
System for Promoting Sustainability

JFE Group Sustainability System

Based on its corporate philosophy of “contributing to society with the world’s most innovative technology,” the JFE Group will continue to be a company that provides products and services for a prosperous global future for a long time to come.

We also consider it our mission to establish our position as a company essential to society’s sustainable development and to create safe, comfortable lives for people everywhere, and become an organization that is highly regarded by society. To realize this mission, we will ensure environmental and social sustainability and establish economic sustainability (stable earnings power). By doing so, we will secure a resilient management foundation for achieving sustainable growth for the Group over the medium to long term and enhance corporate value.

Supervision over Sustainability Initiatives

The Group established the JFE Group CSR Council (JFE Group Sustainability Council as of April 2023), chaired by the president of JFE Holdings and comprised of the executive vice president (director), corporate officers, full-time Audit & Supervisory Board members, the presidents of operating companies, and other members to oversee and direct the sustainability initiatives of the entire organization, including risk management, from the perspective of preventing damage to the JFE Group’s corporate value and enhancing it. Independent, cross-Group committees have been established under the council, including the JFE Group Compliance Committee, JFE Group Environmental Committee, JFE Group Internal Control Committee, JFE Group Information Security Committee, Public Disclosure Committee, and Corporate Value Enhancement Committee. Overseeing and directing the Group’s sustainability initiatives, these committees deliberate on Group policies, monitor how they are being instilled across the Group, and share information on the tasks at hand as well as on issues that have materialized and relevant responses. Included in the agenda discussed by the JFE Group Sustainability Council, the Group’s basic policies, action plans, content of key initiatives and response to critical circumstances are reported regularly to the Board of Directors, which deliberates on the issues and provides the council with direction and supervision.

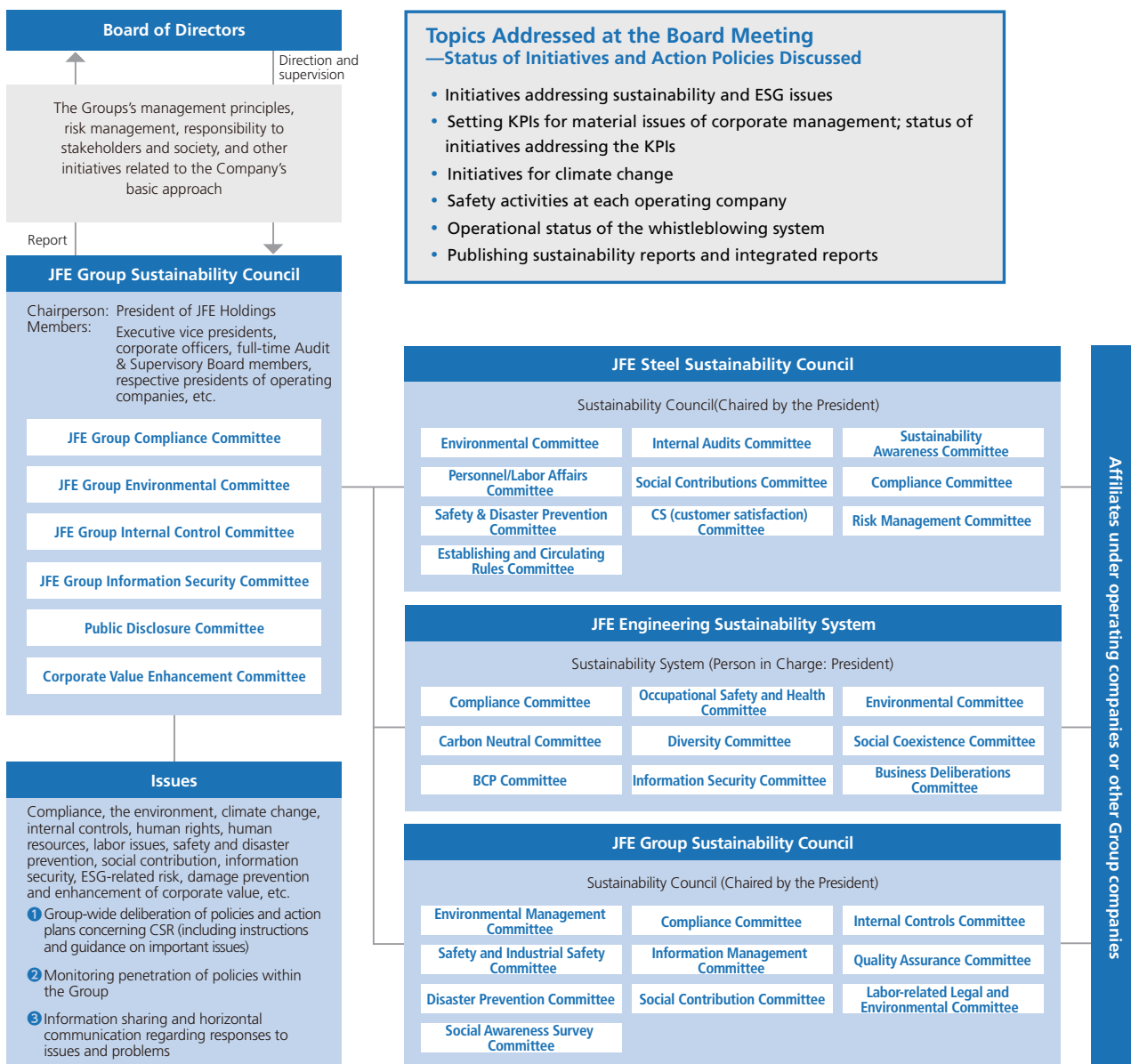
Activities of the Group Sustainability Council

