ **Promotion of computerized and paperless management processes** - Web registration of the suggestion system - Efficient use of electronic accounts and forms - Electronic placement system/mill sheet creation - Personnel attendance and approval processing systems ■ **Introduction of AI to plate surface inspection**	■ **Organically and efficiently integrate tools with separate functions, rebuilding them onto a single platform** ■ **Improving sales efficiency and reforming management working styles** (Everywhere, Every time) ■ **Optimization and visualization of production and inventory** ■ **Spreading the use of specific technologies and pursuing quality improvement**

Supply Chain Management

Basic approach

The Maruichi Steel Tube Group strives to build trust with all partners through open and fair trade and we promote a supply chain management that considers aspects such as the environment, quality, labor safety and human rights.

Credit management and compliance evaluation of business partners

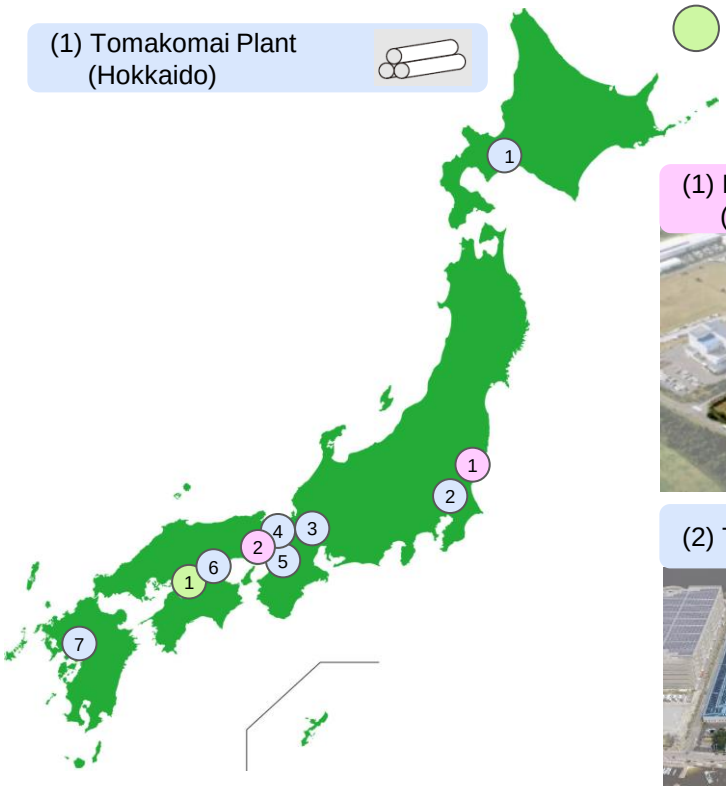
When commencing transactions with new business partners, the Company requires the submission of a written oath and transaction registration for the understanding of the Company's Basic Policy and also confirms and revises matters such as credit once a year. In addition, in view of the recent increase in public awareness concerning compliance and human rights including forced labor, child labor and human trafficking, we plan to incorporate such details in the written oath.

Securing a stable supply structure

The steel tubes manufactured by the Company are involved in various products and uses and the production activities of customers in broad and wide-ranging fields including construction, automobiles, and agriculture.
We have production bases, including affiliated companies, spanning from Hokkaido to Kyushu and to ensure that the supply chain is not disrupted even when there are events such as flood, wind and snow damage due to abnormal weather, we have prepared a structure for alternative production and increased production from regional production bases to complement production including in a BCP response.

: Steel tube plants
: Pole plants
: Surface treatment processing plants

(1) Tomakomai Plant (Hokkaido)



(4) Sakai Plant (Osaka)



(2) Sakai Pole Plant (Osaka)



(1) Takuma Plant (Kagawa)



(1) Kashima Pole Plant (Ibaraki)



(2) Tokyo Plant (Chiba)



(5) Tachibana Plant (Osaka)

(6) Shikoku Plant (Kagawa)

(7) Kyushu Plant (Kumamoto)

(3) Nagoya Plant (Aichi)



Social Contribution Activities

The Maruichi Steel Tube Group contributes to society by donating around 1% of non-consolidated net income after the payment of dividends every year, and is proactively engaged in activities that contribute to society to be a company that grows with the region by being involved with issues that encompass countries and regions where we are developing business.
In Japan we focus on contributing to culture and the arts sports, health care, education and environmental protection, while overseas we focus on contributing to health care and medical promotion and education promotion. We proactively participate in activities that address local conditions and requirements.

