

Regarding the JFE Group's Social and Environmental Efforts



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It is now understood that the only solution to global warming is to drastically reduce global CO₂ emissions by the year 2050. In response, people worldwide are demanding the widespread establishment of carbon-reduction practices. I recently read JFE's 2008 Business Report to get a clearer idea of how the Company is reacting to such developments.

In the steel business-the Group's core activity-crude steel production has risen sharply due to increased demand sparked by economic growth throughout Asia. As a result, the Group's overall CO₂ emissions have increased, so I was particularly glad to see that the Message from the CEO clearly states JFE's strong recognition of its responsibilities in this area. While factors such as skyrocketing resource costs continue to exacerbate the situation, I am encouraged by the Company's strategies for sustainable growth, which were formed with economic, social and environmental considerations in mind.

JFE Steel's crude steel production has increased 30% since 1990, but CO₂ emissions have increased only 5%, the result of technological advances that have slashed emissions per unit-of-steel production by 19%. I expect this to contribute to the fight against global warming worldwide, along with other Clean Development Mechanism (CDM) efforts led by technological innovation.

In the shift toward a more environmentally friendly society, support for sustainable regional planning is rising. This includes measures such as locally generated energy through more effective use of resources, such as biomass, which currently are either underutilized or not used at all. It will also be important to encourage business development through regional partnerships.

Greater importance is also being placed on biological diversity. In addition to forest preservation and other large-scale efforts, I would also like to see corporations steadily expand their ground-level efforts in areas such as resource conservation and the greening of worksites. Such initiatives can help corporations strengthen the bonds of trust with their host communities.

I am impressed by the Group's clear stance on corporate social responsibility (CSR). Sparked by the wastewater problem at the East Japan Works Chiba Region, the Company has established committees to oversee compliance and environmental matters, and created an environmental management system encompassing all Group companies. The Company even released negative information about hydraulic testing for weld repaired pipes not having been carried out. I believe that the Group is not satisfied simply by having created an environmental management system, and will remain on alert to new challenges as they arise.



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Clearly, the most important CSR issue for the JFE Group is to reduce greenhouse gas emissions given the leading role played by a steel company in the group's operations. Although JFE Steel Corporation was identified as the top emitter of greenhouse gases in the fiscal year ended March 2007, it should be recognized that steel is an essential material even in a sustainable society, and that the steel industry is, by its nature, obliged to emit greenhouse gases on a massive scale. As such, this industry's efforts in the fight against global warming have been evaluated in terms of emission reduction rate or efficiency so far.

Thanks to JFE Steel's remarkably high technological standards, the company has achieved a 19% reduction in emissions per unit of crude steel production. This world-class achievement is the result of operational efficiency improvements and other energy-saving technologies, including the coke dry quenching (CDQ) method. As greater attention is paid to the Sectoral Approach, there are infinite possibilities to contribute to benefiting global society by taking advantage of such technologies.

The effects of JFE's environmental technologies are equally impressive. Efforts to create technologies aimed at energy and resource conservation, and a cleaner environment, have resulted in JFE443CT stainless steel, solar-cell wafers, ship ballast-water control systems, biomass boilers, and power-generation facilities using sludge and raw garbage. JFE has also created unique environmentally related technologies, such as insect-proof steel sheet that repels cockroaches, steel sheet free of hexavalent chromium for home appliances and, from JFE Life Corporation, hydroponic vegetable growing systems.

Finally, in the realm of socially related activities, the Senior Expert Program is contributing to a higher rate of reemployment, as well as garnering praise for helping to ease the effects of an aging society.

However, it is also true that social trust has been undermined by a series of legal violations relating to gas pipe bid-rigging and steel cartel activities. While JFE Holdings CEO Fumio Sudo stresses the importance of compliance in his corporate address almost every year, more must be done to ensure that the entire organization embraces this awareness, and to ensure that the values of the steel industry and those of society in general are in harmony. In the future, JFE would do well to further strengthen and broaden its in-house compliance education.