

Environmental Management

Basic Policy

JFE Group companies are developing innovative technologies and international cooperation for the protection of the global environment by operating in harmony with the global environment, as well as protecting it, in accordance with the Group's environmental philosophy and policy.

Environmental Philosophy

The JFE Group puts top priority on protecting and enhancing the global environment to maintain its business in harmony with the environment and ultimately for the prosperity of society as a whole.

Environmental Strategies

1. Reduce the environmental impact of all businesses
2. Contribute through technologies and products
3. Contribute through businesses for resource conservation and energy efficiency
4. Communicate with society
5. Facilitate international cooperation

Management Structure

Framework for Environmental Management

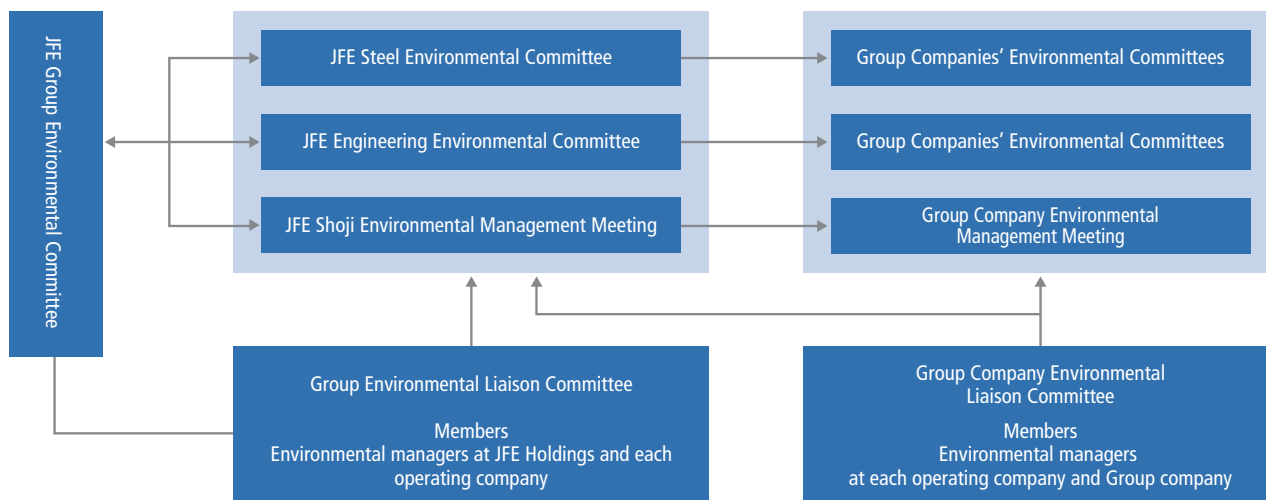
The JFE Group Environmental Committee, chaired by the president of JFE Holdings and operating under the JFE Group Sustainability Council, sets goals for environmental protection, monitors the progress of these initiatives and works to improve the Group's overall environmental performance. Key issues for corporate management such as climate change are deliberated at the Group Management Strategy Committee as well and reported to the Board of Directors. The board oversees environmental challenges by discussing the reported material. Additionally, specialized committees set up by JFE Group operating companies and affiliates implement specific activities.

In our Seventh Medium-term Business Plan, we positioned climate change as a top-priority business concern and formulated the JFE Group Environmental Vision for 2050. To this end, we are aggressively pushing forward to achieving our CO₂ reduction targets and achieving carbon neutrality by 2050.

For further details, refer to:

- [System for Promoting Sustainability](#) (P.24)
- [Seventh Medium-term Business Plan](#) (P.12)
- [JFE Group Environmental Vision for 2050](#) (P.53)

Environmental Management System



Initiatives

Environmental Management System

Acquiring ISO 14001 certification is a key part of every JFE Group company's environmental program. All global production sites of JFE Steel and JFE Engineering and major offices of JFE Shoji have been certified, encompassing 67% of 43,848 employees at 84 companies covered in this report and 52% of all sites. In FY2022, there were no major violations of environmental laws or regulations by Group companies (air, water, soil, etc.) that resulted in a fine or other penalty.

For quantitative data related to ISO 14001 for each business, please refer to the following information.