Actual expenditure on social contribution activities

(Unit: millions of yen)

	Fourth Medium-Term Management Plan period		Fifth Medium-Term Management Plan period			Sixth Medium-Term Management Plan period
	FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Social contribution expenditure	22	24	25	48	16	56

Supporting overseas health care

Since 2015, we have continuously supported the activities of ophthalmologist Dr. Tadashi Hattori's Asia Prevention of Blindness Association, which was launched to help many Vietnamese in danger of losing their sight due to the inability to receive treatment because of poverty.

アジア失明予防の会
Asia Prevention of Blindness Association

Supporting cultural activities

We regularly support and sponsor a range of initiatives in order to contribute to the advancement of various cultural activities as well as the continuation of traditional performing arts to the next generation.

- **Sponsoring the exhibition of the Shoso-in Treasures (FY ending March 2013 to present)**
- **Sponsoring the Osaka Philharmonic Orchestra Association (FY ending March 2016 to present)**
- **Sponsoring the Osaka Women's Literary Society (FY ending March 2015 to present)**
- **Sponsoring the KANSAI・OSAKA 21st Century Association (FY ending March 2015 to present)**
- **Sponsoring the Corporate Art Collections - Stories of Pictures Told by Companies in Osaka (FY ending March 2019 to present)**
- **Supporting the NPO Ningyo Joruri Bunraku-za Theatre "Yes, let's check out Bunraku!! One Coin Bunraku U-30" (FY ending March 2019 to FY ending March 2020),** etc.

Sponsoring the Osaka, Kansai, Japan Expo 2025

Maruichi Steel Tube has its roots in a small bicycle parts factory, which opened in 1913 in what is now Hirano-ku, Osaka City. Ever since then, we have supported people's lives by supplying products to customers in Osaka, the Kansai, Japan and around the world.
In 1970, the Osaka Expo was held in Suita City, Osaka Prefecture, attracting 60 million visitors. Around this time, Maruichi Steel Tube began full-scale operation of our Sakai Plant (in Sakai City, Osaka Prefecture), and gradually expanded our business scale to Hokkaido in the north and Kyushu in the south, riding the wave of Japan's rapid economic growth. This was the era when Maruichi Steel Tube began to promote our distinctive structure of "producing where the demand is," laying the foundation for the company's development.
Half a century later, the Osaka Expo will again be held, this time in 2025 on Yumeshima Island in Osaka Bay. As Osaka and the Kansai region take their next step forward as international cities, the Maruichi Steel Tube Group is proudly backing the Expo as an official supporter to help create a bright future together.



International Exposition 2025 to be held in Osaka/Kansai（Japanese）

Social Contribution Activities

Protecting the environment and local contribution

We conduct regular cleanup activities to maintain the cleanliness of the environment around our plants.
We continue to participate in environmentally-friendly activities.





Participation in UMIGOMI (ocean waste) Zero Week

Contributing to measures to prevent the spread of COVID-19

We have made donations to show our support for the health care community that has been put under so much pressure by COVID-19, which is still menacing the world. Maruichi Steel Tube and SUNSCO have also contributed to Vietnam's COVID-19 Vaccine Fund. We hope that COVID-19 will be contained as early as possible.



Supporting the health care community

Supporting education

Endorsing activities that cultivate children's sensitivity we sponsor Shiki Theatre Company 's Theatre of the Heart, Nakanoshima Children's Book Forest, and the Stories of Pictures Told by Companies in Osaka exhibition.





Supporting Nakanoshima Children's Book Forest

KUMA provides scholarships to Indian high school students

Our Indian subsidiary KUMA provides scholarships equivalent to annual tuition fees to selected students of high schools in the state of Rajasthan to support their education.



Philosophy and Strategy

Management Philosophy

1. As a leading steel tube company, our mission is to contribute to society by providing outstanding products and responding to the trust of customers.

1. We respect all stakeholders, including business partners, employees and shareholders based on respect for human rights.

1. We promote the creation of energy for growth and new values for the future by enhancing product reliability, technological capability, and sales capability by means of the wisdom, passion and action of each employee.

1. We will continue being an outstanding company filled with dreams that our employees feel worthy of entrusting their lives to.

Basic approach on corporate governance

1. The Company aims to improve corporate value by continuing to develop together with shareholders and customers, employees, business partners and local communities under the basic philosophy of a mission to contribute to society by providing outstanding products and responding to the trust of customers that is in the Maruichi Steel Tube Group's management philosophy.

