
System for Promoting Sustainability

JFE Group Sustainability System

Based on its corporate philosophy of “contributing to society with the world’s most innovative technology,” the JFE Group will continue to be a company that provides products and services for a prosperous global future for a long time to come.

We also consider it our mission to establish our position as a company essential to society’s sustainable development and to create safe, comfortable lives for people everywhere, and become an organization that is highly regarded by society. To realize this mission, we will ensure environmental and social sustainability and establish economic sustainability (stable earnings power). By doing so, we will secure a resilient management foundation for achieving sustainable growth for the Group over the medium to long term and enhance corporate value.

Supervision over Sustainability Initiatives

The Group established the JFE Group CSR Council (JFE Group Sustainability Council as of April 2023), chaired by the president of JFE Holdings and comprised of the executive vice president (director), corporate officers, full-time Audit & Supervisory Board members, the presidents of operating companies, and other members to oversee and direct the sustainability initiatives of the entire organization, including risk management, from the perspective of preventing damage to the JFE Group’s corporate value and enhancing it. Independent, cross-Group committees have been established under the council, including the JFE Group Compliance Committee, JFE Group Environmental Committee, JFE Group Internal Control Committee, JFE Group Information Security Committee, Public Disclosure Committee, and Corporate Value Enhancement Committee. Overseeing and directing the Group’s sustainability initiatives, these committees deliberate on Group policies, monitor how they are being instilled across the Group, and share information on the tasks at hand as well as on issues that have materialized and relevant responses. Included in the agenda discussed by the JFE Group Sustainability Council, the Group’s basic policies, action plans, content of key initiatives and response to critical circumstances are reported regularly to the Board of Directors, which deliberates on the issues and provides the council with direction and supervision.

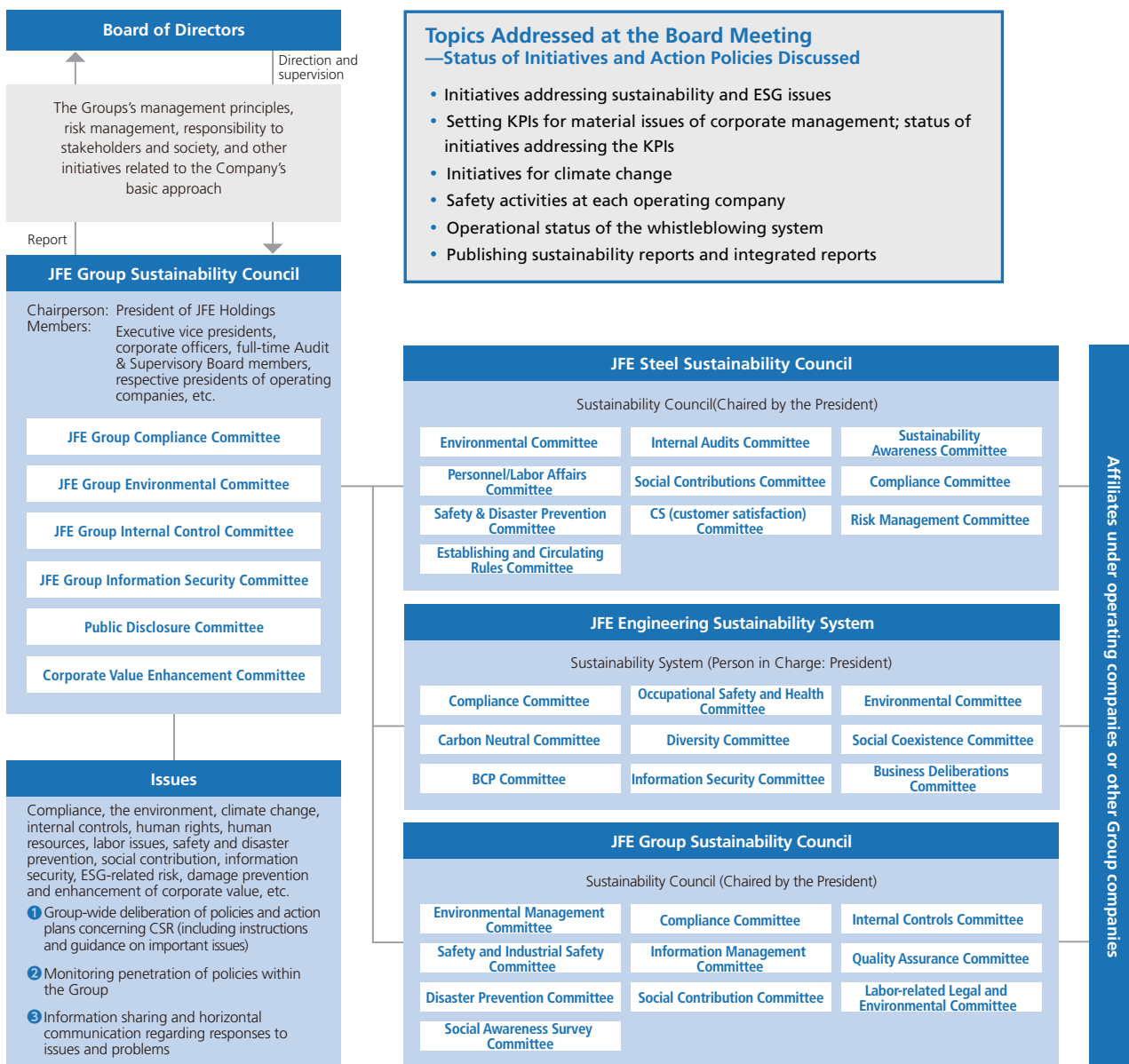
Activities of the Group Sustainability Council