▶ [List of ISO 14001-certified companies](https://www.jfe-holdings.co.jp/en/csr/environment/env_manage/pdf/iso14001.pdf) (https://www.jfe-holdings.co.jp/en/csr/environment/env_manage/pdf/iso14001.pdf)

ST JFE Steel

JFE Steel maintains Environment Management Departments at its head office and in each business office, as well as an Environmental Committee, chaired by its president and Environment Management Committees in each local office.

▶ [Environmental Management System](https://www.jfe-steel.co.jp/research/environment.html) (Environmental Strategies) (Japanese only)(https://www.jfe-steel.co.jp/research/environment.html)

EN JFE Engineering

JFE Engineering maintains an Environment Management Department at each of its major locations, including production sites and branch offices as well as all divisions in charge of products. The Environmental Committee, chaired by the president, oversees environmental management for the entire company. Under its Environmental Management System, JFE Engineering works to minimize environmental impact at production sites, branch offices and construction sites and contribute to environmental protection through all products and services. The major strategies for FY2023 are (1) promote environmental contribution through products for mitigating global warming and climate change, (2) promote environmental protection, effective energy conservation, and resource recycling in business activities, and (3) ensure thorough compliance with environmental laws and regulations.

SH JFE Shoji

JFE Shoji obtained ISO 14001 certification for its head office, Osaka branch, and Nagoya branch in 2000 and later expanded the scope of certification to all domestic offices. JFE Shoji also applies the same environmental management system to domestic Group companies, promoting the same environment management activities and striving for the same certification. Overseas coil centers are also planning to acquire ISO 14001 certification.

Environmental Audit

In addition to the regular internal and external audits at ISO 14001-certified sites, the audit and environment departments at each operating company's head office conduct independent environmental audits at their production sites.

ST JFE Steel

Once a year, JFE Steel's Audit Department and the Environment, Disaster Prevention and Recycling Department conduct an environmental audit at each operational site. JFE Steel categorizes Group companies based on the result of risk assessment considering owned equipment and conducts detailed audits every one to five years using checklists.



Document audit at a domestic Group company on-site audit at a domestic Group company



On-site audit at a domestic Group company

EN JFE Engineering

JFE Engineering places a top priority on complying with environmental laws and regulations.

The Safety and Environment Department conducts annual audits at about 50 locations selected from the manufacturing sites, construction sites in Japan, and Group companies to confirm compliance with environmental laws and regulations. JFE Engineering also conducts internal audits on its own environmental management system to evaluate and enhance the effectiveness of various environment-related initiatives. Furthermore, environmental inspections are conducted at all construction sites by the department responsible for construction to verify compliance with the laws and regulations, and annual self-checks are conducted at the Tsurumi and Tsu manufacturing sites to confirm legal compliance.

JFE Shoji

At JFE Shoji, the ISO Environmental Audit Department annually confirms that processing centers and warehouses of ISO 14001-certified Group companies comply with relevant environmental laws and regulations. For non-certified Group companies, the department conducts an environmental audit every three years.

For quantitative data related to environmental audits, please refer to the following information.

▶ [Environmental Data](#) (P.225)

Environmental Education

The JFE Group actively provides education to foster a corporate culture of environmental protection. Education at operating companies includes training for new recruits and newly promoted employees as well as specific environmental-protection training by position and job.

For Group-wide environmental training, we hold an annual Review Session on Environment-Related Laws and Regulations, to which lawyers specialized in environment-related laws and regulations are invited to give lectures on the latest information related to the enactment and revision of these laws, as well as associated violations and court decisions. Employees from wide-ranging departments, including the environment, disaster prevention, legal affairs, general affairs, and manufacturing departments of the operating companies and their group companies, who are involved in environment-related activities, attend these annual sessions as the basis for planning their activities, such as educating employees and raising awareness about the Group's policies and initiatives.

JFE Steel

JFE Steel encourages employees to obtain qualifications as pollution-control managers. A training program for environmental managers at group companies was launched in FY2011. In addition, JFE Steel provides employees with training to ensure compliance with environmental laws, disseminates information about regulatory revisions at its Environmental Liaison Committee meetings for Group companies, and organizes brush-up training in waste management skills for on-site personnel.