2. The Company respects the rights of shareholders and strives to ensure equitability and transparency of management. At the same time, the Company positions corporate governance as a critical management issue as we strive to achieve our management vision, and aims to reinforce speedy and accurate decision-making and supervisory functions to fulfill our fiduciary responsibilities and provide accountability to shareholders, led by the Board of Directors.

3. In order to improve medium- and long-term corporate value and maintain sound management, we pursue the optimal corporate governance and engage in ongoing efforts to enhance corporate governance.

Strategy - 2030 Vision

As the first step to becoming a company that continues to create value into the next century, Maruichi Steel Tube has created a vision to achieve sustainable development by 2030 in 2020. On top of our established business models and value creation processes, we develop a business strategy in view of anticipated changes in the surrounding environment, with an eye to bringing about a better society with all our stakeholders.

- Key points for sustainable growth
(Improving profitability by deepening and evolving operations)

- Adopting digital transformation (DX)
- Promoting open innovation
- Accelerating our global expansion with awareness for resolving social issues
  (Take bold challenges in new domains)
- Attempt to open up new fields

- Our vision

- Transform into an organization that can create innovation



Medium-Term Management Plan

We formulated the first Medium-Term Management Policy in 2005 with the aim of increasing profits and reinforcing group management with an eye on a global strategy. Thereafter, we have formulated medium-term management plans setting goals for the next three-year periods, announcing the Sixth Medium-Term Management Plan on April 7, 2021.

Sixth Medium-Term Management Plan (April 2021 – March 2024)

- Basic Policy

	Sixth Medium-Term Management Plan targets
Net sales	200 billion yen
Operating income	26 billion yen
Operating margin	13.0%
ROE	6.5%
Shareholder return ratio	50%
Environmental targets	Working toward reducing CO_2 emissions by 46% (compared to FY2013 levels) by FY2030 in domestic Group companies, reduce emissions by 30% (compared to FY2013 levels) by FY2023 through efforts such as energy conservation and the conversion of carbon fuels.

- Improve productivity in manufacturing and sales through the further promotion of digitalization
- Aim for the Company's long-term, stable growth through ESG-conscious management

- Commitments in Japan
(1) Recovery of sales volumes and maintenance of high-profit structure
(2) Target of 10% operating margin for Maruichi Stainless Steel Tube Co., Ltd.:
Reinforce production capacity of BA tubes for semi-conductors/ automobiles, improve productivity through investments in automation
(3) Demonstration of synergy effects among Group companies: Among Maruichi Stainless Tube Co., Ltd., Toyo Superior Steel Tube Works, Ltd., Alpha Metal Co., Ltd., and Maruichi Kohan Ltd.
(4) Investment of 16.8 billion yen, such as in the Sakai Plant's SR finishing process, the Kyushu Plant's GH line, and equipment refurbishment at the Tokyo and Nagoya Plants
(5) Improvement of productivity and efficiency through the further promotion of digitalization in production and sales
(6) Preparation of ESG reports. Progressive roll -out of zero-carbon actions to affiliated companies in Japan and to overseas subsidiaries
(7) Greater empowerment of female and non-Japanese human resources
(8) Utilization of idle land and vacant buildings
(9) Roll-out of open innovation: Development of new tube manufacturing technologies in collaboration with equipment manufacturers

- Commitments Overseas
(1) Operating margin target: Set target of achieving 10% margin at all companies except Leavitt (U.S.), which will have a target of 5%
(2) SUNSCO: Raise domestic sales ratio further (to 50% or more) and reinforce profit foundations
(3) Continue capital investments and expansion of profits at automobile and motorcycle -related plants
(4) KUMA in India to capture demand for products other than stainless steel tubes for automobiles and motorcycle exhaust pipes and consider investment
(5) Consider overseas expansion by Maruichi Stainless Tube Co., Ltd.
(6) Further promotion of localization of workforce through development of local human resources
(7) ESG commitments overseas
(8) Continue proactive consideration of M&A and other business investments in Japan and overseas

- Shareholder Returns and Social Contributions
(1) Shareholder returns: Firmly uphold dividend policy
(2) Social contributions: Continue contributions to society in each country (aim for around 1% of net income after payment of dividends)

The progress made regarding the Medium-Term Management Plan is reported in IR-related materials such as financial results explanatory materials and business reports for shareholders. Please see the below website for details.

