

## The JFE Group is committed to improving the global environment while supporting social and industrial growth through steel and engineering businesses based on the world's most advanced technologies.

The JFE Group believes that improvement of the global environment is a critical management task. While we have achieved the world's best results in many areas of environmental protection, including air and water quality, recycling, and prevention of global warming, we are not satisfied with past accomplishments, and will continue to make further efforts.

Iron is the most common element in the planet. Steel has numerous outstanding properties, including formability and corrosion resistance, and was recognized in the market as the material with the highest recyclability long before today's calls for 3R (reduce, reuse, recycle resources and waste). As a necessary and indispensable basic material for many major industries, steel is widely used in construction, civil engineering, automobiles, and machinery, making an important contribution to the continuing growth of society and industry alike.

On the other hand, the steel manufacturing process requires huge amounts of energy. For example, energy consumption in the Japanese steel industry accounts for roughly 10% of this country's total energy consumption. The Japan Iron and Steel Federation therefore established a Voluntary Action Plan under which the industry will reduce energy consumption in FY2010 by 11.5% (including a supplementary target) in comparison with FY1990, and is steadily realizing this goal.

JFE Steel implemented its 1st Energy Saving Activities Plan in 1973 in advance of other industries, and carried out ongoing energy saving measures in the years that followed, reducing unit energy con-

sumption by approximately 20% by 1990. To date, the company has invested about ¥800 billion in energy saving and environmental protection countermeasures, and has created the world's most advanced energy saving/environment-friendly steel manufacturing process. But our efforts do not end with the manufacturing stage. We are also making many important contributions to reducing environmental loads in the use stage, for example, by supplying environment-friendly products such as high strength steel sheets which reduce auto weight and low iron loss electrical steel sheets for motors.

Crude steel demand has continued to rise in recent years, supported by the economic growth of the Asian region, and most notably China, and further increases are also expected in the future. Utilizing the world's most advanced steel manufacturing technologies, JFE Steel is playing a key role as a supplier of high quality steel products to markets around the world, while developing, supplying, and encouraging wider use of energy saving and environment-friendly products and technologies worldwide.

At JFE Engineering, we are striving to reduce environmental loads in the manufacturing process and construction, and are devoting great effort to engineering products and technologies which specifically contribute to reducing environmental loads in the social infrastructure. These efforts include technologies which reduce emissions of dioxins and other harmful substances and a wide range of technologies for pre-

venting global warming, such as wind power and other clean energy, energy saving air-conditioning systems, and biomass power generation. We are confident that these important technologies will let us leave a better planet to future generations.

In local society, the JFE Group is contributing to the creation of a recycling-oriented society through recycling businesses which take advantage of the synergies of engineering technologies and the high potential of the steelworks for waste treatment. In the world community, we intend to make even more active efforts to reduce the CO<sub>2</sub> emissions associated with global development by utilizing international systems such as the Kyoto Mechanism, established under the Kyoto Protocol.

We are also putting great effort into research and development activities which take a long-term view of the future. For example, the JFE Group has already established a mass-production technology for DME (dimethyl ether), which has drawn attention as a form of next-generation clean energy, and is accelerating the pace of research aiming at entry in the energy market in the near future.

The JFE Group believes that its mission is to contribute to the creation of a better global environment through the activities of the group

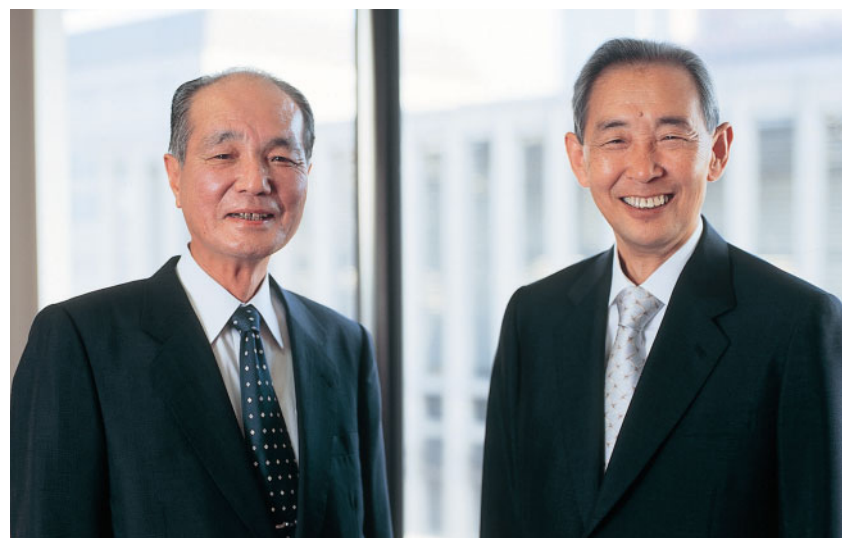
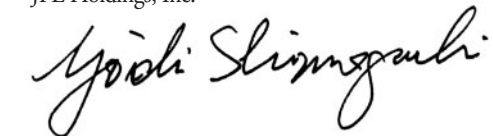
as a whole, not only by reducing environmental loads in business activities, but also by positively supplying environment-friendly Only 1 and No. 1 technologies, products, and services to society.

This Environmental Report describes representative efforts of the JFE Group to solve global environmental problems and the results we have achieved. We hope that this Report will give our friends a better understanding of our position and efforts with regard to environmental protection. We also welcome comments and suggestions for future activities.

Chairman and Co-CEO  
JFE Holdings, Inc.



President and Co-CEO  
JFE Holdings, Inc.



Chairman and Co-CEO  
JFE Holdings, Inc.  
Kanji Emoto

President and Co-CEO  
JFE Holdings, Inc.  
Yoichi Shimogaichi

### Corporate Vision

The JFE Group — contributing to society with the world's most innovative technology.

### Environmental Philosophy

The JFE Group considers the improvement of the global environment to be of utmost importance for management, and promotes business operations in harmony with the environment to create a prosperous society.

### Environmental Policy

#### 1. To reduce environmental influence in all business operations

JFE endeavors to reduce present and future environmental loads and promotes the development of innovative technologies for reducing environmental loads.

#### 2. To make contributions through technologies and products

JFE contributes to the creation of a better environment through the development and supply of advanced technology, equipment, and ecological products.

#### 3. To make contributions through conservation of resources and energy

JFE contributes to the creation of a resource and energy-saving society through recycling and energy supply businesses which give priority to preservation of the global environment.

#### 4. To promote communications with society

As a member of regional society, JFE contributes to a better environment at the regional level in cooperation with local citizens, government and administrative authorities, and other businesses.

#### 5. To promote international cooperation

JFE contributes to environmental protection activities at the global level through active involvement in international cooperation in the form of technology transfer, etc.