

The Enduring Spirit and Technological Legacy of JFE

Kawasaki Steel		Nippon Kokan		
April	1878	Shozo Kawasaki established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo	June 1912	Nippon Kokan K.K. established
October	1896	Kawasaki Dockyard Company, Ltd. established (later renamed Kawasaki Heavy Industries, Ltd.)	April 1916	Yokohama Shipyard launched (later renamed Asano Shipyard Co., Ltd.)
August	1950	Steel division of Kawasaki Heavy Industries spun off as independent Kawasaki Steel Corporation	June 1936	First blast furnace blown in and integrated steel production started
February	1951	Chiba Works established as first modern integrated iron and steel works in postwar Japan	October 1965	Fukuyama Works established
July	1961	Mizushima Works established in Kurashiki, Okayama Prefecture	April 1968	Keihin Steel Works established (consolidation of Kawasaki, Tsurumi, and Mizue works)

2002



Establishment of JFE

For many years, major steel companies—both those that supply raw materials (e.g., iron ore) and those that use steel (e.g., automobiles), have been forming capital tie-ups and otherwise integrating for strengthened competitiveness, resulting in increasingly fierce international competition. In September 2002, Kawasaki Steel and NKK integrated their operations to achieve world-class competitiveness by combining their respective strengths and leveraging their strong sales bases, advanced technological capabilities, and robust steel mills and fabrication facilities. In April 2003, JFE Holdings, Inc. was established through a share transfer between the two companies, and in April 2003 the JFE Group made a fresh start by reorganizing its core business segments to allow each business unit to leverage its strengths for optimal performance.

CORPORATE VISION

Contributing to society with the world's most innovative technology

CORPORATE VALUES

Challenging Spirit.
Flexibility. Sincerity.

STANDARDS OF CONDUCT

All JFE Group personnel are required to faithfully adhere to the following Standards of Conduct in all corporate activities. These standards embody the JFE Group's Corporate Vision and go hand-in-hand with its Corporate Values.

Senior managers are responsible for communicating these standards to employees of Group companies and their supply chain partners, and creating effective systems and mechanisms to ensure adherence to ethical standards.

Senior managers are also responsible for measures to prevent the recurrence of any violation of these standards. Additionally, they must report violations promptly and accurately to internal and external stakeholders, determine the persons of relevant authority and accountability, and resolve matters rigorously.

1. Provide quality products and services
2. Be open to society
3. Work with communities
4. Globalize
5. Exist harmoniously with the global environment
6. Maintain proper relations with governments and political authorities
7. Maintain crisis readiness
8. Respect human rights
9. Provide challenging work environments
10. Comply with laws and ordinances

Continuously Accepting Challenges to Change with the Times

2002
2021

A History of Challenges

JFE, aiming to maximize the benefits of its merger immediately upon establishment, quickly began to build an integrated steelworks structure spanning both eastern and western Japan as well as expand its lineup of products, horizontally deploy processing technologies, and reorganize/integrate its internal companies. Since then, in order to steadily adapt to changes in the business environment, JFE has grown its corporate value by adjusting its business portfolio, developing world-class products and technologies, and expanding overseas business under a vertically integrated business model centered on Asia, including a strategic alliance with JSW Steel Ltd. in India.

2022

Ascending to Next Stage on 20th Anniversary

JFE is now faced with an unprecedentedly challenging business environment, including intensifying global competition due to the rise of China, growing geopolitical risks and economic uncertainty due to conflicts between the U.S. and China, the shift toward carbon neutrality to protect the global environment, advances in digital technologies and a global pandemic. JFE, having formulated its Seventh Medium-term Business Plan (fiscal 2021–2024), is now implementing diverse initiatives in order to respond effectively to these many challenges and steadily improve the Company's corporate value over the medium to long term.