Reference: Investor Relations | Maruichi Steel Tube Ltd. (maruichikokan.co.jp)

Material Risk Factors

Matters that could have a material impact on the Company's business are noted below.

(1) Impact on operating results due to trends in demand for the Company's products

The various types of steel tubes and galvanized steel plate manufactured and sold by the Maruichi Steel Tube Group(Maruichi Group) are mainly used in construction materials for medium and low-rise buildings such as shops, factories and warehouses, for transport equipment such as automobiles, agricultural materials such as greenhouses, electrical conduits in public facilities, various factories and plants, materials for pipes, and braces for road sings and street lights. Therefore, investments in medium and low-rise construction, production volumes of transport equipment, capital expenditure by companies and public investment and the production trends for users of the Company's products could have an impact on consolidated earnings.

(2) Fluctuations in the markets for raw materials

The various steel tubes carried by the Maruichi Steel Tube Group use hot rolled coil as a key raw material, and the market for hot rolled coil fluctuates with global trends in demand for steel raw materials and steel products. The Maruichi Steel Tube Group strives to purchase at a stable prices as a supplier of raw materials from Japanese and overseas blast furnace manufacturers and to build an appropriate sales price structure. However, in the event of a rise in the price of raw materials and where we are unable to sufficiently pass on the increase to the sales price, this could have an impact on consolidated earnings.

(3) Risk of claims against products

The Maruichi Group produces products in accordance with various regulations and quality control standards, and we do our utmost to maintain and improve the quality needed to meet the needs of customers. However, this does not necessarily mean all products are without defect and there is the possibility that costs could arise due to claims on the manufacturer's product liability.

(4) Decline in the value of non-current assets

If the profitability of non-current assets owned by the Maruichi Group declines and it appears that the investment may not be recovered, impairment loss on the non-current assets may arise which could have an impact on consolidated operating results.

(5) Fluctuation of values in securities and investment securities

The securities and investment securities held by the Maruichi Group account for approximately 20 to 30% of total assets. These are mainly shares of the Company's affiliated companies and shares and bonds of major trading partners. The Maruichi Group records an impairment loss on securities that have market values where the market value on the last day of the fiscal year has fallen by 30% or more. Therefore, in the event of substantial fluctuation in the market value of securities and investment securities held by the Maruichi Group due to a sluggish stock market for example, this could have an impact on consolidated operating results.

(6) Responding to technological change

The Maruichi Group has mature technological capabilities in steel tubes manufacture and a production structure that meets the demand of customers for high quality, multi-type, small lot products and secured dominance over other companies in the same industry. However, in the event of technological innovation in the manufacture of steel tubes, the Company could lose its dominance, which could have an impact on consolidated operating results.

(7) Risk of natural disasters, pandemics and accidents

The Maruichi Group has a structure to produce locally for demand in Japan and overseas, so it has diversified its risk against natural disasters and pandemics by establishing production bases in regions where there is demand. In addition, there is thorough education of employees by the Safety Education Department as a safety measure for each plant, etc. However, in the event of disruption of the Maruichi Group plant operations due to major disasters such as earthquakes, wind and water damage or a pandemic and accidents there could be an impact on consolidated operating results.

(8) Geopolitical risks, country risk

In the event of conflicts or terrorism, demonstration, strike, political instability, a currency crisis or similar in the countries and regions where the Maruichi Group is conducting its business activities, there is risk of major impact on the Maruichi Group's business.

(9) Environmental regulations on business activities

The Maruichi Group has advanced initiatives to reduce its environmental impact installing solar power generation equipment and adopting environmentally-conscious paint. However, in the event that new environmental regulations such as obligations to reduce CO_2 emissions put constraints on the business activities of the Maruichi Group and large costs arise such as for the upgrade of regulatory compliant equipment, this could have an impact on consolidated operating results.

(10) Laws and regulations

The Maruichi Group is expanding its business globally and complies with the laws, regulations and ordinances in each country. However, in the event of the business activities being impeded by a hike in customs duties due to trade frictions or stricter export and import regulations, there is the risk of impact on consolidated operating results.