JFE Engineering

JFE Engineering educates all employees about environmental issues to increase their understanding of the company's policies and initiatives. To ensure proper environmental management at production and construction sites, training is often tailored to specific employee operations, helping to enhance their capabilities. In FY2022, JFE Engineering expanded its remote training opportunities and focused on practical application grounded in actual business operations, such as responding to changes in laws and regulations.

JFE Shoji

JFE Shoji provides all employees with general environmental training in compliance with ISO 14001 and specialized training for internal audit staff.

All employees within the scope of certification receive a pocket-size ISO Employee Card to carry with them so they can check the details of ISO 14001 activities at any time. In addition, each company performs a self-check using its own extensive checklist to ensure understanding and rigorous compliance with environmental laws. Also, JFE Shoji provides environmental training to new executives and information about revised laws and regulations to environmental management personnel.

For quantitative data related to environmental education, please refer to the following information.

▶ [Environmental Data](#) (P.225)

Environmental Accounting

Basic Policy

The JFE Group is saving energy and reducing its environmental impacts by making its production facilities increasingly efficient and introducing more environmentally friendly equipment. Any equipment or facilities related to energy conservation and environmental protection are categorized as environmental investment, while all activities related to environmental protection and impact reduction are categorized as environmental expenses.

Environmental Investment and Expenses

Environmental capital investment totaled 32.7 billion yen and expenses amounted to 121.5 billion yen in FY2022. Capital investment included 15.9 billion yen to address air pollution, 5.5 billion yen to prevent global warming (addressing climate change), and 4.3 billion yen to prevent water pollution. Environmental capital investment was roughly 76% of overall capital investment.

Environmental expenses for environmental activities included 35.9 billion yen for global warming countermeasures (addressing climate change), 31.2 billion yen to prevent air pollution, and 21.6 billion yen for industrial water recycling. Environmental R&D expenses (air, water, soil, etc.) came to 10.5 billion yen.

Capital Investment

The JFE Group invests in environmental technologies for plants and equipment to save energy and reduce environmental impacts stemming from production. Cumulative investment in energy savings, totaling 570.8 billion yen since 1990, has enabled the company to achieve energy efficiencies that are among the highest in the world. In total, the Group has invested 797.1 billion yen in environmental protection since 1973.

Results of Environmental Activities

Through these environmental investments and expenses, we are working to lower unit-based CO₂ emission to prevent global warming and to reduce final-disposal waste by maintaining a high recycling rate to effectively use natural resources. We are also striving to reduce emissions of pollutants into the water and air, which contributes to environmental protection and ensures thorough compliance with statutory regulations concerning exhaust gas emissions and discharged water.

The monetary value of energy savings realized through environmental capital investments and expenses in FY2023 is about 2.2 billion yen.

■ Breakdown of Environmental Costs

Main Items		FY2022	
		Investment (billion yen)	Cost (billion yen)
Management	Impact monitoring and measurement, and EMS expenses and education	1.4	2.7
Global warming countermeasures	Saving and efficiently using energy	5.5	35.9
Conservation of natural resources	Recycling industrial water	3.2	21.6
	Recycling and waste management of internally generated materials, etc.	1.4	6.2
Environmental protection	Air pollution countermeasures	15.9	31.2
	Water pollution countermeasures	4.3	10.7
	Prevention of soil contamination, noise, vibration, and land subsidence	0.0	0.5
Other	Charges, etc.	—	1.4
R&D	Technologies for protecting the environment, saving energy, and preventing global warming, air pollution, and water pollution	1.0	10.5
Societal activities	Support for nature preservation and forestation, information disclosure, exhibitions, and public relations	—	0.7
Total		32.7	121.5

Note: Data cover all investment activities of JFE Steel Corporation and R&D activities of JFE Engineering Corporation.

For quantitative data related to environmental accounting, please refer to the following information.

▶ [Environmental Data](#) (P.225)

Related Links

▶ [Material Flow](#) (P.225)

▶ [JFE Steel: Environmental Initiatives](#) (Japanese only) (<https://www.jfe-steel.co.jp/research/environment.html>)

▶ [JFE Engineering: 360° JFE Engineering—Protecting Natural Environments](#) (https://www.jfe-eng.co.jp/en/360_jfe_engineering/#env)

▶ [JFE Shoji: Environment Management](#) (<https://www.jfe-shoji.co.jp/en/csr/environment/>)