The Group Sustainability Council meets approximately once every three months to discuss wide-ranging issues such as the antimonopoly act, compliance with laws and regulations to prevent corruption such as bribery involving public servants and other officials, human resources, labor issues, safety, disaster prevention, the environment, climate change, quality, financial reports, addressing antisocial forces, risk management including information security and other ESG-related risks, and social contribution. The council deliberates on policies related to Group initiatives, which also include providing instruction and guidance on material issues, monitors the penetration of the policies, and shares information on and carries out horizontal communication regarding our responses to issues and problems.

Cooperation with Operating Companies

The operating companies have also set up respective entities that operate in collaboration with the JFE Group Sustainability Council to promote Group-wide initiatives from the perspective of preventing damage to the JFE Group’s corporate value and enhancing that value. JFE Steel established the CSR Council (Sustainability Council as of April 2023) chaired by the president in July 2005, following the establishment of the CSR Section in April 2005. Specific committees and sub-committees in areas such as compliance, global environment, risk management, safety and disaster prevention, customer satisfaction, social contributions, etc., established under the Sustainability Council have been actively conducting the activities in each area, while promoting awareness of sustainability, together with the Group companies. JFE Engineering and JFE Shoji are also working to achieve sustainability through the establishment of committees in areas such as compliance and the environment.

■ Diagram of System for Promoting Sustainability



Confirmation and Improvement through the Employee Awareness Survey

The JFE Group conducts a Corporate Ethics Awareness Survey on a regular basis (currently once every three years, twice a year from FY2024) for directors and employees of JFE Holdings and its operating companies to confirm the penetration and thorough compliance of the Group's Corporate Vision, Corporate Values, and Standards of Business Conduct, along with the identification of potential risks. The survey conducted in FY2022 confirmed that many employees acknowledged the vision and corporate policy and are aware of compliance matters when carrying out their work. On the other hand, the survey also brought to our attention issues to address going forward. These are reflected in the specific initiatives of each Group company under the supervision of the JFE Group Sustainability Council and Board of Directors.

Initiatives and Relevant SDGs

The JFE Group is taking action to address material issues of corporate management (materiality), even in non-material areas.

The following chart summarizes all activities introduced in this report. Through these activities, the JFE Group intends to contribute to the achievement of the SDGs.

Activities	Related SDGs
Sustainability Management	
<p>▶ Supply Chain Management (P.44)</p>	<ul style="list-style-type: none"> Promoting Green Procurement Procurement Policy and Initiatives for Each Business 
Addressing ESG Issues	
<p>▶ Environmental Management (P.47)</p>	<ul style="list-style-type: none"> Promotion of Environmental Management System Environmental Education 
<p>▶ Climate Change (P.53)</p>	<ul style="list-style-type: none"> Reduction of CO₂ in the Steel Business Greater Contribution to Reducing CO₂ in Society as a Whole Scenario Analysis Based on TCFD Recommendations 
<p>▶ Development and Provision of Eco-friendly Processes and Products (P.108)</p>	<ul style="list-style-type: none"> Major Eco-friendly Products and Technologies in Each Business 
<p>▶ Efficient Use of Resources (P.131)</p>	<ul style="list-style-type: none"> Reducing Generation and Emission of Co-products and Re-using Co-products Promoting Recycling Resource Recycling Solution 
<p>▶ Water Security (P.136)</p>	<ul style="list-style-type: none"> Addressing Water-related Risks Efficient Use of Water 
<p>▶ Prevention of Pollution (P.139)</p>	<ul style="list-style-type: none"> Controlling Air Emissions Preventing Water Pollution Management of Chemical Substances and Reduction of Emissions 
<p>▶ Biodiversity (P.144)</p>	<ul style="list-style-type: none"> Biodiversity Initiatives Commitments to External Initiatives Products and Technologies to Preserve Biodiversity 
<p>▶ Environmental Communication (P.152)</p>	<ul style="list-style-type: none"> Disclosing Environmental Data for Business Sites Disclosure and Exchange of Information 