Evolution of Medium-Term Business Plans

First	(2003-2005)	Maximize integration's full potential	Reinforced business foundation
Second	(2006-2008)	Expand high-value-added products	Established stable production and high-earnings structure
Third	(2009-2011)	Pursue forward-looking technologies	Aimed to become top supplier of high-value-added products
Fourth	(2012-2014)	Expand into growing markets overseas	Strengthened production bases and increased sales and engineering functions overseas
Fifth	(2015-2017)	Fully capture global demand	Strengthened production and sales structures and invested in new businesses
Sixth	(2018-2020)	Competitiveness through advanced technologies	Aggressively incorporated data science

Changes in the business portfolio

For more information: <https://www.jfe-holdings.co.jp/en/company/history/>



Challenges in the Seventh Medium-Term Business Plan (2021-2024)

1 Achieve carbon neutrality based on environmental vision

Processes capable of producing highly functional steel on a mass level without emitting CO₂ are absolutely required for the sustainable future of human society. Accordingly, JFE is striving to rapidly establish the necessary decarbonization technologies ahead of its global rivals.

CO₂ steel-business emissions-reduction targets
(versus fiscal 2013)

Fiscal 2024
18%
Fiscal 2030
30% or more

Initiatives for Carbon Neutrality by 2050

- 1 Reduce CO₂ emissions of JFE Steel
- 2 Support increased emissions reduction in society
- 3 Commercialize offshore wind-power business

2 Shift from quantity to quality for top-level profitability

As the Japanese market steadily contracts and exports become less profitable, JFE is shifting its business focus from quantity to quality to secure top-level profitability, including 10,000 yen profit per ton of steel product, supported by resilience to economic and market fluctuations.

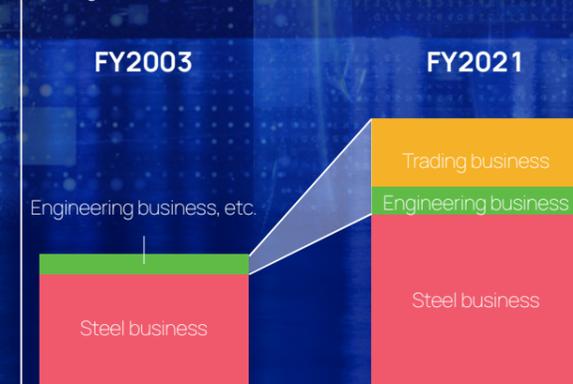
Cost reductions
120 billion yen
(steel business)

Ratio of high-value-added products
50%
(steel business)

3 Implement groupwide growth strategies

- Steel business**
 - Possible production and sales of grain-oriented electrical steel sheet via JV with JSW in India
 - Expand solutions business
- Engineering business**
Expand sales revenue to **one trillion yen** by fiscal 2030
- Trading business**
Expand overseas-processing supply-chain management for high-performance electrical steel sheet

Changes in sales & revenue



4 Carry out DX strategies

- (1) Dramatically improve productivity
- (2) Transform existing businesses
- (3) Create new businesses

5 Invest strategically for financial vitality

ROE **At least 10%**
Consolidated business profit **¥320 billion**
Dividend payout ratio **About 30%**

2050

Aiming to Secure a Sustainable Future

JFE's core business is steel, an indispensable basic material for human society. JFE also operates an engineering business that is deeply rooted in steel and supports safe and comfortable life worldwide, and a global trading business that enables JFE's diverse value propositions to reach every corner of the globe. JFE is leveraging technologies,

personnel, capital, intellectual property and networks that the Company has nurtured over many decades to create value for environmental and societal sustainability (solutions for global society) as well as economic sustainability (earnings power).

Establishing an Irreplaceable Presence in Society

The human race has been using steel to produce agricultural tools, ironware, building materials, and other crucial items since around 1,500 B.C. Today, steel is still a vital basic material for diverse industries due to its overwhelming advantages in terms of mass production, economic efficiency, low environmental load, and high processability. As economies in emerging countries grow, especially in Asia, demand will continue to expand for steel-related products including automobiles, buildings, infrastructure, cargo ships, containers, and many others. Simply put, steel remains the only material suitable for such products.

The mission of JFE is to develop and provide steel products and services that can enrich human life regardless of current business conditions. Today, global society is increasingly demanding that companies support the shift toward a more decarbonized Earth. In response, JFE is working diligently to develop a decarbonized steelmaking process capable of offering high-performance, high-quality products and solutions as well as contributing to CO₂ reduction.

JFE is committed to taking on new challenges with the aim of becoming an irreplaceable member of global society, broadly recognized for its sustainable development and support for safe and comfortable human life.

 Environmental and Societal Sustainability

 Economic Sustainability



JFE Steel



JFE Engineering



JFE Shoji



Japan Marine United