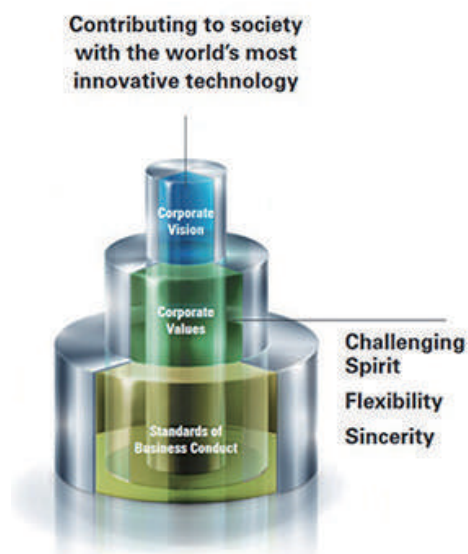


## Corporate Vision/Business Conduct

The JFE Group’s corporate values and standards of business conduct are manifested in the company’s vision of contributing to society with the world’s most innovative technology. We proactively address critical issues regarding safety, disaster prevention, product quality, human rights, compliance, environmental protection and climate change.

The JFE Group considers the perspectives of all stakeholders, including customers, clients, shareholders, investors, community residents and employees, guided by a fair, objective and transparent system of corporate governance. In the spirit of its corporate values of Challenging Spirit, Flexibility and Sincerity, the JFE Group strives to earn society’s trust by undertaking CSR with integrity.



### JFE Group Standards of Business Conduct

All JFE Group personnel are required to faithfully adhere to the following Standards of Conduct in all corporate activities. These standards embody the JFE Group’s Corporate Vision and go hand in hand with its Corporate Values. Senior managers are also responsible for measures to prevent the recurrence of any violation of these standards. Additionally, they must report violations promptly and accurately to internal and external stakeholders, determine the persons of relevant authority and accountability, and resolve matters rigorously.

#### 1 Provide quality products and services

Earn the trust and acclaim of customers by endeavoring to provide safe, high-quality products and services based on superior technologies, and by fully respecting and protecting the privacy of personal and customer information. Also, leverage our superior technologies for the sustainable growth of our Group and society.

#### 2 Be open to society

Disclose corporate information actively and engage in constructive dialogues with diverse stakeholders to enhance our corporate value.

#### 3 Work with communities

Actively contribute to host communities as a good corporate citizen by emphasizing harmony and cooperation.

#### **4 Globalize**

Endeavor to achieve understanding with people around the world, working from a global perspective and with respect to international norms, and also local cultures and customs.

#### **5 Exist harmoniously with the global environment**

Actively work to exist harmoniously with the global environment, as well as to raise living standards and advance societies.

#### **6 Maintain proper relations with governments and political authorities**

Endeavor to build and maintain sound and proper relationships with governments and political authorities.

#### **7 Maintain crisis readiness**

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal or improper demands. Also, contribute to order and safety in society by thoroughly and methodically preparing for crises such as terrorism, cyberattacks, natural disasters and others, including by ensuring the stable availability of products and services.

#### **8 Respect human rights**

Respect all employees and members of the general public as individuals and refrain from any discrimination in corporate activities.

#### **9 Provide challenging work environments**

Provide employees with attractive, safe, healthy and challenging work environments.

#### **10 Comply with laws and ordinances**

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

## Value of Steel

### Appealing Qualities of Steel that Create Safe, Comfortable Lives for a Prosperous Global Future

Iron makes up approximately 30% of the Earth's mass. Because of its rich reserves, steel can be mass produced at very low cost. Compared to other materials, the environmental impact of its production is extremely low and it has excellent recyclability. Steel can be recycled repeatedly and reborn as various products (closed-loop recycling) with little or no environmental impact, contributing to the sustainable growth of our society.

### Life Cycle Assessment of Steel

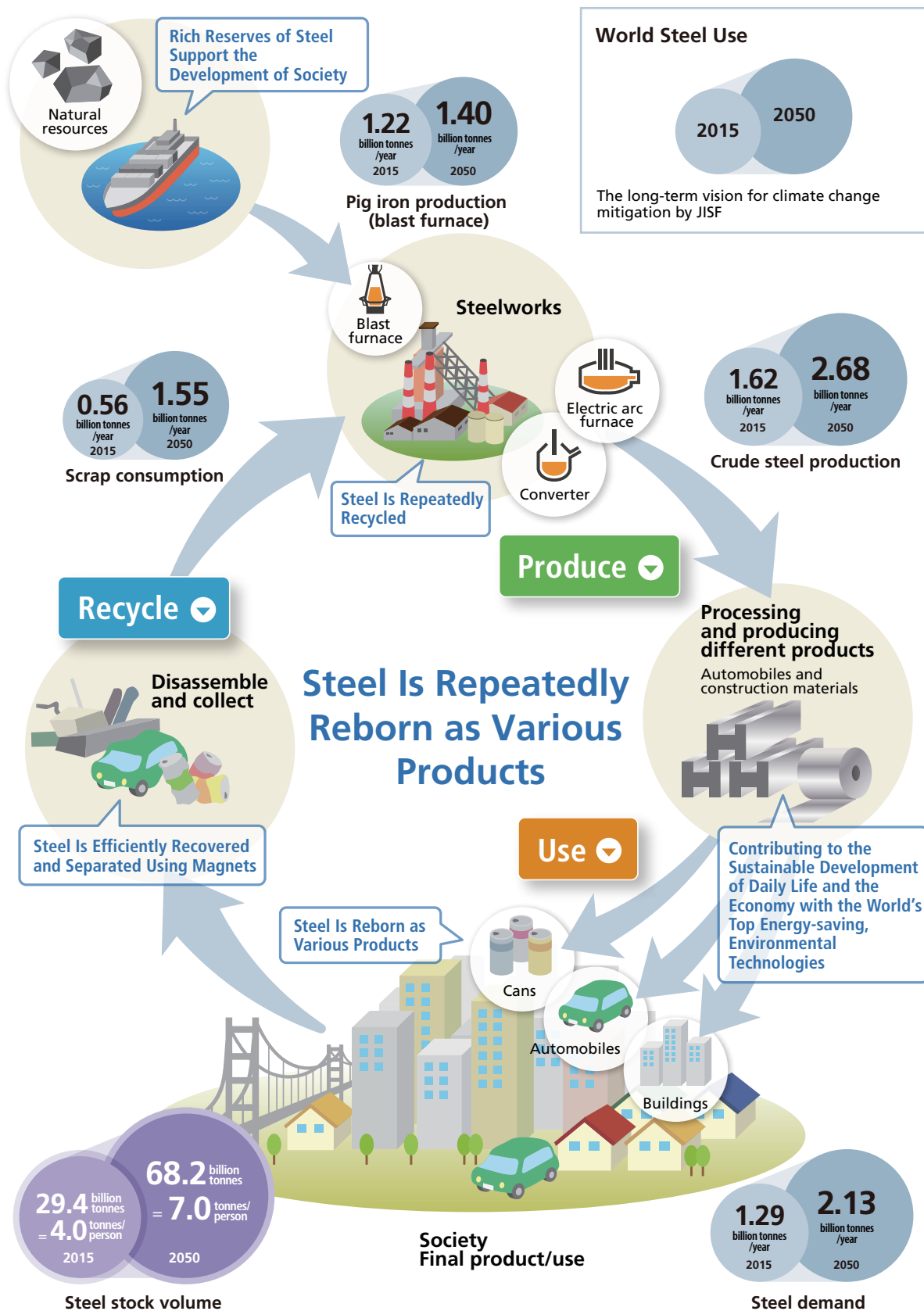
Steel's excellent recyclability contributes to the creation of a sophisticated **value chain (P. 30)** encompassing three components: Produce, Use, and Recycle. Steel products can be repeatedly reborn as various products. It is therefore important that the environmental impact of steel be assessed across its entire life cycle, including at the recycling stage. JFE Steel participates as a key member in an initiative led by the Japan Iron and Steel Federation (JISF) to quantify the environmental impact of the entire life cycle of steel products and developed the ISO/JIS standard\* calculation methodology. Corresponding to this standard, materials with higher recyclability are found to have lower environmental impact such as on global warming.

Fifteen blast furnace and electric arc furnace steel manufacturers operating in Japan, including JFE Steel, have compiled and published the national average value for life cycle inventory (LCI) data for different types of steel products for FY2018.