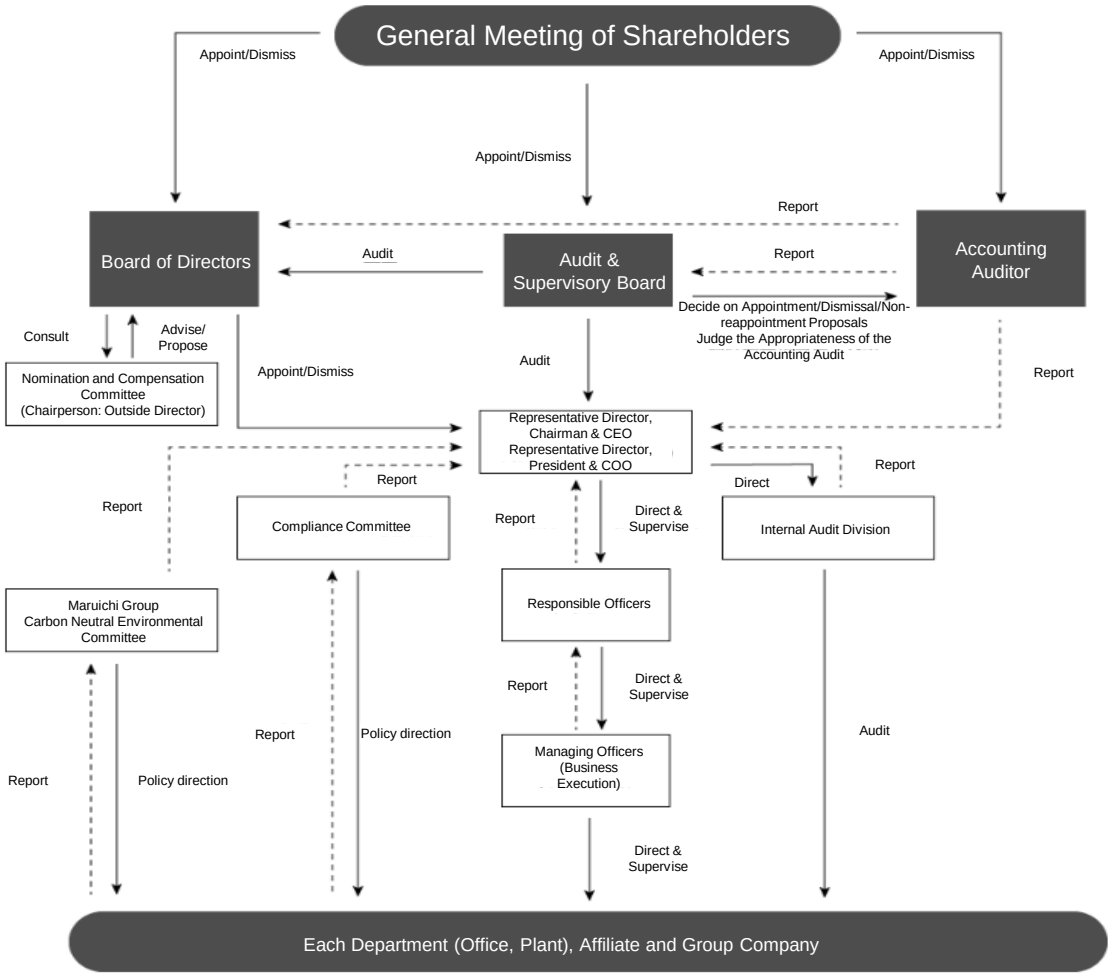
(11) Securing human resources

The Maruichi Group has been proactive in initiatives to recruit females and for external training to cultivate overseas humane resources that can play an active role and to improve the level of local human resources in response to the declining working population in Japan. We are also promoting the passing down of techniques through the reemployment system and labor-saving measures through equipment upgrades.
In the event that these measures do not proceed as planned and we are unable to secure talented human resources, and pass down techniques, there is the risk of impact on the Maruichi Group's continuous development.

(12) Information security

The Company has formulated an information security policy and making every effort to ensure complete information management. However, in the event that confidential information of customers, business partners and others and employees' personal information and sales secrets are leaked due to unforeseen circumstances, there could be a negative impact on the Maruichi Group's reputation and business results.