Activities		Related SDGs
<p>▶ Responsibility to Customers (Provide Quality Products and Enhance Customer Satisfaction) (P.156)</p>	<ul style="list-style-type: none"> • Quality Initiatives • Improving Customer Satisfaction • Ensuring Stable Supply 	
<p>▶ Human Capital: Occupational Health and Safety (P.165)</p>	<ul style="list-style-type: none"> • Occupational Health and Safety • Employee Health 	
<p>▶ Human Capital: Recruit and Nurture Diverse Human Resources (P.174)</p>	<ul style="list-style-type: none"> • Workstyle Reform • Operational Reform • Workforce Diversity Promotion • Human Resource Development • Developing Dynamic Work Environments 	
<p>▶ Human Rights (P.183)</p>	<ul style="list-style-type: none"> • Respecting Human Rights Initiatives • Conducting Human Rights Due Diligence 	
<p>▶ Community (P.192)</p>	<ul style="list-style-type: none"> • Local activities • Support for External Organizations • Support for Youth Development • JFE 21st Century Foundation 	
<p>▶ Shareholders and Investors (P.201)</p>	<ul style="list-style-type: none"> • Proactive Information Disclosure 	
<p>▶ Compliance (P.216)</p>	<ul style="list-style-type: none"> • Adherence to Ethical Standard, Legal Compliance 	
<p>▶ Tax Transparency (P.224)</p>	<ul style="list-style-type: none"> • Tax Transparency 	

Stakeholder Engagement

The JFE Group strives to maintain agreeable and favorable relationships with all stakeholders, including Stakeholder Engagement shareholders, customers, clients, employees, and local communities, for the sustainable growth and medium- to long-term increase of corporate value.

Engagement with JFE’s Major Stakeholders

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Shareholders and Investors			
We work to disclose information accurately, fairly and in a timely and appropriate manner as well as strive for active communication. We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and to promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.	Ordinary general meeting of shareholders	1	Approx. 220,000 shareholders
	Individual meetings, primarily with institutional investors and securities analysts	In Japan: 51 companies (162 meetings) Overseas: 65 companies (130 meetings)	
	Meetings with shareholders, primarily ESG managers or those with voting rights at institutional investors	In Japan: 23 companies (48 meetings) Overseas: 17 companies (17 meetings)	
	Investor meetings and ESG Briefings for analysts and persons responsible for ESG	5	Approx. 1,100 persons in total
	Web-based briefings for individual investors	1,000 real-time participants Over 10,000 views	
	Business site and plant tours for individual shareholders	11	Approx. 1,500 persons
	Newsletters (JFE Dayori)	2 (mid-year and annual)	Approx. 280,000 copies per issue
	Various reports, including integrated reports and sustainability reports*1	1	Approx. 23,000 copies
	Information via websites, etc., for shareholders and investors	As needed	
Customers			
The Group believes that the stable supply of products and services and reliable quality assurance, along with advancing research and development, are necessary to meet customer needs. We will work to establish win-win relationships by continuously meeting customer needs and the trust they place in us.	Communication through sales activities and sales support for quality assurance	As needed	Conducted at each operating company
	Interviews and questionnaires, such as those related to customer satisfaction	As needed	Conducted at each operating company
	Information via websites (product information), etc.	As needed	
Suppliers			
As a key business partner, we actively promote CSR initiatives in cooperation with suppliers. We have established a basic purchasing (procurement) policy to promote fair and honest procurement activities and build sound relationships with suppliers.	Communication through purchasing activities	As needed	Conducted at each operating company
	Briefings and exchanges of opinion	As needed	Conducted at each operating company
	Information disclosure and other communication through the website	As needed	

*1 Number of issues published is for the integrated report, and the sustainability report is only posted online.

