Human Resources Strategy

Basic Approach

The abilities of every employee are a crucial factor in ensuring that we are able to continue enhancing our corporate value over the long-term in a rapidly changing business environment.

With the aim of realizing its management strategies, the Company maximizes the skills and vitality of its employees through proactive investment in human resources according to its management strategies and related human resource strategies.

Proactive investment in human resources

Total: Approx. ¥80 billion

(Total for Operating Companies under the Eighth Medium-term Business Plan)

JFE Group Management Strategies
(JFE Vision 2035)

- Establishment of a streamlined yet resilient domestic structure
- Growth through the expansion of overseas business in high-growth markets and regions
- Become the leader in carbon neutrality (CN) technology development

Linked to management strategies

The JFE Group will play an indispensable role in supporting people's daily lives, driving sustainable development and ensuring safe, comfortable lives for all.

Transforming and engraining corporate culture
Fostering a culture where the company and employees grow together

Creating innovation

ST JFE Steel EN JFE Engineering SH JFE Shoji

1. Building a human resources portfolio: Securing and developing talent aligned with the management strategies of our Operating Companies

Key measures

Talent acquisition
Strengthening recruitment capabilities in response to business expansion and intensifying competition for talent
- Recruiting human resources from diverse sources (expanding mid-career hires, alumni, referrals, etc.)

Development
Strategic development of human resources capable of supporting management strategies
- Expanding autonomous career development and learning as well as open recruitment to promote more active rotations
- Developing and assigning personnel who can take on key strategies such as overseas business expansion and DX

Improving Productivity
Improving productivity in the steel business and other areas through DX (ensuring sustainable business operations)

KPI

Item		FY2026 KPIs
Develop overseas talent (Cumulative total for FY2025 and FY2026)	ST	66 employees or more
	EN	25 employees
	SH	50 employees
Develop advanced DX talent	ST	1,000 employees (cumulative total)
	EN	90 employees (cumulative total for FY2025 and FY2026)

Advancing initiatives in tandem

2. Maximizing the capabilities of human resources: Creating an environment in which diverse employees can make the most of their experiences, abilities, and individuality while finding fulfillment in their work

Key measures

Promoting DEI
Pursuing opportunities for diverse human resources to actively participate
- Systematically promoting women to management positions and encouraging male employees to take childcare leave, etc.

Fostering a culture that leverages diversity
- Creating a psychologically safe workplace environment that encourages new ideas, etc.

Improving work engagement
Increasing motivation at work and pride in the Company
- Promoting awareness of the corporate purpose, enhancing open recruitment, operational reforms, and competitive treatment, etc.

Improving ease of working
- Expanding investment in the workplace environment, advancing workstyle reform, and creating an environment which enables employees to take leave without hesitation

KPI

Item		FY2026 KPIs	
Promoting DEI	Ratio of women in managerial positions (total for Operating Companies) • Target of 10% or more in positions qualified as section manager or above by April 2030 (20% or more in management and sales departments)	7.0% (April 2027)	
	Ratio of male employees taking childcare leave (total for Operating Companies)	70% or more	
Improving work engagement	Engagement survey • Percentage of positive responses to questions on work engagement	ST	75% or more
		EN SH	80% or more

Initiatives in safety (prevention of occupational accidents) and health (promotion of health and productivity management) form the foundation for 1. and 2.

