

Implementation & Operation of the Environmental Management System (EMS)

JFE Holdings				
JFE Steel	JFE Engineering	Kawasaki Microelectronics	JFE Urban Development	JFE R&D

“JFE Group EMS” using 3-Tiered Committee System

Because the JFE Group assigns high priority to “improvement of the global environment” as a management task, it has established a JFE Environmental Committee as the highest decision-making body for environment-related problems common to the Group.

JFE is dealing with environment-related problems with a 3-tiered committee system consisting of the JFE Environmental Committee, Environmental Committees in each of the Group’s five operating companies, and Affiliated Company Environmental Committees at affiliates under each of the operating companies. JFE has also established a Group Environmental Liaison Committee made up of persons responsible for environmental matters at JFE Holdings and the five operating companies to smoothly communicate related to the environment.

In a similar manner, each of the operating companies decides and implements environmental measures for the individual company and holds liaison meetings with its subsidiaries.

The JFE Environmental Committee is chaired by the President of JFE Holdings, with related Directors of JFE Holdings and Directors responsible for environmental matters at the five companies as members. Thus, the decisions of the JFE Group’s top management are reflected in the Group as a whole, enabling JFE to implement unified environmental management.

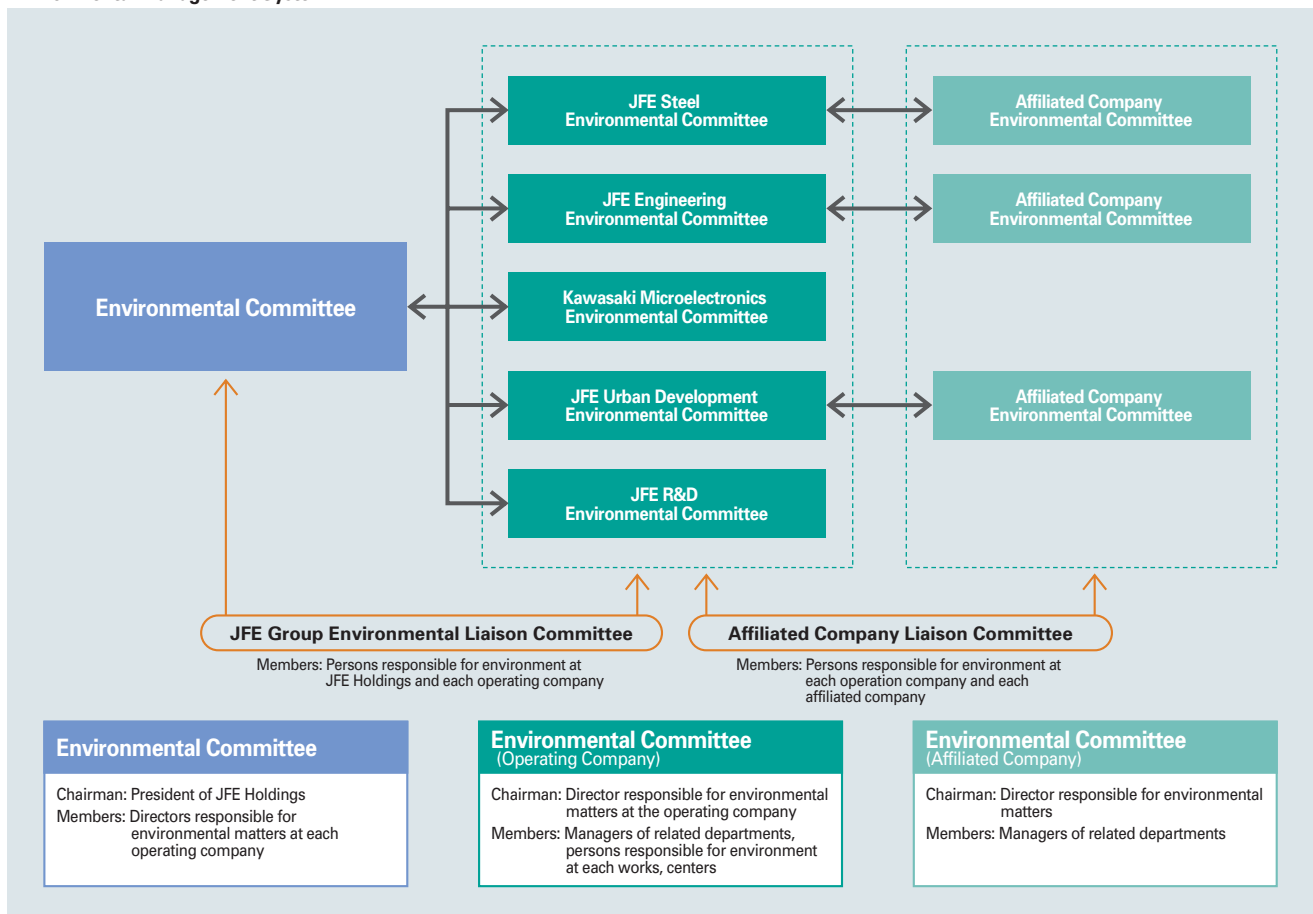


Environmental Committee

IT System Supporting Environmental Management: “Environmental Management Network System”

The JFE Group created an “Environmental Management Network System” on the group’s intranet to facilitate operation of the 3-tiered committee system. The network system has proven useful in improving the level of environmental management in the group as a whole, for example, in communicating decision-making items and environment-related information (legal regulations, etc.) affecting the Group, and informing those concerned of risk and trouble and supporting solutions to problems.