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Employees			
<p>Various initiatives are being actively pursued together with our clients as important business partners. We have established Purchasing and Procurement Policies to promote fair and sincere procurement activities and to establish healthy relationships with clients.</p>	Communications through daily operations and in the workplace	As needed	
	Internal newsletters and intranet	As needed	
	Various labor-management committees	2 to 4	Management and labor unions at each operating company
	Corporate Ethics Hotline	As needed	FY2022: 127 cases
	Various training sessions	As needed	Position-specific, compliance, human rights, etc.
	Family days*1 (visits by employee families, lunch at employees' cafeteria), etc.	As needed	Conducted at each operating company
	Corporate Ethics Awareness Survey	Once every 3 years (once every 2 years starting in FY2024)	Conducted at JFE Holdings and operating companies
	Engagement Survey (employee satisfaction survey)*2	1	Conducted at JFE Holdings and operating companies
Management feedback (360 degree analysis)*3	1	Conducted at JFE Holdings and JFE Steel	
Local communities			
<p>To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.</p>	Communication through local residents' association, events, etc.	As needed	
	Events at manufacturing bases (festivals, etc.)*4	1 per region	Approx. 56,000 persons per year
	Plant tours*4	As needed	More than 70,000 persons per year
	Cleanup activities (vicinity of manufacturing bases, regional cleaning, etc.)	As needed	
	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	
	Others (dispatch of lecturers to elementary schools, craft workshops, workplace experience events, etc.)	As needed	
	Information via websites (environmental info, etc.)	As needed	
	Social contribution through JFE 21st Century Foundation (http://www.jfe-21st-cf.or.jp/eng/index.html) (various research support, regional activity support, etc.)	As needed	

*2 Questionnaire targeting all employees for surveying the level of satisfaction and applying results to initiatives and operations.

*3 Corporate officers and managers are evaluated by co-workers and subordinates and receive feedback.

*4 Events were held with appropriate measures to prevent the spread of COVID-19. List shows results for FY2022.

JFE Group Value Chain

The JFE Group’s value chain encompasses upstream and downstream activities across the globe. We seek to address social challenges by identifying the risks and opportunities that the Group must resolve through its business operations and pursue initiatives that tackle those challenges. We will also continue to strengthen the sustainability of the entire Group and implement countermeasures throughout our value chain.



Overview of the Value Chain



Procurement

To ensure stable supply of iron ore and coal used as raw materials in the production of steel products, we purchase from various sources around the world such as Australia, South America, etc., and transport materials to the steelworks on a special vessel. Equipment and materials used at steelworks plants are also purchased globally.

JFE Steel has established these JFE Steel Procurement Guidelines in accordance with the JFE Group Standards of Conduct and the JFE Group Basic Policy on Human Rights, to enhance sustainability across its entire supply chain. We share these guidelines with our business partners and promote sustainability initiatives throughout our supply chain.

Manufacturing, Production, and Shipping

The JFE Group is one of the world’s largest steelmakers and has cutting-edge technologies for the efficient production and stable supply of high-quality steel products, used in products indispensable to daily life such as automobiles, infrastructure, and home appliances. We also promote resource recycling by recycling steel scrap generated in the process of producing steel products while also repurposing iron and steel slag in cement and other construction materials.

Sales and Usage

The JFE Group is committed to developing eco-friendly products such as high tensile strength steel sheets that help reduce the weight of automobiles as well as electrical steel sheets used in electric vehicles. At the same time, we are engaged in a Group-wide effort to accelerate the commercialization of the offshore wind-power generation business. We work at the frontier of production by responding to the diverse needs of different industries through research and development and by improving production technologies.

Collecting Steel Scrap

Steel products at the end of their product life cycle are collected as steel scrap and recycled as materials for the steel production cycle.

Environment

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			

Climate Change

JFE Group views the issue of climate change as a critical managerial concern from the perspective of business continuity, and it considers achieving carbon neutrality by 2050 a top priority. By designating climate change issue as a material issue of corporate management, we are actively tackling the challenge to solve this issue.

Opportunities

- Develop ultra-innovative technologies and ensure competitiveness
- Increased need for renewable energy solutions
- Expand electric arc furnace steelmaking and electric arc furnace engineering businesses
- Contribute to reduced CO₂ emissions by providing high-performance steel such as high tensile strength steel sheets and electrical steel sheets



Risks

- Heightened decarbonization needs in steelmaking process (blast furnace)
- Increase in investment burden for introducing ultra-innovative technologies
- Introduction of a carbon tax
- Supply chain disruptions caused by severe natural disasters
- Risk of floods associated with rising sea levels



Key Initiatives

- [Climate Change](#) (P.53)

Related Pages

- [Supply Chain Management](#) (P.44)
- [Development and Provision of Eco-friendly Processes and Products](#) (P.108)
- [Scenario Analysis in Line with the TCFD Recommendations](#) (P.91)
- [Steel Industry Initiatives](#) (P.105)
- [Environmental Data](#) (P.225)