The Group Sustainability Council meets approximately once every three months to discuss wide-ranging issues such as the antimonopoly act, compliance with laws and regulations to prevent corruption such as bribery involving public servants and other officials, human resources, labor issues, safety, disaster prevention, the environment, climate change, quality, financial reports, addressing antisocial forces, risk management including information security and other ESG-related risks, and social contribution. The council deliberates on policies related to Group initiatives, which also include providing instruction and guidance on material issues, monitors the penetration of the policies, and shares information on and carries out horizontal communication regarding our responses to issues and problems.

Cooperation with Operating Companies

The operating companies have also set up respective entities that operate in collaboration with the JFE Group Sustainability Council to promote Group-wide initiatives from the perspective of preventing damage to the JFE Group’s corporate value and enhancing that value. JFE Steel established the CSR Council (Sustainability Council as of April 2023) chaired by the president in July 2005, following the establishment of the CSR Section in April 2005. Specific committees and sub-committees in areas such as compliance, global environment, risk management, safety and disaster prevention, customer satisfaction, social contributions, etc., established under the Sustainability Council have been actively conducting the activities in each area, while promoting awareness of sustainability, together with the Group companies. JFE Engineering and JFE Shoji are also working to achieve sustainability through the establishment of committees in areas such as compliance and the environment.

■ Diagram of System for Promoting Sustainability



Confirmation and Improvement through the Employee Awareness Survey

The JFE Group conducts a Corporate Ethics Awareness Survey on a regular basis (currently once every three years, twice a year from FY2024) for directors and employees of JFE Holdings and its operating companies to confirm the penetration and thorough compliance of the Group's Corporate Vision, Corporate Values, and Standards of Business Conduct, along with the identification of potential risks. The survey conducted in FY2022 confirmed that many employees acknowledged the vision and corporate policy and are aware of compliance matters when carrying out their work. On the other hand, the survey also brought to our attention issues to address going forward. These are reflected in the specific initiatives of each Group company under the supervision of the JFE Group Sustainability Council and Board of Directors.

Initiatives and Relevant SDGs

The JFE Group is taking action to address material issues of corporate management (materiality), even in non-material areas.

The following chart summarizes all activities introduced in this report. Through these activities, the JFE Group intends to contribute to the achievement of the SDGs.

Activities	Related SDGs
Sustainability Management	
<p>▶ Supply Chain Management (P.44)</p>	<ul style="list-style-type: none"> Promoting Green Procurement Procurement Policy and Initiatives for Each Business 
Addressing ESG Issues	
<p>▶ Environmental Management (P.47)</p>	<ul style="list-style-type: none"> Promotion of Environmental Management System Environmental Education 
<p>▶ Climate Change (P.53)</p>	<ul style="list-style-type: none"> Reduction of CO₂ in the Steel Business Greater Contribution to Reducing CO₂ in Society as a Whole Scenario Analysis Based on TCFD Recommendations 
<p>▶ Development and Provision of Eco-friendly Processes and Products (P.108)</p>	<ul style="list-style-type: none"> Major Eco-friendly Products and Technologies in Each Business 
<p>▶ Efficient Use of Resources (P.131)</p>	<ul style="list-style-type: none"> Reducing Generation and Emission of Co-products and Re-using Co-products Promoting Recycling Resource Recycling Solution 
<p>▶ Water Security (P.136)</p>	<ul style="list-style-type: none"> Addressing Water-related Risks Efficient Use of Water 
<p>▶ Prevention of Pollution (P.139)</p>	<ul style="list-style-type: none"> Controlling Air Emissions Preventing Water Pollution Management of Chemical Substances and Reduction of Emissions 
<p>▶ Biodiversity (P.144)</p>	<ul style="list-style-type: none"> Biodiversity Initiatives Commitments to External Initiatives Products and Technologies to Preserve Biodiversity 
<p>▶ Environmental Communication (P.152)</p>	<ul style="list-style-type: none"> Disclosing Environmental Data for Business Sites Disclosure and Exchange of Information 