\*ISO 20915: Life cycle inventory calculation methodology for steel products (November 2018),

JIS Q 20915: Life cycle inventory calculation methodology for steel products (June 2019)

▶ [Contribution to the Development of Calculation in LCA](#) (P.107)



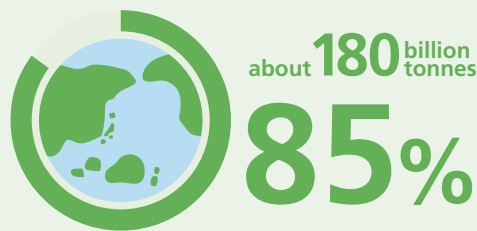
## Produce High Economic Efficiency and Low Environmental Impact

The stable mass production of steel serves as the foundation for daily life and society. CO<sub>2</sub> generated by the manufacturing process of steel is extremely low compared to other materials, making it an environmentally sound material. Steel is an essential for society's sustainable development and to create safe, comfortable lives for people everywhere.

### Earth, a Planet of Iron (Abundant Resources)

As much as 85% of the Earth's metal resources are iron ore (180 billion tonnes).

#### Recoverable Reserves of Iron Ore on the Earth

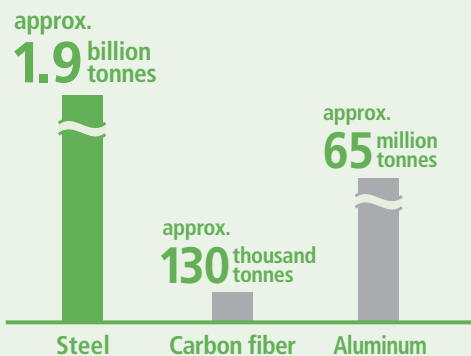


Source: Mineral Commodity Summaries (2023)

### Mass Production at Low Cost

With rich reserves and a long history of technological development, iron is mass produced at reasonable prices and supplied stably, thereby contributing to the sustainable growth of society.

#### Global Demand (2020)



Research: JFE Holdings

#### Price\*



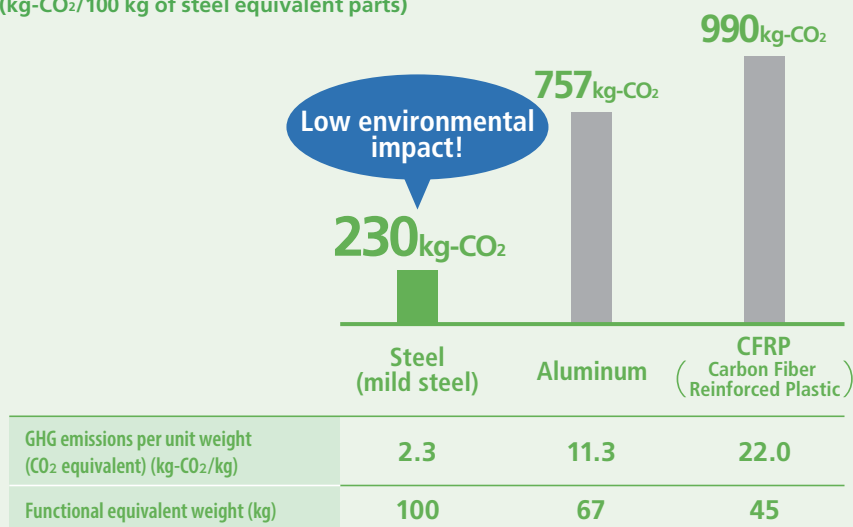
Research: JFE Holdings

\*Cost of producing one unit weight of iron is indexed at 1 for comparison with other materials.

## Extremely Low Environmental Impact at the Manufacturing Stage when Compared to Other Materials

Greenhouse gas (GHG) emissions of steel at the manufacturing stage is approximately one-fourth to one-fifth of that of aluminum and carbon fiber with equivalent functionality.

**GHG Emissions at the Manufacturing Stage of Materials (CO<sub>2</sub> equivalent)  
(kg-CO<sub>2</sub>/100 kg of steel equivalent parts)**

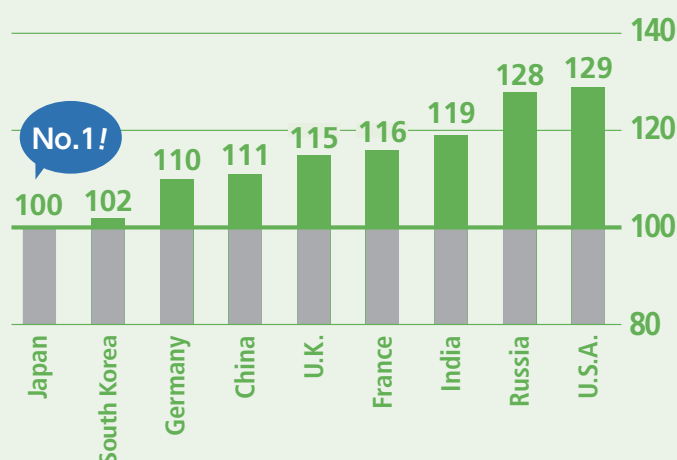


Source: Compiled from data disclosed by WorldAutoSteel

## Japan's Steel Industry Boasts the Highest Energy Efficiency in the World

Japan's steel industry (converter steel) produces steel with the lowest environmental impact compared to other major countries. This is a result of its longstanding efforts toward environmental conservation, including developing and spreading the use of energy-saving technologies.

**World's Quotient, with Japan as 100 (2019)**



Source: Research Institute of Innovative Technology for the Earth (RITE)

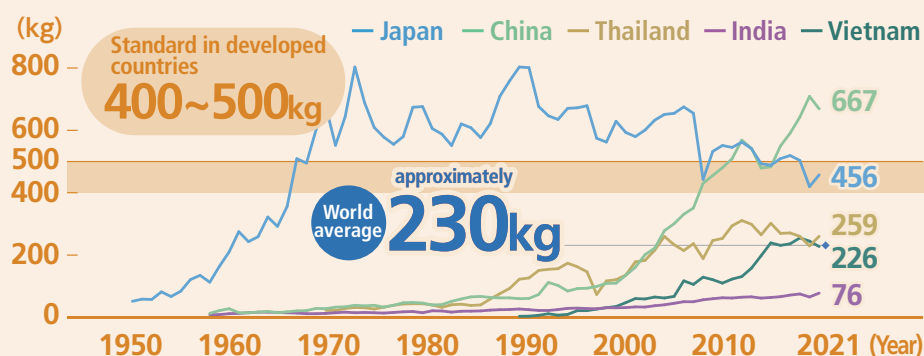
## Use Foundation of Daily Life and Society

The use of steel impacts the environment less than other materials. For example, making automobile frames with high tensile strength steel sheets, which have a reduced thickness but retain their strength, considerably decreases the weight while maintaining crash performance, thereby helping to reduce CO<sub>2</sub> emissions for society as a whole.

### Potential to Grow on a Global Scale

Global average of annual consumption of steel is approximately 230 kg per capita. The long-term global demand for steel is expected to keep growing alongside the economic development of emerging countries.

Trends in Annual Steel Consumption per Capita by Country (kg/person/year)

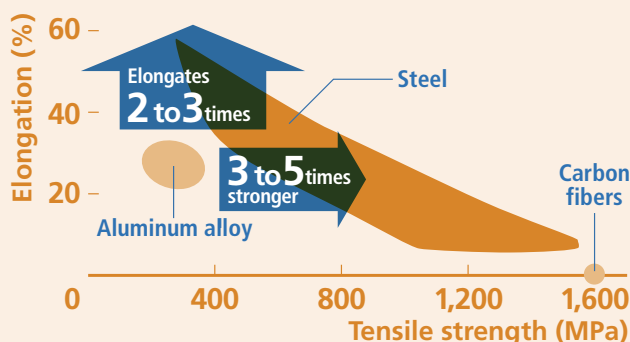


Source: World Steel Association

### Potential for Evolution

Steel can be elongated two to three times more than aluminum at the same rigidity and is three to five times stronger at the same extended rate, making it the optimal material for new world-class structures such as TOKYO SKYTREE. And yet there is still potential for further evolution. The emerging needs of society will advance the development of steel and contribute to a productive future.