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			
Development and Provision of Eco-friendly Processes and Products					
Under our corporate philosophy of contributing to society with the world's most innovative technology, the JFE Group strives to reduce its environmental impact by developing steel manufacturing processes and providing technologies and products with due consideration for the environment.					
Opportunities - Develop eco-friendly processes and products and ensure competitiveness			●	●	
Risks - Tighter environmental regulations - Increased environmental impact during product use			●	●	●
Key Initiatives ▶ Development and Provision of Eco-friendly Processes and Products (P.108)					
Efficient Use of Resources					
Given that such issues as resource depletion and environmental pollution are expected to intensify on a global scale, the JFE Group is enhancing resource recycling through recycling co-products generated in the iron and steelmaking process and promoting the international recycling of steel scrap.					
Opportunities - Renewed interest in recyclability of steel - Increased use of scrap - Expand the scrap distribution business			●	●	●
Risks - Shortage of disposal sites for waste generated - Resource depletion - Declining in the grade, rising price and difficulty of obtaining obsolete scrap	●	●	●		●
Key Initiatives ▶ Efficient Use of Resources (P.131)					
Related Pages ▶ Development and Provision of Eco-friendly Processes and Products (P.108) ▶ Environmental Data (P.225)					

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			

Water Security

Steel manufacturing requires large quantities of fresh water for cooling and cleansing products and facilities. For this reason, the efficient use of water resources with due consideration to the source of the water and stakeholders in the area is a key challenge.

Risks

- Increased environmental impact
- Tighter environmental regulations
- Risk of drought in the water intake area, risk of pollution in the discharge area

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Key Initiatives

▶ [Water Security](#) (P.136)

Related Pages

▶ [Development and Provision of Eco-friendly Processes and Products](#) (P.108) ▶ [Environmental Data](#) (P.225)

Prevention of Pollution

Controlling air pollutant emissions and aggressively investing in environmental preservation are key for achieving co-existence and mutual prosperity with local communities, the global environment, and society at large as well as ensuring business continuity.

Risks

- Increased environmental impact
- Tighter environmental regulations

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Key Initiatives

▶ [Prevention of Pollution](#) (P.139)

Related Pages

▶ [Development and Provision of Eco-friendly Processes and Products](#) (P.108) ▶ [Environmental Data](#) (P.225)

Social

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			

Responsibility to Customers

The JFE Group provides steel products used in diverse areas that are indispensable to daily life, such as automobiles, infrastructure, and home appliances. One of our key responsibilities is to serve customers by meeting their quality requirements and providing a stable supply of products.

Opportunities

- Expansion of sustainable procurement and development of a structure for stable procurement
- Ensure competitiveness through stable production and stable quality



Risks

- Disruptions to the supply chain associated with climate change-related disasters and natural disasters such as earthquakes
- Lose credibility with customers due to issues related to production and quality
- Declining in the grade, rising price and difficulty of obtaining obsolete scrap



Key Initiatives

➤ [Responsibility to Customers \(Provide Quality Products and Enhance Customer Satisfaction\)](#) (P.156)

Related Pages

➤ [Supply Chain Management](#) (P.44) ➤ [Social Data](#) (P.243)

Occupational Health and Safety

Providing for the health and safety of employees is a basic requirement of companies, particularly manufacturers, and is fundamental to the continued existence of any company. The JFE Group adheres to the philosophy of safety first, and, together with its Group companies and business associates, works to consistently maintain safe working environments and secure workplaces for all employees.

Risks

- Occurrence of accidents, including occupational injuries



Key Initiatives

➤ [Occupational Health and Safety](#) (P.165)

Related Pages

➤ [Supply Chain Management](#) (P.44) ➤ [Social Data](#) (P.243)

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			

Human Capital: Recruit and Nurture Diverse Human Resources (Labor Standards)

The JFE Group strives to recruit human resources with different backgrounds and nurture employees who will support its business activities, create workplace environments and systems in which employees feel rewarded in their work and fully demonstrate their abilities, and realize new workstyles that are free from the constraints of time and location. We do this to achieve sustainable corporate growth as well as to comply with laws and regulations.

Opportunities

- Secure excellent human resources through workstyle reform



Risks

- Labor shortage
- Labor risks
- Culture of passing down technical skills is dying out



Key Initiatives

- ▶ [Recruit and Nurture Diverse Human Resources \(Labor Standards\)](#)(P.174)

Related Pages

- ▶ [Social Data](#) (P.243)

Human Rights

The JFE Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to not engage in discrimination in our business activities is clearly expressed in our Standards of Business Conduct, which we have upheld throughout our actions. And we pursue Group-wide initiatives based on the United Nations Guiding Principles on Business and Human Rights.