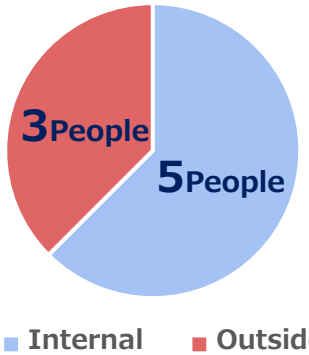
Corporate Governance Structure



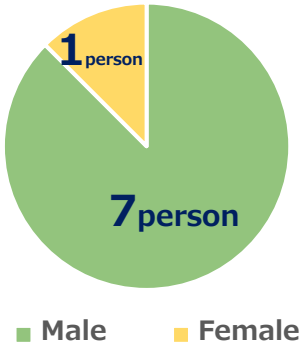
Board of Directors

Composition of the Board of Directors

Board of Directors
(Internal and Outside)



Diversity of Dirctors



Nomination and Compensation Committee

The Nomination and Compensation Committee is established under the Board of Directors for the purposes of strengthening the independence, objectivity and accountability of the Board of Directors' function pertaining to the nomination and compensation of Directors and Managing Officers.

The Nomination and Compensation Committee comprises independent Outside Directors and Representative Directors and is currently chaired by an Outside Director.

Board of Directors Evaluation

A Board of Directors evaluation survey has been conducted by Directors and Audit & Supervisory Board Members since 2017, evaluating the effectiveness of the Board of Directors with the results of the Board of Directors effectiveness evaluation reported at the Board of Directors with an overview published in the Corporate Governance Report.

FY ending March 2022 – Overview of the Board of Directors Effectiveness Evaluation

In regard to the Company's Board of Directors effectiveness evaluation for FY ending March 2022, a survey concerning the effectiveness evaluation of the Board of Directors was completed by each Director and Audit & Supervisory Board Member, with the responses analyzed and evaluated in relation to aspects such as the operations of the Board of Directors, the composition of the Board of Directors and the activities of the Board of Directors. Improvement was evident in the evaluation of whether business activities were actually conducted in accordance with matters decided by the Board of Directors as well as whether information was shared after decisions were made. The assessment was therefore made that the Board of Directors generally functioned effectively. In addition, while there remains room for improvement in terms of communication with shareholders and investors etc., in light of such analysis and evaluation, initiatives are being advanced to further enhance the effectiveness of the Board of Directors so that the objective monitoring function of management is fulfilled under a more appropriate composition of the Board of Directors.

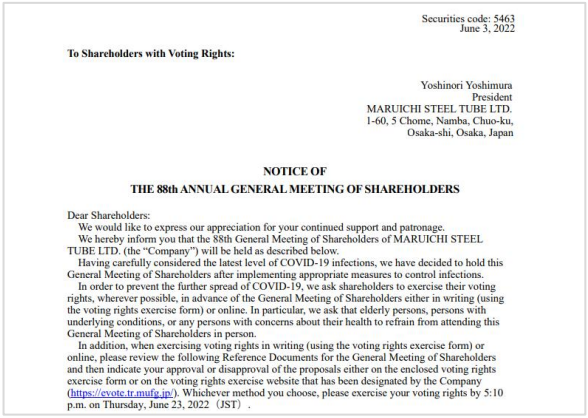
Corporate Governance Code

Initiatives related to the Corporate Governance Code

English translation of the Notice of General Meeting of Shareholders (Supplementary Principle 1-2 (4))

In order to improve the accessibility for overseas investors to exercise their voting rights, we translate the Notice of General Meeting of Shareholders into English.

Reference: English Notice of Meeting; NOTICE OF THE 88th ANNUAL GENERAL MEETING OF SHAREHOLDERS



Securities code: 5463
June 3, 2022

To Shareholders with Voting Rights:

Yoshinori Yoshimura
President
MARUICHI STEEL TUBE LTD.
1-60, 5 Chome, Namba, Chuo-ku,
Osaka-shi, Osaka, Japan

NOTICE OF
THE 88th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:
We would like to express our appreciation for your continued support and patronage.
We hereby inform you that the 88th General Meeting of Shareholders of MARUICHI STEEL TUBE LTD. (the "Company") will be held as described below.
Having carefully considered the latest level of COVID-19 infections, we have decided to hold this General Meeting of Shareholders after implementing appropriate measures to control infections.
In order to prevent the further spread of COVID-19, we ask shareholders to exercise their voting rights, wherever possible, in advance of the General Meeting of Shareholders either in writing (using the voting rights exercise form) or online. In particular, we ask that elderly persons, persons with underlying conditions, or any persons with concerns about their health to refrain from attending this General Meeting of Shareholders in person.
In addition, when exercising voting rights in writing (using the voting rights exercise form) or online, please review the following Reference Documents for the General Meeting of Shareholders and then indicate your approval or disapproval of the proposals either on the enclosed voting rights exercise form or on the voting rights exercise website that has been designated by the Company (https://evote.tr.mufg.jp/). Whichever method you choose, please exercise your voting rights by 5:10 p.m. on Thursday, June 23, 2022（JST）.