Activities		Related SDGs
<p>▶ Responsibility to Customers (Provide Quality Products and Enhance Customer Satisfaction) (P.156)</p>	<ul style="list-style-type: none"> Quality Initiatives Improving Customer Satisfaction Ensuring Stable Supply 	
<p>▶ Human Capital: Occupational Health and Safety (P.165)</p>	<ul style="list-style-type: none"> Occupational Health and Safety Employee Health 	
<p>▶ Human Capital: Recruit and Nurture Diverse Human Resources (P.174)</p>	<ul style="list-style-type: none"> Workstyle Reform Operational Reform Workforce Diversity Promotion Human Resource Development Developing Dynamic Work Environments 	
<p>▶ Human Rights (P.183)</p>	<ul style="list-style-type: none"> Respecting Human Rights Initiatives Conducting Human Rights Due Diligence 	
<p>▶ Community (P.192)</p>	<ul style="list-style-type: none"> Local activities Support for External Organizations Support for Youth Development JFE 21st Century Foundation 	
<p>▶ Shareholders and Investors (P.201)</p>	<ul style="list-style-type: none"> Proactive Information Disclosure 	
<p>▶ Compliance (P.216)</p>	<ul style="list-style-type: none"> Adherence to Ethical Standard, Legal Compliance 	
<p>▶ Tax Transparency (P.224)</p>	<ul style="list-style-type: none"> Tax Transparency 	

Stakeholder Engagement

The JFE Group strives to maintain agreeable and favorable relationships with all stakeholders, including Stakeholder Engagement shareholders, customers, clients, employees, and local communities, for the sustainable growth and medium- to long-term increase of corporate value.

Engagement with JFE’s Major Stakeholders

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Shareholders and Investors			
We work to disclose information accurately, fairly and in a timely and appropriate manner as well as strive for active communication. We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and to promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.	Ordinary general meeting of shareholders	1	Approx. 220,000 shareholders
	Individual meetings, primarily with institutional investors and securities analysts	In Japan: 51 companies (162 meetings) Overseas: 65 companies (130 meetings)	
	Meetings with shareholders, primarily ESG managers or those with voting rights at institutional investors	In Japan: 23 companies (48 meetings) Overseas: 17 companies (17 meetings)	
	Investor meetings and ESG Briefings for analysts and persons responsible for ESG	5	Approx. 1,100 persons in total
	Web-based briefings for individual investors	1,000 real-time participants Over 10,000 views	
	Business site and plant tours for individual shareholders	11	Approx. 1,500 persons
	Newsletters (JFE Dayori)	2 (mid-year and annual)	Approx. 280,000 copies per issue
	Various reports, including integrated reports and sustainability reports*1	1	Approx. 23,000 copies
	Information via websites, etc., for shareholders and investors	As needed	
Customers			
The Group believes that the stable supply of products and services and reliable quality assurance, along with advancing research and development, are necessary to meet customer needs. We will work to establish win-win relationships by continuously meeting customer needs and the trust they place in us.	Communication through sales activities and sales support for quality assurance	As needed	Conducted at each operating company
	Interviews and questionnaires, such as those related to customer satisfaction	As needed	Conducted at each operating company
	Information via websites (product information), etc.	As needed	
Suppliers			
As a key business partner, we actively promote CSR initiatives in cooperation with suppliers. We have established a basic purchasing (procurement) policy to promote fair and honest procurement activities and build sound relationships with suppliers.	Communication through purchasing activities	As needed	Conducted at each operating company
	Briefings and exchanges of opinion	As needed	Conducted at each operating company
	Information disclosure and other communication through the website	As needed	

*1 Number of issues published is for the integrated report, and the sustainability report is only posted online.

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Employees			
<p>Various initiatives are being actively pursued together with our clients as important business partners. We have established Purchasing and Procurement Policies to promote fair and sincere procurement activities and to establish healthy relationships with clients.</p>	Communications through daily operations and in the workplace	As needed	
	Internal newsletters and intranet	As needed	
	Various labor-management committees	2 to 4	Management and labor unions at each operating company
	Corporate Ethics Hotline	As needed	FY2022: 127 cases
	Various training sessions	As needed	Position-specific, compliance, human rights, etc.
	Family days*1 (visits by employee families, lunch at employees' cafeteria), etc.	As needed	Conducted at each operating company
	Corporate Ethics Awareness Survey	Once every 3 years (once every 2 years starting in FY2024)	Conducted at JFE Holdings and operating companies
	Engagement Survey (employee satisfaction survey)*2	1	Conducted at JFE Holdings and operating companies
Management feedback (360 degree analysis)*3	1	Conducted at JFE Holdings and JFE Steel	
Local communities			
<p>To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.</p>	Communication through local residents' association, events, etc.	As needed	
	Events at manufacturing bases (festivals, etc.)*4	1 per region	Approx. 56,000 persons per year
	Plant tours*4	As needed	More than 70,000 persons per year
	Cleanup activities (vicinity of manufacturing bases, regional cleaning, etc.)	As needed	
	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	
	Others (dispatch of lecturers to elementary schools, craft workshops, workplace experience events, etc.)	As needed	
	Information via websites (environmental info, etc.)	As needed	
	Social contribution through JFE 21st Century Foundation (http://www.jfe-21st-cf.or.jp/eng/index.html) (various research support, regional activity support, etc.)	As needed	

*2 Questionnaire targeting all employees for surveying the level of satisfaction and applying results to initiatives and operations.

*3 Corporate officers and managers are evaluated by co-workers and subordinates and receive feedback.

*4 Events were held with appropriate measures to prevent the spread of COVID-19. List shows results for FY2022.