Comparison of Strength and Elongation between Steel, Aluminum, and Carbon Fiber



Research: JFE Holdings

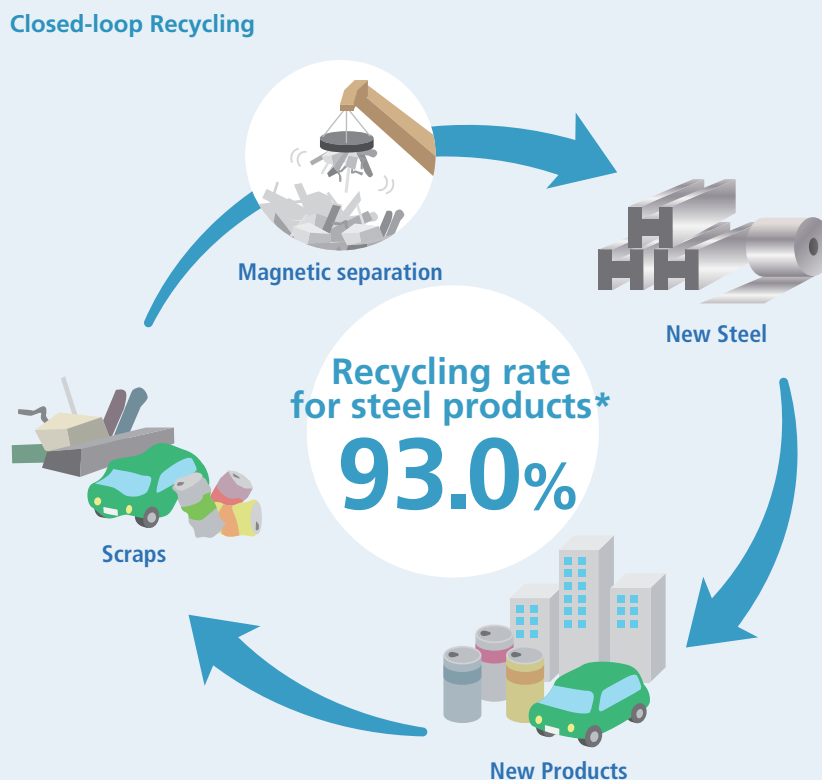
## Recycle Excellent Recyclability

Steel is a highly recyclable material that can be easily recovered and separated using magnets. It can be efficiently recovered, separated, and recycled into high-quality, high-functioning products over and over again through closed-loop recycling.

### Closed-loop Recycling of Steel

Steel can be recycled a number of times as a raw material for steel products while retaining its original properties. Closed-loop recycling is superior to open-loop recycling\* in terms of sustainability, because closed-loop recycling reduces the consumption of natural resources, as well as the amount of environmentally hazardous substances and wastes.

\*In open-loop recycling, the material recycling process involves two types of finite recycling which are thermal recycling and cascade recycling. Thermal recycling means that heat generated by incineration is recovered while cascade recycling indicates recycling the material accompanied by the degradation or alteration of the material's properties.



Source: The Japan Iron and Steel Federation



## Progress of the Seventh Medium-term Business Plan

In FY2021, the JFE Group formulated the Seventh Medium-term Business Plan for FY2021 through FY2024 to steadily increase corporate value over the medium to long term. Recognizing that the four years covered by the plan will be the most transformative period in the Company's history, we will establish a robust foundation for sustained, long-term growth while steadfastly taking on the challenge of transformation to become an essential part of the sustainable development of society and the safe and comfortable lives of people. We are working to ensure environmental and social sustainability by promoting initiatives addressing climate change issues as outlined in the JFE Group Environmental Vision for 2050 and implementing initiatives for promoting employee success, contributing to local communities, and ensuring respect for human rights throughout the supply chain. We are also striving to ensure economic sustainability based on stable profitability by completing structural reforms and promoting DX strategies in the steel business to raise cost competitiveness. And we are viewing advances in decarbonization as opportunities for pursuing business growth strategies, such as supplying high-performance electrical steel sheets and other products with high added value and expanding renewable power generation.

▶ [Seventh Medium-term Business Plan \(CSR Report 2021\)](https://www.jfe-holdings.co.jp/en/csr/pdf/csr2021e.pdf) (<https://www.jfe-holdings.co.jp/en/csr/pdf/csr2021e.pdf>)

### Status of Initiatives for the Seventh Medium-term Business Plan

#### Ensure Environmental and Social Sustainability

##### Addressing Climate Change Issues

The JFE Group considers addressing climate change as a vital management concern and upholds the **JFE Group Environmental Vision for 2050** for realizing carbon neutrality by focusing on strategies for reducing CO<sub>2</sub> emissions in its steel business as well as in society as a whole. In FY2022, we reduced CO<sub>2</sub> emissions in the steel business by 13% from FY2013 and will continue our efforts to achieve the target under the medium-term plan of reducing emissions by at least 18%. We are also expanding the construction and operation of plants for renewable energy power generation, waste-to-energy power generation, along with other efforts in the engineering business, which contributed to reducing 11.14 million tonnes of CO<sub>2</sub> emissions in society as a whole in FY2022, as we make steady progress toward achieving our mid-term target of reducing emissions by 12.00 million tonnes.

In the steel business, we intend to reduce CO<sub>2</sub> emissions by at least 30% in FY2030 from FY2013 and to achieve carbon neutrality by 2050. In FY2022, we took our first step forward by formulating a more specific CO<sub>2</sub> reduction plan\*<sup>1</sup> which positions the timeframe up to 2030 as the transition period for shifting to a low-carbon steel process and the timeframe up to 2050 as the innovation period, during which we will establish and implement ultra-innovative technologies and strive for carbon neutrality. In order to achieve the goal of reducing emissions by 30% or more by FY2030, we expanded the use of scrap in converter furnaces by introducing the eco-friendly Double-slag Refining Process (DRP<sup>®</sup>) in all districts, which will significantly reduce CO<sub>2</sub> emissions. In addition, we decided to reinforce the electric arc furnace at the Sendai Works and to incorporate an electric furnace in stainless steel manufacturing in the Chiba district. In the Kurashiki district, we are considering installing high-efficiency electric arc furnaces to coincide with the renovation of the blast furnace, and we will execute the necessary capital investment to achieve these goals. With the support of the NEDO Green Innovation Fund Project, we have been simultaneously developing ultra-innovative technologies with the aim of achieving carbon neutrality in 2050. In the Chiba district, we began construction of test facilities for the carbon recycling blast furnace\*<sup>2</sup>, and we will accelerate research and development toward the early implementation of ultra-innovative technologies.

We also decided to start supplying JGreeX<sup>™</sup>, an eco-friendly steel material that generates significantly lower CO<sub>2</sub> emissions during the manufacturing process compared to conventional products, and plan to supply approximately 200,000 tons in FY2023. We will actively work to establish a market in which customers recognize the value of green steel materials that contribute to realizing a carbon neutral society.

In the area of contributing to the reduction of CO<sub>2</sub> emissions in society as a whole, we decided to invest in the Kurashiki district to triple the current production capacity of electrical steel sheets to improve the efficiency of motors and transformers for EVs, and we reached a basic agreement overseas with JSW Steel in India to establish a production and sales joint venture for (grain-oriented) electromagnetic steel sheets. In addition to expanding renewable energy power generation and other businesses in the engineering business, the entire Group is working to commercialize offshore wind power generation. In FY2022, we began construction on a manufacturing plant for monopiles in Kasaoka City, Okayama Prefecture, to establish a system for manufacturing and supplying foundation structure for offshore wind power generation. By expanding the supply of Eco-friendly Products and renewable energy-related businesses, we will contribute reducing CO<sub>2</sub> emissions in society as a whole.

### ▶ [\\*1 Roadmap to Carbon Neutrality](#) (P.53)

\*2 Technology for converting CO<sub>2</sub> emitted from a blast furnace into methane, which is then blown into the blast furnace as a reductant

## Addressing Social Issues

For the JFE Group to achieve sustainable growth in the future, addressing social as well as environmental issues is essential. We are implementing human rights due diligence toward the realization of a society where human rights are respected and protected. We also revised the JFE Group Basic Policy on Human Rights in April 2023 to further intensify these efforts as part of our ongoing commitment to ensure respect for human rights for all stakeholders, including those in our supply chain.