Cross-Shareholdings Policy (Principle 1-4)

Our basic policy is to hold cross-shareholdings only when it is deemed reasonable to do so, including maintaining and strengthening relationships with business partners and achieving dividend returns, and to reduce those holdings over time. In addition, the Board of Directors periodically evaluates the Company's holdings. If a party who holds shares in our company as cross-shareholdings indicates an intention to divest the shares, then we will cause no impediment to them doing so.

- Initiatives for Reduction (FY ending March 2022)

Our company decreased its holdings of another company's shares
Two companies decreased their holdings of our company's shares

Revision of the Directors' Compensation System (Supplementary Principle 4-2 (1))

Our company has introduced the Performance-Based Stock Compensation System (with Transfer Restrictions) - to more clearly link directors' compensation with the company's performance and share price - in place of the long-term incentive compensation (executive stock holding association) provided as performance-based compensation.
Reference: 取締役の報酬額改定及び業績連動型株式報酬（譲渡制限付）制度の導入に関するお知らせ

Preparation of Skill Matrix (Supplementary Principle 4-11 (1))

Creating a skills matrix listing the knowledge, experience, and abilities of each Director and Audit & Supervisory Board Member, and posting it on our website.
In addition, a skills matrix including candidate Directors is to be included in the reference materials for the Annual General Meeting of Shareholders.
Reference: Governance Structure

Directors' Compensation

Guidelines for Directors' Compensation

Basic Policy

(1) Decision process for Directors' compensation

(Matters concerning the decision of details such as compensation for individual directors)

The amount of compensation, etc. for the Company's Directors and the policy concerning the determination of the calculation method is determined at the Board of Directors.

To increase transparency, such procedures are deliberated by the Nomination and Compensation Committee, comprised of independent Outside Directors and Representative Directors as an advisory body to the Board of Directors, which provides advice and recommendation to the Board of Directors.

The Nomination and Compensation Committee provides advice and recommendation on the compensation for individual Directors as an advisor to the Board of Directors and the specific amount is redelegated to the Representative Director and Chairman by resolution of the Board of Directors. The Representative Director and Chairman respects the advice and recommendations from the Nomination and Compensation Committee to the utmost and determines the amount within the scope of the total compensation amount approved at the General Meeting of Shareholders {no more than 500 million yen for Directors (including no more than 40 million yen per year for Outside Directors)}.

(2) Types of Director compensation

The Company's Director compensation system comprises fixed compensation in the form of basic compensation and Restricted Stock Compensation (stock compensation), as well as performance-linked compensation in the form of bonuses paid according to annual earnings and the Performance-Based Stock Compensation System (with Transfer Restrictions) (*1), which is paid depending on the extent to which performance targets during a certain performance evaluation period are reached. Note that Outside Directors are only paid basic compensation in light of their duties. The purpose of Restricted Stock Compensation is to enhance the motivation of directors to improve business performance and drive towards enhancing corporate value, including social value, by having them share with shareholders not only the benefits resulting from a rising Company stock price but also the risks from a falling stock price. The purposes of Performance-Based Stock Compensation System (with Transfer Restrictions) are to further clarify the link between directors' compensation and corporate performance as well as our company's share price, to provide incentives for achieving the performance targets laid out in our company's Medium-Term Management Plan and for sustainably enhancing corporate value by improving medium- to long-term performance, and to further promote value sharing with all shareholders.

Compensation Scale for Directors (excluding Outside Directors)

	Monetary compensation	Non-monetary compensation
Fixed compensation	Basic compensation	Restricted stock compensation
Performance-linked compensation	Bonus	Performance-Based Stock Compensation System (with Transfer Restrictions)

Amount of Compensation Paid to Directors (excluding Outside Directors) by Year

		FY March 2017	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Number of Directors		4	4	4	4	4	4
Total amount paid (millions of yen)		178	194	199	212	217	241
Ratio (%)	Basic compensation	51.0	50.6	52.0	51.0	50.2	45.8
	Bonus	29.5	29.7	29.2	26.6	27.4	35.1
	Long-term incentive compensation	6.9	8.3	8.1	7.6	7.6	6.4
	Stock options/Restricted Stock Compensation (RS) *2	10.6	11.4	10.6	14.7	14.7	12.7
		100.0	100.0	100.0	100.0	100.0	100.0