Human Resources Strategy

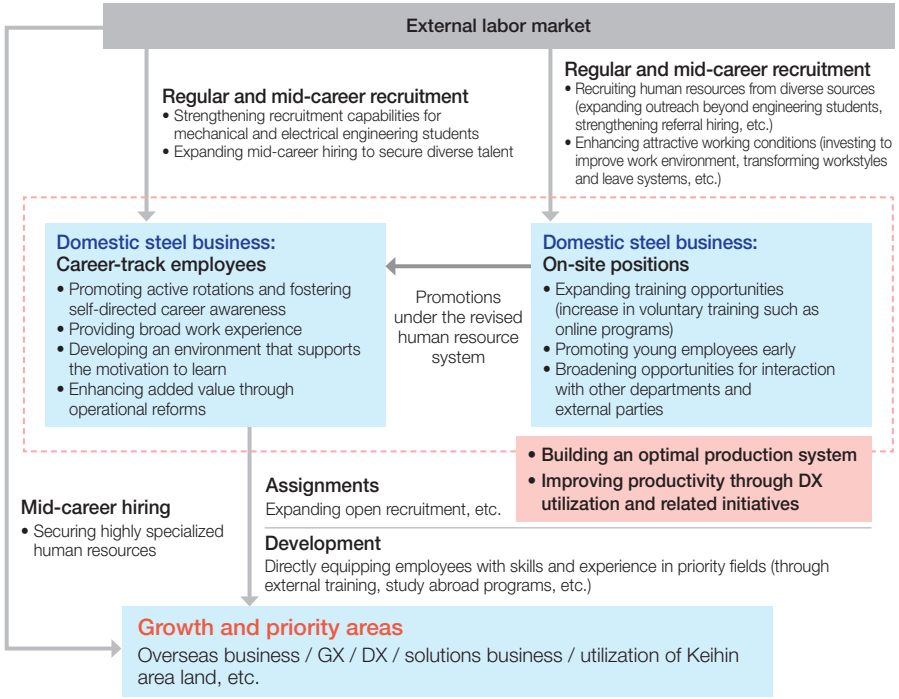
Building a human resources portfolio

We are working to secure and develop the human resources needed to execute the management strategies of our Operating Companies while building a portfolio that is closely linked with those strategies. To execute Groupwide management strategies, such as expanding overseas business in high-growth markets and establishing a streamlined yet resilient domestic production system, it is essential to continuously secure and develop overseas and DX human resources, and we are placing particular emphasis on these areas.

JFE Steel's approach to building a human resources portfolio

Recognizing that the decline in the working-age population is a critical issue affecting business continuity, we are building a streamlined and robust structure for our domestic steel business by establishing an optimal production system and promoting automation and labor-saving through the use of DX.

On that basis, while maintaining our domestic steel business as the foundation of our operations and continuously honing the capabilities of our people, we will strengthen human resources in growth and priority areas by leveraging the depth of our pool of human resources and combining diverse measures for recruitment, development, and placement.



Develop overseas talent

We are focusing on developing overseas talent to expand overseas business in high-growth markets

To cultivate a strong pool of human resources capable of driving our overseas business, we are assigning young employees to overseas posts, increasing the number of employees who have experience working overseas, and leveraging programs for studying abroad and overseas dispatch. Beginning in fiscal 2025, JFE Steel introduced a new program in which employees can apply to study abroad and, upon returning, will be assigned to overseas divisions. This program accelerates talent development by drawing on the employees' own drive for growth. Meanwhile, in anticipation of overseas business expansion, JFE Shoji is accelerating the development of global talent by dispatching young employees overseas.

Comment

Shota Amano

No. 2 Business Promotion Office
Overseas Business Dept.
JFE Steel



I joined JFE Steel as a researcher at a steel research laboratory, focusing on steelmaking process development. After moving to my current department through JFE Steel's internal job posting program, I pursued an MBA in the U.S. through a company-sponsored study abroad program.

Studying with classmates from diverse backgrounds showed me that many things I had regarded as normal or common in Japan were not universal. Living as a minority in a society that values people for their skills, ideas, and character rather than titles was transformative. The experience continues to shape my perspective and has been especially valuable when working with overseas partners.

Currently, I evaluate and develop new business opportunities in North America. Creating value with international partners is both challenging and rewarding. I draw on the technical expertise gained through research and the business knowledge and analytical frameworks acquired during my MBA studies.

I firmly believe that creating new businesses in growth markets contributes not only to the success of our company, but also to the development of society as a whole. Being part of that process is what inspires and drives me every day.

Comment

Since joining JFE Shoji, I have hoped for an overseas assignment, and after serving as a trainee at JFE Shoji Power Canada Inc., I am now involved in corporate support functions at U.S.-based CEMCO, LLC. Through my work overseas, I realized that work styles and values differ significantly between Japan and North America, and what I consider common sense is not necessarily universal.

Rather than unilaterally imposing Japan's way of doing things, I prioritize understanding the approaches and backgrounds of local employees to foster an environment where they can think and act proactively.

Going forward, I intend to continue contributing to the growth of our overseas operations while building relationships based on trust.



Maiko Yoshida

Americas Business Division
Seconded to Cemco, LLC and to JFE Shoji America Holdings Inc.