Ensuring the safety and health of employees is a fundamental requirement for corporate activities, and with regard to safety in particular, we are focused on initiatives for eliminating major accidents by making our facilities safer. As planned, we made safety investments of about 10 billion yen per year for the entire Group in FY2022. Meanwhile, we are promoting initiatives on diversity and inclusion and workstyle reform to maximize the capabilities of employees with diverse backgrounds. In FY2022, we advanced our efforts by setting more ambitious KPIs for hiring female employees and increasing the ratio of female managers. We will consistently invest in human capital to secure and nurture diverse human resources and create working environments and systems that enable employees to feel pride in their work and fully demonstrate their abilities.

Starting in FY2022, we will calculate performance-linked remuneration for Directors based on non-financial indicators related to the environment and society in addition to existing financial indicators. In FY2022, we introduced indicators related to employee safety. We have also decided to introduce indicators for climate change beginning in FY2023 as an incentive to accelerate efforts in this area, which we recognize as a top priority.

We will actively promote initiatives addressing ESG issues, particularly climate change, and contribute to the realization of a sustainable society to ensure environmental and social sustainability as set forth in our medium-term plan.

## Ensure Environmental and Social Sustainability

### Progress in Shift from Quantity to Quality and Structural Reforms

In FY2022, we continued to steadily implement the key measures of the medium-term plan to establish economic sustainability. In the steel business, we improved sales pricing by reflecting fluctuations in raw material costs and higher prices in various goods, and correcting price levels, which led to a significant improvement of 74.0 billion yen (3,000 yen/ton) over the previous fiscal year. The ratio of high value-added products increased by 2% from the previous year to 47%, showing steady progress toward the 50% target of the mid-term plan. We will strive to increase the ratio of high value-added products and further improve sales prices and spreads by expanding sales in the key areas of high tensile strength steel sheets for automobiles, electrical steel sheets, and construction materials for infrastructure. With regard to structural reforms, we suspended operations at facilities for steel sheets used in cans in the Chiba district and completed consolidating production to the Fukuyama district. We also renovated and relaunched the blast furnace in the Chiba district. In September 2023, we plan to suspend the upstream process in the Keihin area and will complete structural reforms to promote the shift from quantity to quality. We are also making steady progress in land use in the Keihin area after the structural reform. We selected a project partner for the northern side of the Minami-Watarida-Kita area and decided to sell our land in Ogimachi. Furthermore, following the announcement of Kawasaki City's land use policy, we plan to announce our own land use policy for Ogishima in September 2023.

## Promoting Growth Strategies

In August 2023, we signed an official agreement for the **establishment of a production and sales joint venture for (grain-oriented) electromagnetic steel sheets with JSW Steel in India**. We are further developing our strategy based on localized production. In addition, we are focusing on winning orders for our solutions business, which provides technological, operational, and research know-how for manufacturing high-value-added products and reducing environmental impact. By steadily implementing these initiatives, we raised the earnings target for the steel business under the medium-term plan by 30 billion yen from the initial plan to 260 billion yen. In the engineering business, while segment profit for FY2022 declined due to the soaring prices of materials and equipment, orders received reached a record high of 564.9 billion yen. The trading business posted a record-high segment profit of 65.1 billion yen in FY2022, reflecting our commitment in both businesses to achieve further growth against the medium-term plan.

## Promoting DX Strategy

Our medium-term plan positions **DX as a key for accomplishing the greatest transformation since our founding**. In FY2022, we pursued initiatives including expanded deployment of an anomaly detection system using data science technology for facilities in our steel business. In addition to existing internal optimization efforts such as business reforms and improved productivity, we will seek to deliver added value to external parties and create new businesses utilizing DX. We will leverage the rapid and drastic changes taking place around us as growth opportunities. For example, we began offering the RODAS® packaged service for boiler power plants as a new business that won the Energy Conservation Grand Prize for 2022. We have confidently progressed in our plan to invest a total of around 120 billion yen in DX over the four-year period, executing nearly 50% of this investment in FY2022. We will also take such actions as shifting to a cyber physical system (CPS) in the steel business and business process reform utilizing digital technology in the engineering business.

## Balancing Effective Investment and Financial Soundness

Aggressive management for medium- to long-term growth requires the establishment of a stable financial base. To this end, we must **balance effective investment based on a “select and concentrate” approach to ensure sufficient profitability and financial soundness**. The balance of interest-bearing debt at the end of FY2022 was 1,862.9 billion yen, an increase of 13.5 billion yen from the previous fiscal year. The Debt/EBITDA ratio, which is the financial target of the medium-term plan, was 3.7 times higher. Taking into account the accumulation of cash and deposits, however, the net position between interest bearing debt and cash and deposits was a decrease of about 4 billion yen from the previous fiscal year. The D/E ratio was 67.8%, achieving the mid-term plan target of around 70% two years ahead of schedule. We will continue to secure the necessary funding for investments while ensuring financial soundness by reviewing businesses and assets to thoroughly reduce assets and by improving the cash conversion cycle to reduce inventories.

The JFE Group will complete the measures set forth in the medium-term plan to achieve sustainable growth, enhance corporate value over the medium to long term and overcome difficulties by quickly and accurately responding to unpredictable, rapid changes in the business environment.

## ■ JFE Group's Performance and Profitability Targets, Dividend Policy, FY2022 Results, and FY2023 Forecast

Performance and profitability targets	Seventh Medium-term Business Plan (final year: FY2024)	FY2022 Results	FY2023 Forecast
Consolidated business profit (excluding steel business inventory valuation difference, etc.)	320.0 billion yen	235.8 billion yen (162.8 billion yen)	290.0 billion yen/year (315.0 billion yen)
Profit attributable to owners of parent	220.0 billion yen	162.6 billion yen	190.0 billion yen
ROE	10%	7.9%	8.7%
Debt/EBITDA	About 3 times	3.7 times	—
D/E ratio	About 70%	67.8%	—

Dividend policy	Seventh Medium-term Business Plan	FY2022 Results	FY2023 Forecast
Payout ratio	About 30%	28.5% (80 yen)	30.6% (100 yen)

## ■ Performance and Profitability Targets, FY2022 Results, and FY2023 Forecast for Operating Companies

Performance and profitability targets for operating companies		Seventh Medium-term Business Plan (final year: FY2024)	FY2022 Results	FY2023 Forecast
Steel business	Per ton profit (excluding inventory valuation difference, etc.)	10,000 yen/tonnes	7,000 yen/tonnes (3,000 yen/tonnes)	9,000 yen/tonnes (10,000 yen/tonnes)
	Segment profit (excluding inventory valuation difference, etc.)	230.0 billion yen	146.8 billion yen (73.8 billion yen)	200.0 billion yen (-225.0 billion yen)
Engineering business	Segment profit	35.0 billion yen	13.4 billion yen	25.0 billion yen
	Sales revenue	650.0 billion yen	512.5 billion yen	550.0 billion yen
Trading business	Segment profit	40.0 billion yen	65.1 billion yen	48.0 billion yen

## ■ Investment and Asset Downsizing Plans, Cumulative Results up to FY2022

Content		Seventh Medium-term Business Plan (four-year total)	Cumulative Results for FY2021 and FY2022
Investment	Total capital expenditures, investment and loans	Approx. 145.00 billion yen	Adopted around 50% of plan
	GX investment <sup>*1</sup>	Approx. 340.0 billion yen	Adopted around 40% of plan (investments related to offshore wind power-business, expansion in production facility for grain-oriented electromagnetic steel sheets, other)
	DX investment <sup>*2</sup>	Approx. 120.0 billion yen	Adopted slightly more than 50% of plan(system upgrades at steelworks)
Asset downsizing		Approx. 200.0 billion yen	87.0 billion yen

\*1 GX investment: Investments for green transformation.

\*2 DX investment: Investments for digital transformation.

## Material Issues of Corporate Management

### Action on Material Issues

The JFE Group's actions related to management issues are based on identifying materiality and setting KPIs to minimize negative societal impact and maximize societal value by investing JFE Group's resources from the standpoint of meeting stakeholder needs. In 2016, we determined our material CSR issues (13 issues in 5 focus areas) by comprehensively identifying 35 issues that reflect society's expectations in the context of JFE's business and then by prioritizing the issues through the two criteria of stakeholder expectations and relevance to business (societal impact).

In FY2021, we formulated the Seventh Medium-term Business Plan, recognizing that ensuring environmental and social sustainability (helping to solve critical issues) and establishing economic sustainability (stable earnings power) are key to the JFE Group's sustainable development. Accordingly, **we reorganized our materiality by adding economic issues to our existing CSR issues to identify all our material issues of corporate management.** We will demonstrate the Group's vision of "contributing to society with the world's most innovative technology" by working in concert to address these issues.