Risks

- Potential human rights risks



Key Initiatives

- ▶ [Human Rights](#) (P.183)

Related Pages

- ▶ [Supply Chain Management](#) (P.44)
- ▶ [Social Data](#) (P.243)

Governance

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			

Compliance

In expanding our businesses in and outside of Japan, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of ensuring thorough compliance. It is therefore extremely important to conduct training on corruption prevention and other compliance training, so that all members of the organization can deepen their knowledge and awareness of compliance and perform their jobs accordingly.

Risks

- Legal risks such as violations of antitrust law or competition law



Key Initiatives

➤ [Compliance](#) (P.216)

Related Pages

➤ [Supply Chain Management](#) (P.44) ➤ [Governance Data](#) (P.249)

Information Security

The JFE Group formulates various rules on information security management to prevent information leakage and system failure due to cyber-attack or improper system use and continually raise the level of its information security management.

- Information leakage and system failure due to cyber-attack or improper system use



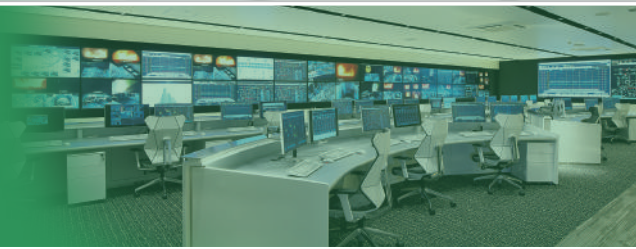
Key Initiatives

➤ [Risk Management](#) (P.220)

Related Pages

➤ [Governance Data](#) (P.249) ➤ [DX REPORT](https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html) (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html)

Engineering Business



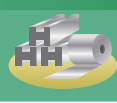
Overview of the Value Chain

Engineering (Creating the Foundations for Daily Life) — Business Operation/Operation Support (Bearing the Responsibility of Supporting Daily Life) — Business Continuity (Handing Down the Foundations for Daily Life)

Planning, Development, and Design



Procurement



Production and Construction



Maintenance and Operation



Engineering (Creating the Foundations for Daily Life)

The JFE Group has built many high-functioning, high-quality facilities in fields such as energy, the environment, and bridges while satisfying the needs of our customers every step of the way, from design to delivery. We have combined and evolved the technologies for processing and assembling in shipbuilding business and technologies relating to materials and combustion in the steel business to create next-generation energy and to address environmental issues. Many of our technologies support society. In addition, we are assembling our resources to develop new business models and new technologies based on existing technologies. We produce high-quality products at low cost by establishing production sites, including one of the largest steel structure production factories in Japan, overseas bases centered on Asian countries, and global engineering structures.

Business Operation/Operation Support (Bearing the Responsibility of Supporting Daily Life)

The JFE Group engages in many private-public initiatives in the field of public services by applying the operational and maintenance know-how acquired over many years, primarily with regard to the environment and water and sewage plants. Furthermore, we build plants, engage in the recycling business and renewable energy business, and take the initiative to realize a recycling-oriented sustainable society. Going forward, we intend to expand our initiatives even further.

Business Continuity (Handing Down the Foundations for Daily Life)

The JFE Group is committed to the construction, operation, and maintenance of infrastructure facilities such as plants related to energy and environment, bridges, and coastal structures to hand down safe and secure foundations for the next generation.

Environment

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
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Climate Change

The JFE Group strives to reduce CO₂ emissions in society through its eco-friendly products and technologies, including renewable energy technologies and energy-saving products in its engineering business. The Group designates climate change issue as a material issue of corporate management and is tackling the challenge to solve this issue.

Opportunities

- Increased need for renewable energy solutions
- Increased demand for CCU*¹/CCS*² facilities
- More sophisticated needs in the energy-environment area
- Increased response to climate change related disasters (disaster prevention and mitigation, disaster waste processing)
- Increased demand for waste to resource technology (food waste power generation)

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Risks

- Supply chain disruptions caused by severer natural disasters
- Effects of meteorological disasters
- Risk of floods associated with rising sea levels
- Tighter environmental regulations

●	●	●	●
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Key Initiatives

➤ [Climate Change](#) (P.53)

Related Pages

➤ [Supply Chain Management](#) (P.44)

➤ [Development and Provision of Eco-friendly Processes and Products](#) (P.108)

➤ [Scenario Analysis in Line with the TCFD Recommendations](#) (P.91) ➤ [Environmental Data](#) (P.225)

Development and Provision of Eco-friendly Processes and Products

Under its corporate philosophy of contributing to society with the world's most innovative technology, the JFE Group will contribute to meeting social challenges related to reducing environmental impact through business operations that focus on the environment and recycling fields as growth sectors.

