

JFE Group Social and Environmental Efforts



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1. Climate Change and Business Strategies

This business report definitively sets out the change in JFE Group's policy of tackling climate change. Although previous reports explained the environmentally friendly versions of its "Only One" and "Number One" technologies and products, it now shows us its intention to make these competencies more strategic, considering the trends of tightening environmental regulations in developed countries, and also the emerging markets that are being created by such developments. As a result the report explicitly details JFE's perspective on business opportunities related to climate-change issues. It seems that there has been a clear shift from treating climate change as a risk factor to incorporating it as a basic aim of business strategy, which represents a true integration of CSR into the JFE Group's core business.

Regarding JFE Engineering's initiatives in fiscal 2010, for example, the report says: "Countries are beginning to take serious action in response to global environmental problems. Seizing on this development as a prime opportunity for taking a great leap, we are actively developing our businesses, mainly in the areas of the environment and energy." JFE Steel actively discloses information about business related to Ferro-Coke, a technology with high potential for saving energy and resources, which four blast furnace companies are jointly promoting with aid from NEDO. It also discloses information about products for electric vehicles that are compliant with automotive CO₂ emissions regulations in the European Union.

In addition, in line with the trend in recent years to assign corporate responsibility to greenhouse gases as defined by Scope 3 emissions, the report provides quantitative information about the CO₂ emissions cuts when customers use JFE products.

The JFE Group also appears to be making progress in energy efficiency and CO₂ emissions reduction in the phase of production. JFE Steel has reduced its energy consumption 12% since 1990 and has slashed unit-

energy consumption 20%, resulting in a 13% reduction in CO₂ emissions from 1990 levels and a 21% decrease in unit emissions. I look forward to seeing the JFE Group further link its business strategies to CSR management through its production technologies, which are some of the most energy efficient in the world.

2. Start of Social Reporting

The biggest change this year is the preparation and presentation of a social report that can be accessed via the Internet. The JFE Group has now started to include this document in the detailed version of its business report, which had consisted of only financial reporting and environmental reporting until this year. The result is an integrated annual report with full corporate responsibility reporting.

Nevertheless, there is still plenty of room for improving social reporting compared with environmental reporting. As an international business enterprise, much more material information about its workforce breakdown in terms of region and gender, as well as turnover rates, for example, should be provided. To improve social reporting, the JFE Group should identify material information to the extent necessary to meet social expectations, and disclose information in a way that is as quantitative as possible. Considering that the business report is a primary source of information on the company, it also should disclose the rate of hiring persons with disabilities and annual changes in the number of employees taking childcare and nursing leave, which are becoming increasingly common practices in corporate responsibility reporting in Japan.

3. Adherence to the Antitrust Act

The JFE Group has reported some cases of antitrust violations almost every year. Following the implementation of six preventative measures in fiscal 2006 and then eight in fiscal 2007, the report noted that in fiscal 2009 the company introduced an additional four measures, including the inclusion of disciplinary measures in the corporate rules of employment. This suggests that the problem is very serious and that the JFE Group has been struggling to manage it. Antitrust violations occur in a corporate climate that is permissive to infringement in everyday business operations, so it requires a persistent effort to thoroughly change the thinking of employees throughout the organization to overcome such problems. The JFE Group should continue to make steadfast efforts to prevent further antitrust violations.