### Process for Identifying Material Issues of Corporate Management

The JFE Group has been promoting actions that address the material CSR issues identified in 2016 (13 issues in 5 focus areas).

Refer to the following on how we identified material CSR issues up to FY2020.

▶ [Material CSR Issues \(CSR REPORT 2020\)](https://www.jfe-holdings.co.jp/en/csr/pdf/csr2020e.pdf) (https://www.jfe-holdings.co.jp/en/csr/pdf/csr2020e.pdf)

In FY2021, the material issues of corporate management were identified through the following process.

#### STEP 1. Reassessment of Existing Material CSR Issues

The material CSR issues identified in 2016 were reassessed for their importance in terms of relating to current operations, stakeholder expectations and achievement of KPIs.

#### STEP 2. Setting of Material Economic Issues

Based on discussions at each operating company, major strategies in the Seventh Medium-term Business Plan were grouped together with the sources of competitive advantages in the JFE Group's business model, and economic-related issues were clarified for the economic sustainability of the Group.

- Source of Competitive Advantage

Steel and Trading Businesses: Production; Sales; and Technological Development

Engineering Business: Engineering, Procurement, and Construction; Sales; and Technological Development

### STEP 3. Selection of 20 Material Issue Candidates

Economic-related issues were added to the list of reassessed CSR issues, and their appropriateness as issues for the JFE Group was deliberated by the Group Management Strategy Committee, screening out 20 material issue candidates.

#### 20 Candidates for Material Issues

- Achieve carbon neutrality by 2050
- Provide eco-friendly businesses and products
- Protect the global atmosphere
- Pursue resource recycling
- Prevent workplace accidents
- Ensure the health of employees and their families
- Pursue diversity and inclusion
- Strengthen human resources development
- Implement workstyle reform
- Increase efficiency and enhance cost competitiveness in production and EPC
- Stable supply of products and services
- Ensure quality
- Increase the added value of products and technologies
- Bolster sales capabilities
- Meet customer needs
- Develop and expand the base of our growth businesses
- Develop cutting-edge technology
- Ensure financial soundness
- Ensure adherence to corporate ethics and compliance
- Respect the human rights of each person involved in our business

### STEP 4. Identification of the of the most important 13 Material Issues

The Group Management Strategy Committee and Board of Directors deliberated on the 20 candidate issues, and narrow them down by identifying the most important 13 material issues for the current JFE Group.

- Reduce the JFE Group's CO<sub>2</sub> emissions
- Contribute to reduction of CO<sub>2</sub> emissions across the society
- Prevent workplace accidents
- Ensure the health of employees and their families
- Pursue diversity and inclusion
- Strengthen human resources development
- Create workplaces that motivate employees
- Increase efficiency and enhance cost competitiveness in production and engineering
- Raise quality of products and services and ensure reliable supply
- Expand business by increasing value added in products and services with advanced technologies
- Sales strategies for realizing sustainable growth
- Ensure adherence to corporate ethics and compliance
- Respect human rights throughout the supply chain

## Contribution to the Sustainable Development Goals (SDGs)

In September 2015, a UN Summit adopted 17 SDGs to be addressed through worldwide efforts to achieve sustainable development. The JFE Group will respond to global community needs and contribute to SDGs through our initiatives on material issues of corporate management.

### SUSTAINABLE DEVELOPMENT GOALS



Corporate Vision: Contributing to Society with the World's Most Innovative Technology

Areas of Focus	Details	Scope of Influence	Material Issues	Relevant SDGs
Activity	Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	JFE Group Local communities near manufacturing sites Customers Society	Reduce the JFE Group's CO <sub>2</sub> emissions Contribute to reduction of CO <sub>2</sub> emissions across the society	6 7 9 12 13 14
	Ensure occupational safety and health	JFE Group Suppliers Business partners	Prevent workplace accidents Ensure the health of employees and their families	3 8
	Recruit and nurture diverse human resources	JFE Group Business partners	Pursue diversity and inclusion Strengthen human resources development Create workplaces that motivate employees	4 5 8 9 10
	Reinforce resilience of production and engineering capabilities (realize world-class earnings power through DX and other measures)	JFE Group Customers Society	Increase efficiency and enhance cost competitiveness in production and engineering Raise quality of products and services and ensure reliable supply	9 10 11 12
	Strengthen competitiveness of products and services (promote the growth strategy by providing high value-added solutions)	JFE Group Customers Society	Expand business by increasing value added in products and services with advanced technologies Sales strategies for realizing sustainable growth	7 9 11 12 13 17
Basis of Activity	Thoroughly enforce compliance	JFE Group Suppliers Political authorities Society	Ensure adherence to corporate ethical standards and compliance	10 16
	Respect human rights		Respect human rights across the supply chain	

Increased corporate value and sustainable growth

Goals

Contribute to realizing sustainable societies

Corporate Governance (Ensure Fairness, Objectivity and Transparency)

Respect and Maintain Awareness of Human Rights

## KPIs for Material Issues of Corporate Management

### Performance Evaluation for FY2022 KPIs and Establishment of FY2023 KPIs

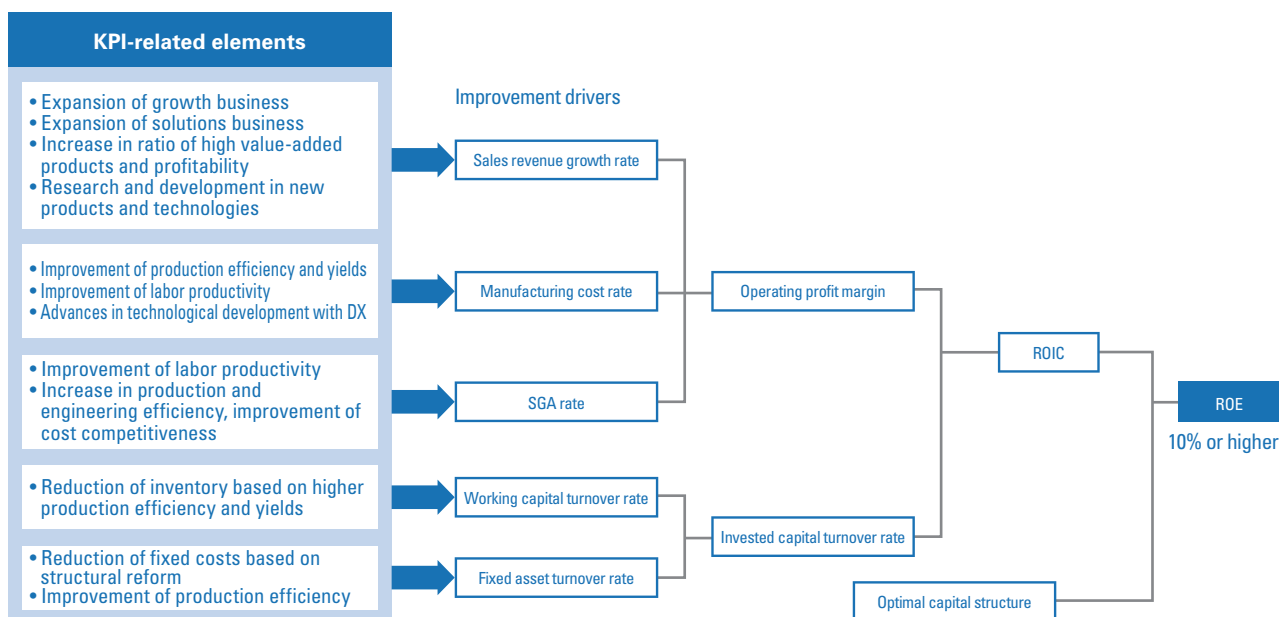
We assessed the performance of KPIs for FY2021 that were established to address material issues of corporate management identified in FY2022 and established KPIs for FY2023 based on the results of the evaluation and third-party opinions. FY2022 performance and KPIs for FY2023 were finalized following discussions by the Management Committee and other organs of each operating company and deliberation by the Group Management Strategy Committee and Board of Directors. Going forward, the Group will continue to work in concert to set KPIs that reflect the characteristics and realities of each operating company and effectively implement the PDCA cycle to promote its initiatives.

#### ► Material Issues of Corporate Management and KPIs (P.20)

### Enhancing ROE by Achieving the KPIs

The KPIs for each material issue are closely tied to the financial targets. Achieving the KPIs for each issue affects various drivers of improvement, leading to the achievement of the financial target (10% or higher ROE) and results in increasing corporate value over the medium to long term. The connection between these initiatives for material issues and financial targets is deeply shared at operating companies and on the front lines, increasing the effectiveness of these initiatives.

