

Competitive IT strategy to improve productivity and competitiveness exponentially, create new value and contribute to society

The JFE Group's core businesses are steelmaking, engineering, and trading, and its corporate vision emphasizes "contributing to society with the world's most innovative technology."

The Group's sixth medium-term business plan, which runs from April 1, 2018 to March 31, 2021, is driven by this corporate vision. The plan emphasizes four core measures that are being implemented groupwide: 1) leverage growth that meets social needs through the application of leading-edge technologies, 2) expand the profit base and reinforce manufacturing capabilities in Japan, 3) promote business and expand the profit base overseas, and 4) thoroughly reinforce business structure to support sustainable growth. These four core measures will lead to higher corporate value for the JFE Group overall.

In rolling out these measures, JFE Holdings will aggressively utilize technologies such as artificial intelligence (AI), the internet of things (IoT) and big data, and robotics, steadily extending the scope of application for each. Also, business reforms are being pursued by upgrading large-scale legacy systems, such as existing mission-critical systems at steelworks.

The robust use of advanced IT and upgraded legacy systems are essential to the JFE Group's competitive IT strategy. With the right balance, they will drive business reforms forward and underpin efforts to integrate

strengths in technology, sales, and business management, as well as lead to the exponential improvement of productivity and the development of products and technologies fine-tuned to society's needs. The process will require extremely large investments of time and human resources, but we are firmly convinced that moving steadily along this path will help leverage the four core measures in our sixth medium-term business plan.

In addition, given the risk of increasingly sophisticated cyberattacks and breaches of information, JFE Holdings has made it a priority to protect information assets through enhanced information security on a groupwide basis and is in the process of building a structure to ensure immediate and exhaustive responses to risks. To implement these initiatives and reinforce information security governance on a groupwide basis, we established a dedicated unit—our JFE Security Integration and Response Team (JFE-SIRT)—which provides us with a vital defense in support of our competitive IT strategy, which we aim to further enhance going forward.

As you review this report on the strategic IT initiatives of the JFE Group, I hope you find the information useful and gain a deeper understanding of our corporate group's IT initiatives.



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