Opportunities

- Need for improving operational efficiency and reducing environmental impact
- Need for cost reduction and energy saving

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Key Initiatives

➤ [Development and Provision of Eco-friendly Processes and Products](#) (P.108)

*1 Carbon dioxide capture and utilization

*2 Carbon capture and storage

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
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Efficient Use of Resources

Given that issues such as resource depletion and environmental pollution are expected to intensify on a global scale, our resource recycling solutions include operating our own waste recycling and energy supply businesses, in addition to constructing and providing plants for waste incineration and sludge digestion to customers.

Opportunities

- Increased demand for waste to resource technology (plastics recycling, food waste power generation)



Risks

- Shortage of disposal sites for waste generated
- Prevention of resource depletion



Key Initiatives

▶ [Efficient Use of Resources](#) (P.135)

Related Pages

▶ [Development and Provision of Eco-friendly Processes and Products](#) (P.108) ▶ [Environmental Data](#) (P.225)

Water Security

We provide total management of water and sewage systems, including maintenance and operations, to secure vital lifelines and are thereby contributing to reducing the negative impact on the water environment.

Opportunities

- Need for improving operational efficiency and reducing environmental impact



Risks

- Risk of drought in the water intake area, risk of pollution in the discharge area
- Violation of environmental regulations and laws



Key Initiatives

▶ [Water Security](#) (P.136)

Related Pages

▶ [Development and Provision of Eco-friendly Processes and Products](#) (P.108) ▶ [Environmental Data](#) (P.225)

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Prevention of Pollution				
Controlling air pollutant emissions and aggressively investing in environmental preservation are key for achieving co-existence and mutual prosperity with local communities, the global environment, and society at large, as well as for ensuring business continuity.				
Opportunities - Need for improving operational efficiency and reducing environmental impact				●
Risks - Increased environmental impact - Violation of environmental regulations and laws - Environmental accidents - Pollution of the environment	●	●	●	●
Key Initiatives ▶ Prevention of Pollution (P.139)				
Related Pages ▶ Development and Provision of Eco-friendly Processes and Products (P.108) ▶ Environmental Data (P.225)				

Social

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
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Responsibility to Customers

The JFE Group has developed a global engineering system encompassing one of the largest steel structure production factories in Japan, overseas bases centered on Asian countries, and global engineering structures. We intend to maximize customer satisfaction by complying with the Group-wide quality policy, providing high-quality products and services, and reinforcing our after-sales service system.

Opportunities

- Expansion of sustainable procurement and development of a structure for stable procurement
- Implement requested functions
- Need for cost reduction and energy saving
- Expand the business scale through privatization of public services

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Risks

- Lose credibility with customers due to issues related to production and quality

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Key Initiatives

- [Responsibility to Customers \(Provide Quality Products and Enhance Customer Satisfaction\)](#) (P.156)

Related Pages

- [Social Data](#) (P.243)

Human Capital: Occupational Health and Safety

Providing for the health and safety of employees is a basic requirement of companies, particularly manufacturers, and is fundamental to the continued existence of any company. The JFE Group adheres to the philosophy of safety first, and, together with its Group companies and business associates, works to consistently maintain safe working environments and secure workplaces for all employees.

Opportunities

- Maximize human capital through physical and mental health

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Risks

- Occurrence of accidents, including occupational injuries
- Disruptions to the supply chain caused by COVID-19

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Key Initiatives

- [Occupational Health and Safety](#) (P.165)

Related Pages

- [Supply Chain Management](#) (P.44)
- [Social Data](#) (P.243)

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
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Human Capital: Recruit and Nurture Diverse Human Resources (Labor Standards)

The JFE Group strives to recruit human resources with different backgrounds and nurture employees who will support its business activities, create workplace environments and systems in which employees feel rewarded in their work and fully demonstrate their abilities, and realize new workstyles that are free from the constraints of time and location. We do this to achieve sustainable corporate growth as well as to comply with laws and regulations.

Opportunities

- Saving labor through new technology
- Need for remote monitoring and automation due to a lack of human resources

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Risks

- Labor shortage
- Labor risks
- Culture of passing down technical skills is dying out

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Key Initiatives

▶ [Recruit and Nurture Diverse Human Resources \(Labor Standards\)](#) (P.174)

Related Pages

▶ [Social Data](#) (P.243)

Human Rights

The JFE Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to not engage in discrimination in our business activities is clearly expressed in our Standards of Business Conduct, which we have upheld throughout our actions. And we pursue Group-wide initiatives based on the United Nations Guiding Principles on Business and Human Rights.