#### ■ Connection between KPI-related Elements and Financial Targets





Material Issues of Corporate Management and KPIs

Evaluation criteria

Target attributes		○	△	×
Set for each fiscal year	Accomplished 100% or better	Accomplished 80%~99%	Accomplished 79% or less	
Set medium- to long-terms (in case of setting a multi-year target)	Final target accomplished 100% or better	Final target partly accomplished with some results (80% or better with linear interpolation).	Working toward the goal but no results yet (79% or less with linear interpolation).	
Qualitative	Fully accomplished with significant results.	Partly accomplished with some results.	Working toward the goal but no results yet.	

\*1 In Groupwide evaluations, the lowest result among the companies is taken as the overall result.

\*2 Prevention of occupational injuries evaluated as Groupwide safety performance

Areas of Focus	Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
JFE Steel  JFE Engineering  JFE Shoji	Reduce the JFE Group's CO <sub>2</sub> emissions		<ul style="list-style-type: none"> <li>Achieve 50% of the CO<sub>2</sub> reduction target from energy conservation and technological development for the target of reducing CO<sub>2</sub> emissions by 18% from FY2013 levels by the end of FY2024.</li> <li>Complete the approval of investment plans for reducing CO<sub>2</sub> emissions by 90% cumulatively for CO<sub>2</sub> reduction targets from energy conservation and technological development for the target of reducing CO<sub>2</sub> emissions by 18% from FY2013 levels by the end of FY2024.</li> <li>Formulate a CO<sub>2</sub> reduction plan aimed at realizing the CO<sub>2</sub> reduction target for FY2030 (30% or more) with an eye on achieving carbon neutrality by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction target: 58% achieved</li> <li>Total investment budget: 88% approved</li> <li>CO<sub>2</sub> reduction target: Set multiple targets that anticipate future changes in the environment</li> </ul>	○	<ul style="list-style-type: none"> <li>Achieve 75% of the CO<sub>2</sub> reduction target from energy conservation and technological development for the target of reducing CO<sub>2</sub> emissions by 18% from FY2013 levels by the end of FY2024.</li> <li>Complete the approval of capital investment plans for reducing CO<sub>2</sub> emissions by 100% cumulatively for CO<sub>2</sub> reduction targets from energy conservation and technological development for the target of reducing CO<sub>2</sub> emissions by 18% from FY2013 levels by the end of FY2024.</li> <li>Obtain third-party certification, and build a green steel supply structure in the first half of FY2023.</li> </ul>
			Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)		<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions in its own plants and offices FY2024: 40% reduction from FY2013 levels</li> <li>Reduce CO<sub>2</sub> emissions through the procurement of electricity derived from renewable energy FY2022 domestic CO<sub>2</sub> emissions: Reduce by 10% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)</li> <li>Launch sales and implement eco-friendly products and technologies*: 15 or more cases in FY2022 (the cumulative total of 60 or more cases for the period from FY2021 to FY2024)</li> <li>Products and technologies that contribute to saving energy and resources, reduce waste and environmentally hazardous substances, and do not require hazardous substances for manufacturing or use.</li> <li>Contribute to reduction of CO<sub>2</sub> in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastic, food, etc.)</li> <li>Contribute to reduction in CO<sub>2</sub> emissions (FY2022): 11 million tons per year</li> </ul>	<ul style="list-style-type: none"> <li>48% reduction from FY2013 levels (FY2013: 15,600 tons, FY2022: 8,100 tons)</li> <li>11.2% reduction from FY2019 levels</li> <li>FY2022: 16 (eco-friendly products: 7, technologies: 9) (FY2021~FY2024: 32)</li> <li>CO<sub>2</sub> reduction contribution (FY2022): 11.14 million tons/year</li> </ul>
Activity	Contribute to reduction of CO <sub>2</sub> across the society		<ul style="list-style-type: none"> <li>Global resource recycling of steel scrap</li> <li>14% reduction from FY2020 levels Domestic volume expanded to meet increasing electric arc furnace demand, but sales volume decreased as overseas demand weakened</li> <li>Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel</li> <li>Volume handled: +25% compared with FY2020 levels</li> <li>Diversity supply sources: Started transactions with three new suppliers</li> <li>Diversify supply sources to ensure stable supply</li> </ul>	<ul style="list-style-type: none"> <li>Global resource recycling of steel scrap</li> <li>FY2023 scrap transactions: Above the transaction quantity for FY2020 (FY2024 target: +5% from FY2020)</li> <li>Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel</li> <li>FY2022 biomass fuel (palm kernel shells and wood pellets) transactions: Above the transaction quantity for FY2020 (FY2024 target: 100% increase from FY2020)</li> <li>Diversify supply sources: Started transactions with three new suppliers</li> </ul>	×	<ul style="list-style-type: none"> <li>1. Global resource recycling of steel scrap</li> <li>FY2023 scrap transactions: Above the transaction quantity for FY2020 (FY2024 target: +5% from FY2020)</li> <li>2. Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel</li> <li>FY2022 biomass fuel (palm kernel shells and wood pellets) transactions: Above the transaction quantity for FY2020 (FY2024 target: 100% increase from FY2020)</li> <li>Diversify supply sources: Started transactions with three new suppliers</li> </ul>
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Areas of Focus	Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
Ensure occupational safety and health	Prevent workplace accidents	Groupwide	<p><b>Groupwide</b> Workplace fatalities: Zero occurrences</p> <ul style="list-style-type: none"> <li>Lost-workday injuries rate</li> <li>ST 0.18</li> <li>EN 0.26</li> <li>SH 0.45 or less</li> </ul>	<p><b>Groupwide</b> Workplace fatalities: 1 occurrence</p> <ul style="list-style-type: none"> <li>Lost-workday injuries rate</li> <li>ST 0.18</li> <li>EN 0.26</li> <li>SH 0.25</li> </ul>	X*	<p><b>Groupwide</b> Workplace fatalities: Zero occurrences</p> <ul style="list-style-type: none"> <li>Lost-workday injuries rate</li> <li>ST 0.10 or less</li> <li>EN 0.25 or less</li> <li>SH 0.45 or less</li> </ul>
		ST	<p>(Key measures)</p> <p>(1) Enhance safety</p> <p>Install electromagnetic locks at the secondary mill entrances: 60% by FY2022, 100% by FY2024</p> <p>(2) Restructure the safety and health management system</p> <p>ISO 45001 certification in all districts: 100% by FY2022</p>	<p>(Key measures)</p> <p>(1) Installed electromagnetic locks at the secondary mill entrances: 81%</p> <p>(2) ISO 45001 certification: 100%</p>		<p>(Key measures)</p> <p>(1) Reinforce activities to prevent similar injuries</p> <p>Horizontal Companywide deployment of measures, including for close calls, promote workplace activities so employees view past incidents as lessons to learn from</p> <p>(2) Enhance safety</p> <p>Install electromagnetic locks at the secondary mill entrances: 90% by FY2023, 100% by FY2024</p>
		EN	<p>(Key measures)</p> <p>(1) Implement 100% of the following key points for eliminating falling and tumbling, getting wedged between or caught in machinery, and being struck by flying or falling objects</p> <ul style="list-style-type: none"> <li>Pre-operation checks (curbing openings in high locations and edges of work floor, ensuring on-site understanding of work plans, and covering and enclosing/turning off of machinery)</li> <li>Strict adherence during operations (use of safety belts, no entry measures/allocation of worksite guides)</li> </ul> <p>(2) Multifaceted management of occupational safety and health using IT</p> <ul style="list-style-type: none"> <li>Complete development of an AI-based system for detecting intruders (plan)</li> </ul>	<p>(Key measures)</p> <p>(1) Focused efforts on pre-operation checks of work plans and offering guidance, checking safety equipment, and preventing unsafe behavior through patrols in order to implement 100% of the following key points for eliminating falling and tumbling, getting wedged between or caught in machinery, and being struck by flying or falling objects (Workplace fatalities: 1 occurrence in FY2021 → Zero occurrences in FY2022)</p> <p>(2) Multifaceted management of occupational safety and health using IT</p> <p>Finished development of AI-based system for detecting intruders (began operating a plant hardened system at Tsurumi Works in FY2023)</p>		<p>(Key measures)</p> <p>(1) Implement 100% of the following key measures to prevent injuries with decisive work plans and proper work instructions in order to eliminate serious injuries</p> <ul style="list-style-type: none"> <li>Pre-operation checks (curbing openings in high locations and edges of work floor, ensuring on-site understanding of work plans, and covering and enclosing/turning off of machinery)</li> <li>Strict adherence during operations (use of safety belts, no entry measures/allocation of worksite guides)</li> </ul> <p>(2) Multifaceted management of occupational safety and health using IT</p> <ul style="list-style-type: none"> <li>Monitor worksites, use information communications systems</li> <li>Use safety management operations support system</li> </ul>
		SH	<p>(Key measures)</p> <p>(1) Installation of safety fences, covers, etc. (100% of plan)</p> <p>(2) 100% implementation of crane operation drills (once a year or more at each company)</p>	<p>(Key measures)</p> <p>(1) Installation of safety fences and covers: Completed 100% of plan</p> <p>(2) Implementation of crane operation drills: Once a year or more at each company, Implemented 100% of drills</p>		<p>(Key measures)</p> <p>(1) 100% implementation of crane operation drills (once a year or more at each company)</p> <p>(2) Review of past incidents at the Company</p> <p>Finish formulating and executing measures for alternative proposals to address past incidents identified as requiring review</p>
Activity	Ensure the health of employees and their families	Groupwide	<p>1. Provision rates of healthcare guidance</p> <p><b>Groupwide</b> 60% (2023 target)</p>	<p>1. Provision rates of healthcare guidance</p> <p>ST 72.2%</p> <p>EN 39.4%</p> <p>SH 52.1%</p> <p>*FY2021 results</p>	X	<p>1. Provision rates of healthcare guidance</p> <p><b>Groupwide</b> 60% (2023 target)</p>
		Groupwide	<p>2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)</p> <p><b>Groupwide</b> 1.5% reduction per year (total for operating companies)</p>	<p>2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)</p> <p><b>Groupwide</b> 0.7% reduction per year (total for operating companies)</p>	X	<p>2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)</p> <p><b>Groupwide</b> 1.5% reduction per year (total for operating companies)</p>
Recruit and nurture diverse human resources	Pursue diversity and inclusion	Groupwide	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): Degree of gender parity</p> <p>Career-track (technical position): 10% or more</p> <p>On-site position: 10% or more</p> <p>EN Career-track (white-collar position): Degree of gender parity</p> <p>Career-track (technical position): 15% or more</p> <p>Production/construction position: 10% or more (four-year average)</p> <p>SH Career-track position: Degree of gender parity</p>	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): 24%</p> <p>Career-track (technical position): 6%</p> <p>On-site position: 6%</p> <p>EN Career-track (white-collar position): 47%</p> <p>Career-track (technical position): 18%</p> <p>Production/construction position: 4% (four-year average)</p> <p>SH Career-track position: 42%</p>	△	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): Degree of gender parity</p> <p>Career-track (technical position): 10% or more</p> <p>On-site position: 10% or more</p> <p>EN Career-track (white-collar position): Degree of gender parity</p> <p>Technical (Career-track, Production/construction position): 15% or more</p> <p>SH White-collar position: Degree of gender parity</p>
		Groupwide	<p>2. Women in managerial positions</p> <p>10% or more in the position qualified as section manager or above</p> <p>Of whom, 20% or more to be in management and sales departments (FY2030 target)</p> <p>3. Rate of male employees taking childcare leave or time off related to child rearing</p> <p>Aim for all male employees whose spouses have given birth to take such leave or time off</p>	<p>2. Women in managerial positions</p> <p>3.3% in the position qualified as section manager or above</p> <p>Of whom, 6.1% in management and sales departments (total for operating companies)</p> <p>3. Rate of male employees taking childcare leave or time off related to child rearing</p> <p>93% (total for operating companies)</p>	△	<p>2. Women in managerial positions</p> <p>10% or more in the position qualified as section manager or above</p> <p>Of whom, 20% or more to be in management and sales departments (FY2030 target)</p> <p>3. Rate of male employees taking childcare leave or time off related to child rearing</p> <p>Aim for all male employees whose spouses have given birth to take such leave or time off</p>
Strengthen human resources development	Strengthen human resources development	Groupwide	<p>• Training hours per person</p> <p>ST 140 hours or more per year</p> <p>EN 20 hours or more per year</p> <p>SH 20 hours or more per year</p>	<p>• Training hours per person</p> <p>ST 452 hours per year</p> <p>EN 209 hours per year</p> <p>SH 20.1 hours per year</p>	○	<p>• Training hours per person</p> <p>ST 40 hours or more per year</p> <p>EN 20 hours or more per year</p> <p>SH 20 hours or more per year</p>
		Groupwide	<p>• Train DX personnel</p> <p>ST Number of internal data scientist trainees: Total of 600 as of the end of FY2023</p> <p>EN Number of employees who took internal data scientist training: Total of 170 as of the end of FY2023</p>	<p>• Train DX personnel</p> <p>ST Number of internal data scientist trainees: Total of 600 as of the end of FY2023</p> <p>EN Number of employees who took internal data scientist training: Total of 170 as of the end of FY2023</p>	○	<p>• Train DX personnel</p> <p>ST Number of internal data scientist trainees: Total of 600 as of the end of FY2023</p> <p>EN Number of employees who took internal data scientist training: Total of 170 as of the end of FY2023</p>