Environmental Management System



Status of the JFE Environmental Management System

The JFE Group aims at developing a comprehensive environmental management system based on its environmental philosophy. As such, it is promoting voluntary and continuous environmental activities by each company in the JFE Group based on ISO 14001 certification.

Among the JFE Group's operating companies, those with production facilities have all received ISO14001 certification, either for individual works or at the company level. These include JFE Steel, JFE Engineering, and Kawasaki Microelectronics.

As shown in the following table, many JFE subsidiaries have also received ISO certification. In the

future, the JFE Group intends to increase the number of certified companies and works.

Environmental Auditing

In order to implement a high-quality environmental management system, it is important to understand whether the system is operating appropriately, and whether performance is being continually improved. At JFE, in addition to external inspection by certification authorities, employees experienced in environment-related work such as environmental and energy management participate in internal auditing. Also, the training

of in-house environmental inspectors is being promoted. Teams of employees led by external experts carry out internal auditing in JFE in order to ensure transparency in inspection. Issues pointed out by internal or external auditing are used as a basis for revising and continuously improving the system, taking into account the changes in the surrounding conditions.



Environmental Auditing

Environmental Management System Certification Certified in Operating Companies

Company/Works	Certified in
1 JFE Steel, East Japan Works (Keihin)	May 1997
2 JFE Steel, West Japan Works (Kurashiki)	Oct. 1997
3 Kawasaki Microelectronics	Oct. 1997
4 JFE Steel, West Japan Works (Fukuyama)	March 1998
5 JFE Steel, East Japan Works (Chiba including Nishinomiya plant)	July 1998
6 JFE Steel, Chita Works	July 1999
7 JFE Engineering	Dec. 1999

Environmental Management System Certification Certified in Affiliated Companies

Company	Certified in
1 JFE STEEL PIPE	May 1997
2 JFE GALVANIZING & COATING	May 1997
3 JFE URBAN RECYCLE	May 1997
4 NKK TUBES	May 1997
5 JFE REFRACTORIES	April 1999
6 JFE CHEMICAL	July 1999
7 JFE KANKYO	Dec. 1999
8 JFE MATERIAL	Jan. 2000
9 JFE Soldec	Feb. 2000
10 JFE CONTAINER	March 2000
11 JFE LOGISTICS	March 2000
12 TOYOHIRA STEEL	Sep. 2000
13 JFE METAL PRODUCTS & ENGINEERING	Dec. 2000
14 KAWASHO	Dec. 2000
15 JFE Mie Tech. Service	Feb. 2001
16 JFE KOKEN	June 2001
17 Fuji Kako	Sep. 2001
18 Philippine Sinter Corporation	Nov. 2001
19 JFE MINERAL	Dec. 2001
20 JFE Environmental Services	Dec. 2001
21 NKK BARS & SHAPES	May 2002
22 JFE KOHNAN STEEL CENTER	March 2004

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Environmental Education

The JFE Group conducts environmental education at all levels to deepen the understanding of each employee and encourage individual efforts to improve the environment as part of regular work.

In each operating company, environmental education is incorporated in training programs for new employees and promotion, and also includes annual programs at each level, covering social trends related to environmental problems, the significance of the environment to JFE and measures being taken by the company, the responsibility of individual employees, and the importance of environmental management.

Based on an annual schedule, each works conducts periodical environmental education (once/year) such as environment-related regulations for general employees, employees engaged in designated work, internal environmental auditors, etc. as part of its environmental management system.

To strengthen environmental education, JFE introduced an Environmental Management Network System, creating an electronic environment in which all employees, including those at affiliated companies, can access internal and external environment-related information such as Environment Month Activities.

Environment Month Activities

As part of its environmental management system, the JFE Group voluntarily conducts a unique program of Environment Month Activities at each works in June of each year to raise employee awareness of the environment, as follows.

Program

- Public Road Cleanup Operations
- Lectures on the environment
- Works Environmental Patrols
- Facility inspections/chemical inventory check
- Environmental Education under ISO14001
- Guided plant tours
- Fund-raising for environmental campaign, etc.



Public Road Cleanup Operations



Works Environmental Patrols



Lectures on the environment

Status of Green Purchasing

In 2002, the JFE Group established a common group-wide set of "Green Purchasing Guidelines" for purchases of office supplies and parts/materials for production. Application is currently being expanded to affiliated companies.

In outline, the Guidelines specify

- Adequate study of required quantities before purchase to minimize purchased amounts.
- Consideration of environmental loads over the entire life cycle of final products, in addition to price, quality, delivery schedules, etc.
- Requests for and cooperation with environmental protection efforts of suppliers on a daily basis.

<Examples of green purchasing>

- Stationeries, office equipment
- Recycled oil, solvent containers, packaging materials, electric/natural gas/hybrid vehicles
- Introduction of hybrid car



Hybrid car