Risks

- Potential human rights risks

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Key Initiatives

▶ [Human Rights](#) (P.168)

Related Pages

▶ [Supply Chain Management](#) (P.44) ▶ [Social Data](#) (P.243)

Governance

Challenges in the Value Chain

Planning, Development, and Design

Procurement

Production and Construction

Maintenance and Operations

Compliance

In expanding our businesses in and outside of Japan, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of ensuring thorough compliance. It is therefore extremely important to conduct training on corruption prevention and other compliance training, so that all members of the organization can deepen their knowledge and awareness of compliance and perform their jobs accordingly.

Risks

- Legal risks such as violations of antitrust law or competition law



Key Initiatives

▶ [Compliance](#) (P.216)

Related Pages

▶ [Supply Chain Management](#) (P.44) ▶ [Governance Data](#) (P.249)

Information Security

The JFE Group formulates various rules on information security management to prevent information leakage and system failure due to cyber-attack or improper system use and continually raise the level of its information security management.

Risks

- Information leakage and system failure due to cyber-attack or improper system use



Key Initiatives

▶ [Risk Management](#) (P.220)

Related Pages

▶ [Governance Data](#) (P.249) ▶ [DX REPORT](https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html) (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html)

Supply Chain Management

Basic Policy

Through the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement, the international community has called on companies to actively engage in actions to resolve global issues toward realizing a sustainable society. Existing harmoniously with the global environment, respecting human rights, and providing challenging work environments are some of the JFE Group's commitments in the JFE Standards of Business Conduct and the Group promotes initiatives under these standards. In order to realize a sustainable society, we believe it is important to address these challenges within the Group itself as well as across the entire supply chain. We will continue to push forward with our initiatives supported by the understanding of our suppliers and other business partners.

Promoting Green Procurement

The JFE Group's procurement policies help to conserve resources and protect the environment by ensuring adherence not only to all laws and regulations but also to procurement principles stated in the Charter of Corporate Behavior developed by the Japan Business Federation. Going forward, the JFE Group expects to accelerate such efforts in its supply chains.

Procurement Policy and Initiatives by Each Business



JFE Steel Procurement Guidelines and Requests to Suppliers to Promote Sustainability

To guide its procurement of raw materials, JFE Steel established the JFE Steel Procurement Guidelines, in accordance with the JFE Group Standards of Conduct and the JFE Group Basic Policy on Human Rights, to promote activities for realizing sustainability across its entire supply chain. Under the guidelines, JFE Steel pays due consideration to human rights, including the prohibition of child labor and forced labor, as well as legal compliance and environmental protection. In addition, the company purchases raw materials after investigating and confirming that suppliers are not handling conflict minerals.

We share these guidelines with our business partners and promote sustainability initiatives throughout our supply chain.

For the JFE Steel Procurement Guidelines, please refer to the following.

▶ [JFE Steel Procurement Guidelines](https://www.jfe-steel.co.jp/en/company/pdf/procurement-guidelines.pdf) (https://www.jfe-steel.co.jp/en/company/pdf/procurement-guidelines.pdf)

JFE Engineering

Basic Procurement Policy, and Requests to Suppliers to Promote CSR

Viewing its suppliers as key partners in achieving mutual growth, JFE Engineering strives to nurture mutual trust and reinforce partnership relationships.

JFE Engineering established its Basic Procurement Policy to implement fair and transparent procurement activities. Under its Procurement Guidelines, it also makes specific requests to its business partners and asks for their compliance to promote sustainable procurement by working hand in hand to advance corporate social responsibility (CSR) initiatives.

For JFE Engineering's Basic Procurement Policy and Procurement Guidelines, please refer to the following.

▶ [Basic Procurement Policy and Procurement Guidelines](https://www.jfe-eng.co.jp/en/information/procurement_policy.html) (https://www.jfe-eng.co.jp/en/information/procurement_policy.html)

JFE Shoji

Ensuring a Safe, Fair Supply Chain

The JFE Shoji Group engages in activities toward becoming a company with a strong presence that can achieve sustainable development and growth together with its customers, the JFE Group, and all other stakeholders. JFE Shoji believes that ensuring sustainability across the supply chain is a key issue for achieving this goal and established the Basic Policy on Sustainability in the Supply Chain to guide its efforts on human rights, labor issues, the global environment, and other matters. The JFE Shoji Group seeks the understanding and cooperation of its suppliers and other business partners in complying with the policy and will work with them to establish a more sustainable supply chain.

For JFE Shoji's Basic Policy on Sustainability in the Supply Chain, please refer to the following.

▶ [Basic Policy on Sustainability in the Supply Chain](https://www.jfe-shoji.co.jp/en/sustainability/promote/) (https://www.jfe-shoji.co.jp/en/sustainability/promote/)