Areas of Focus	Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
Recruit and nurture diverse human resources	Create workplaces that motivate employees	Groupwide	<p><b>Groupwide</b> Annual leave acquisition rate of 75% or more (total for operating companies)</p> <p><b>Groupwide</b> Affirmative response to questions about motivation: 75% or more</p> <p>Note: Set as a Groupwide target from FY2022</p>	<p>1. <b>Groupwide</b> Annual leave acquisition rate: 82% (total for operating companies)</p> <p>Affirmative response to questions about motivation</p> <p>ST 72% EN 79% SH 78%</p>	○	<p>1. <b>Groupwide</b> Annual leave acquisition rate of 75% or more (total for operating companies)</p> <p>2. <b>Groupwide</b> Affirmative response to questions about motivation: At least 75%</p>
			<p>1. Improve labor productivity</p> <ul style="list-style-type: none"> <li>Toward improving labor productivity by 20% by the end of FY2024</li> <li>Steadily implement FY2022 milestones for improving labor productivity and enhance the accuracy of plans for FY2023 and FY2024</li> <li>Approve and implement FY2022 investments for improving labor productivity, such as automation and remote operation</li> <li>Steadily consolidate the steel sheet manufacturing line for cans in Chiba</li> </ul> <p>2. Improve yields with DS* activities</p> <ul style="list-style-type: none"> <li>Achieve stable quality and enhance yields through measures including introduction of quality prediction technology based on integrated data encompassing the entire process from steelmaking to final processing using DS</li> <li>Improve yields by 1.0% in FY2022 from FY2020 levels to achieve 2.0% by FY2024 (based on figures after adjustments to the sales mix)</li> <li>Data science</li> </ul>	<p>Set milestones and number of personnel for each fiscal year</p> <ul style="list-style-type: none"> <li>Implementing measures to improve labor productivity by 20% (48% progress toward 50% target with linear interpolation)</li> <li>Approved 4.8 billion yen for 38 projects as planned for investments to improve labor productivity through automation and remote operations in FY2022</li> <li>Relocated facilities as planned in line with stoppage of can steel sheet manufacturing line at Chiba in September 2022</li> </ul> <p>Improve yields with DS activities</p> <p>FY2022 yield: 86.5% (up 0.4 point from FY2020)</p>	△	<p>1. Improvement in labor productivity</p> <ul style="list-style-type: none"> <li>Toward improving labor productivity by 20% by the end of FY2024</li> <li>Steadily implement FY2024 milestones each fiscal year for improving labor productivity by 20%</li> <li>Approve and implement FY2023 investments for improving labor productivity, such as automation and remote operation</li> <li>Steadily relocate facilities in accordance with structural reforms in Kashiwa</li> </ul> <p>2. Improve yields through DS activities</p> <ul style="list-style-type: none"> <li>Stabilize production with DS, improve yields through application of quality prediction</li> <li>Improve yields by 1.5% in FY2023 from FY2020 levels to achieve 2.0% by FY2024 (based on figures after adjustments to the sales mix)</li> </ul>
Activity	Reinforce resilience of production and engineering capabilities (realize world-class earnings power through DX and other measures)	EN	<p>Increase efficiency and enhance cost competitiveness in production and engineering</p>	<p>Increase the efficiency of engineering operations by introducing DX technologies</p> <p>Engineers for big data analysis utilizing Plat'cello*: 1,800</p> <p>* Plat'cello: Proprietary data analysis platform using AI</p>	○	<p>Increase the efficiency of engineering operations by introducing DX technologies</p> <p>Engineers for big data analysis utilizing Plat'cello*: 2,200</p> <p>* Plat'cello: Proprietary data analysis platform using AI</p>
			<p>Raise quality of products and services and ensure reliable supply</p>	<p>1. Ensure quality</p> <ul style="list-style-type: none"> <li>Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system</li> <li>Establish automated technology for testing and inspections (impact test fracture rate, hole expansion, etc.) other than the four priority items (tensile test, molten steel analysis, thickness measurement for hot and cold rolled steel sheets, and coating weight measurement) to improve the level of quality assurance and product testing</li> </ul> <p>2. Strengthen the manufacturing infrastructures using DX</p> <ul style="list-style-type: none"> <li>Achieve CPS* installation rate of 36% or more on a companywide basis in FY2022 to implement CPS in all production processes by the end of FY2024.</li> <li>CPS: Cyber-Physical System</li> </ul>	○	<p>1. Ensure quality</p> <ul style="list-style-type: none"> <li>Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system</li> <li>Promote automated transmission of tensile test results at Group companies</li> <li>Targeting six companies: 67% introduction ratio in FY2023 (100% in FY2025)</li> </ul> <p>2. Strengthen the manufacturing infrastructures using DX</p> <ul style="list-style-type: none"> <li>Achieve CPS installation rate of 60% or more on a companywide basis in FY2023 to implement CPS in all production processes</li> </ul>
		EN	<p>1. Secure a stable number of certified managing engineers</p> <p>2. No major quality problems</p>	<p>1. Reliably secured certified managing engineers amid high level of sales</p> <p>2. Major quality problems: One incident</p>	○	<p>1. Secure a stable number of certified managing engineers</p> <p>2. No major quality problems</p>
		SH	<p>1. Make consistent investment in processing and distribution operations</p> <p>2. Conduct quality audits at Group companies</p> <p>Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan (expand the scope from the FY2021 level) and overseas (audit completed: 100%)</p>	<p>1. Made necessary investments during the fiscal year to ensure reliable supply of products</p> <p>(Investment amount (approved amount))</p> <ul style="list-style-type: none"> <li>Reinforcement: 11.3 billion yen</li> <li>Renewal and safety: 3.1 billion yen</li> <li>Systems: 1.6 billion yen</li> <li>Total: 16.0 billion yen</li> </ul> <p>Conducted 36 quality audits (100% audit completion rate)</p> <ul style="list-style-type: none"> <li>18 domestic Group companies (zero remote audits)</li> <li>18 overseas Group companies (five remote audits)</li> </ul>	○	<p>1. Make consistent investment in processing and distribution operations</p> <p>2. Conduct quality audits at Group companies</p> <p>Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan (same as the FY2022 level) and overseas (audit completed: 100%)</p>