*2 RS was introduced in FY ending March 2020, and stock options were paid until FY ending March 2019

(*1) Introduction of Performance-Based Stock Compensation System (with Transfer Restrictions) for Directors (approved at the General Meeting of Shareholders in June 2022)

The compensation system for our company's directors (excluding outside directors. Hereinafter referred to as "Eligible Directors") consisted of basic compensation and Restricted Stock Compensation (stock compensation) as fixed compensation, as well as bonuses and long-term incentive compensation (acquisition of treasury stock) as performance-linked compensation. However, the Company has recently introduced a new compensation system in place of the existing long-term incentive compensation (acquisition of treasury stock), revising our executive compensation system to further clarify the link between directors' compensation and corporate performance as well as our company's share price, to provide incentives for achieving the performance targets laid out in our company's Medium-Term Management Plan and for sustainably enhancing corporate value by improving medium- to long-term performance, and to further promote value sharing with all shareholders.

BCP Initiatives

The Maruichi Steel Tube Group has steel tube plants in each region nationwide, so the structure allows for alternative production at another regional steel tube plant in the event that some plants are affected and unable to manufacture, which is a structure that fulfills our responsibility to supply to customers.

Manufacturing bases in each region have formulated disaster prevention plans to deal with major disasters such as major earthquakes and tsunamis. In addition, each base has measures in place such as storing disaster prevention stockpiles, installation of satellite telephones and the introduction of systems for confirming the safety and wellbeing of employees when there is a disaster. In addition, plants in coastal areas have measures in place such as the establishment of evacuation locations in high areas to deal with tsunami.



Satellite telephone/Disaster prevention stockpiles

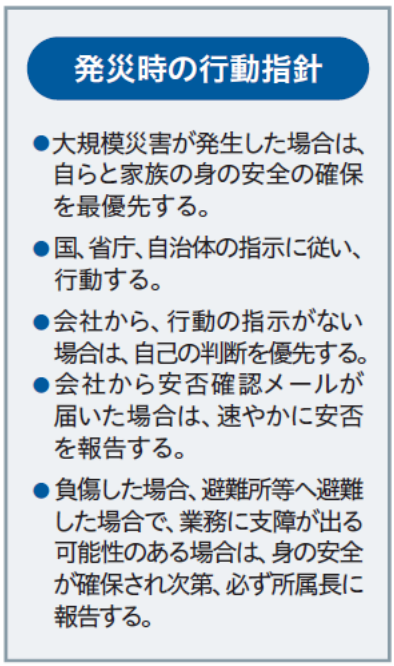
- Satellite telephone practice
Satellite telephone practice is conducted on the first business day of each month to prepare for disruption to communication in a disaster.

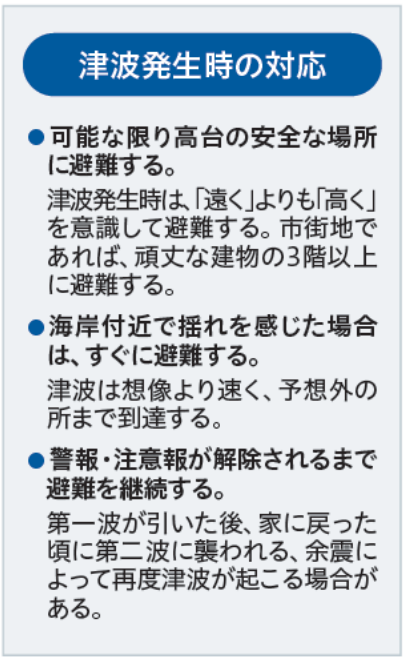
- Returning home practice
Head Office practices returning home on foot in preparation for disruption to transport such as by train once a year.

Preparation of a disaster response pocket manual

As part of our BCP initiatives, we have prepared a disaster response pocket manual that compiles the actions that should be taken by each and every employee in a disaster. We have distributed it to employees to be of use in further increasing awareness of disaster prevention.









Please contact the following with any comments or questions concerning this report.

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29F Namba Skyo, 1-60, 5-Chome, Namba, Chuo-ku Osaka-shi,
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This report is available online.
URL : https://www.maruichikokan.co.jp/en/