Areas of Focus	Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs														
Activity	Strengthen competitiveness of products and services (promote the growth strategy by providing high-value-added solutions)		1. Pursue strategic research and development focusing on priority development fields* Develop new products and technologies FY2022: 20 or more cases (80 or more cases in total from FY2021 to FY2024) * Automobiles, energy, infrastructure construction materials, DX technology, and green transformation (GX) technology 2. Increase sales ratio of high-value-added products* to 50% by FY2024 (sell 10.9 million tons of these products, or 50% of total sales volume, excluding semi-finished products, in FY2024) Sales of high-value-added products: 10.3 million tons (sales ratio of 47%) (up 2.5 million tons from FY2020) * Products that offer technological advantages and are recognized by customers for their added value while having greater earnings power than commodity products. 3. As a step toward triple earnings in the solution business by FY2024 from the FY2020 level • Continuing from FY2021, focus efforts on activities for receiving orders for the new solutions model. In particular, along with concluding a contract for the first project providing DS utilization technologies via the cloud, build a platform that provides services on a subscription basis • In the existing solutions business, expand product offerings and develop new customers while increasing revenue in FY2022 by 50% from FY2020 levels by steadily executing projects • Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX, and 65% or more of R&D expenses on these four fields • Number of patent applications: 80 or more per year • Expand the earnings difference between high-value-added products (A-rank products) and commodity products to 4,000 yen per ton by FY2024 (revise evaluation method eliminating the impact of market fluctuations and product mix differences) <FY2022 KPI> Aim for 50% of target	FY2022: 22 cases (10 new products, 12 new technologies) (total for FY2021 to FY2024: 43 cases)  Sales ratio for high-value-added products in FY2022: 47%  • Created a platform for offering subscription-based services for using DS technologies, connected with customers online in inaugural project • Surpassed target for 50% growth compared with FY2020  • Ratio of R&D spending in four priority fields: 72% • Number of patent applications: 88  • Expanded the earnings difference between high-value-added products (A-rank products) and commodity products to 6,000 yen per ton in FY2022 (achieving 150% of FY2024 target)	○	Pursue strategic research and development focusing on priority development fields* Develop new products and technologies FY2023: 20 or more cases (80 or more cases in total from FY2021 to FY2024) * Automobiles, energy, infrastructure construction materials, DX technology, and GX technology  High-value-added product sales volume ratio in FY2023: 48%														
				• Sales of operating businesses: 272.5 billion yen • New bases: 3 bases • 1 regional electricity retail new power business base, 1 waste recycling base, 1 wastewater processing base  • Investments to improve value added in supply chain: 5 per year	○	Expand the stable earnings base Expand the operating businesses • Sales: 260 billion yen • Expand bases: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.) regional electricity retail new power business, and waste processing business  • Increase competitiveness of products and services by improving value added in supply chain management through business expansion Make investments to improve value added in supply chain: 5 or more per year	○	Expand the stable earnings base Expand the operating businesses • Sales: 260 billion yen • Expand bases: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.) regional electricity retail new power business, and waste processing business  • Increase competitiveness of products and services by improving value added in supply chain management through business expansion Make investments to improve value added in supply chain: 5 or more per year												
				1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)  2. Improve employee awareness of ethics reflected in the Corporate Ethics Awareness Survey (100% attendance from the target audience)	○	1. 100% attendance (rank-based compliance training, training on different laws and regulations, etc.)  2. Conducted Corporate Ethics Awareness Survey of all employees, survey results verified improvement in employee awareness <table border="1" data-bbox="1133 716 1260 1097"> <thead> <tr> <th>Questions</th> <th>FY2019</th> <th>FY2022</th> </tr> </thead> <tbody> <tr> <td>Has your own awareness increased of the Company's improved compliance systems and initiatives?</td> <td>70.0%</td> <td>73.4%</td> </tr> <tr> <td>Are you aware of the consultation service and how to use it?</td> <td>77.3%</td> <td>86.3%</td> </tr> <tr> <td>Do you agree with and implement the Company's policies regarding power harassment?</td> <td>70.7%</td> <td>76.2%</td> </tr> <tr> <td>Do you manage your work hours in accordance with Company policy?</td> <td>88.0%</td> <td>90.3%</td> </tr> </tbody> </table>	Questions	FY2019	FY2022	Has your own awareness increased of the Company's improved compliance systems and initiatives?	70.0%	73.4%	Are you aware of the consultation service and how to use it?	77.3%	86.3%	Do you agree with and implement the Company's policies regarding power harassment?	70.7%	76.2%	Do you manage your work hours in accordance with Company policy?	88.0%
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Do you manage your work hours in accordance with Company policy?	88.0%	90.3%																		
Basis of Activity	Ensure adherence to corporate ethical standards and compliance	Groupwide	1. 100% attendance from the target audience for human rights awareness training  2. Implemented the following initiatives: • Revised the JFE Group Human Rights Basic Stance • Expanded human rights due diligence to Group companies • Inspected and made necessary changes to procurement guidelines of each operating company	○	1. 100% attendance from the target audience for human rights awareness training  2. Implement human rights due diligence															
	Respect human rights across the supply chain		1. 100% attendance from the target audience for human rights awareness training  2. Implement human rights due diligence	○	1. 100% attendance from the target audience for human rights awareness training  2. Implement human rights due diligence															