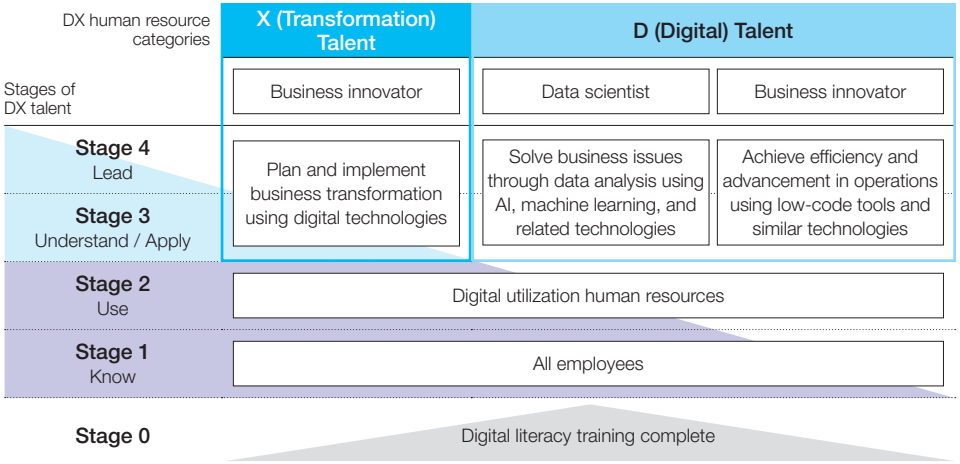
Developing advanced DX talents

We are focusing on developing DX talents to successfully build a slim, resilient domestic production structure.

JFE Steel

Development of DX talents to promote intelligent steelworks and reforms for operational processes

JFE Steel has overhauled its DX talents development system. From fiscal 2025, the company defined DX talents as business innovators, who plan and lead transformations, as well as data scientists and digital designers, who utilize digital technology. The company has clearly defined the requirements for each stage and is now systematically developing talent for Stages 3 and 4, which are for advanced DX talents.



Comment

Osamu Yamaguchi
Group leader
DX Planning Dept.,
DX Strategy Division
JFE Steel

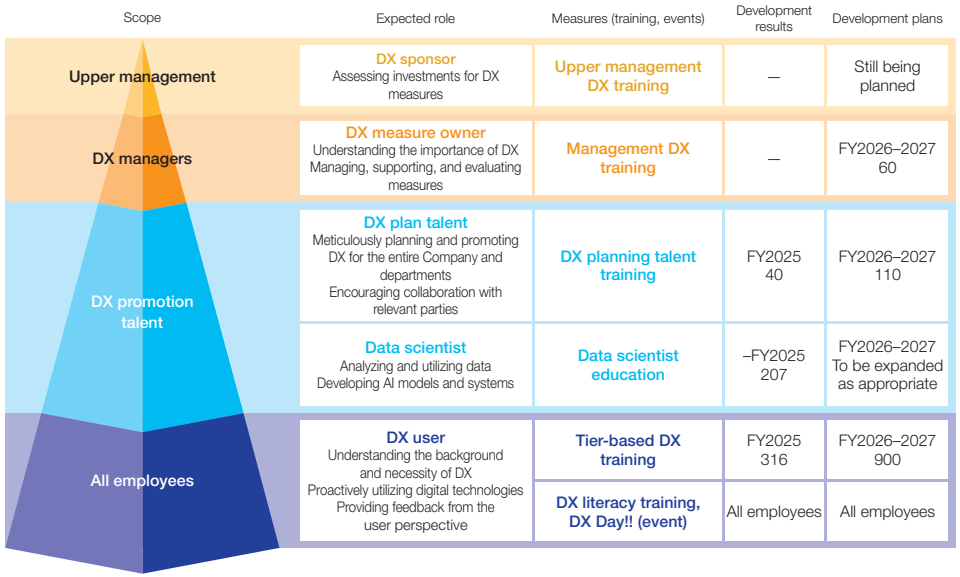


We developed a total of 831 advanced DX talents as of March 31, 2026, and aim to increase this number to 1,200 by March 31, 2028.

Responsibility for DX promotion is not strictly the purview of selected specialists. It is essential for every employee who is well-versed in frontline operations and manufacturing processes to take an active role in leveraging data and digital technologies to solve challenges and create value. We will continue to develop active DX talent who will introduce cyber-physical systems (CPS) for manufacturing processes in order to realize intelligent steelworks, which can autonomously learn and optimize their own operations, and reform operational processes following the transition of core systems to open architecture.

JFE Engineering

Development of DX talents to promote our transformation into an AI-ready company



JFE Engineering positions the development and recruitment of personnel who form the foundation for driving DX and the transformation of organizational culture as material issues. The company is working to create an environment in which all employees proactively engage in DX. Aiming to realize data-driven management and transform into an AI-ready company, JFE Engineering is clarifying the expected roles of each employee by tier, advancing DX training and development systems, and promoting continuous talent growth.

In fiscal 2025, the company introduced tier-based DX training (where employees learn skills, basic knowledge, and mindsets suitable to their tier) and DX planning personnel training (which develops transformation leaders who proactively plan and promote DX measures to address specific needs). To maintain development, the content is improved every year. For data scientists, JFE Engineering overhauled its educational content and will strengthen the development of personnel with the skills to prepare the data required for AI-ready.

In fiscal 2026, the company will launch a management DX training program, designed to enable managers to understand initiatives led by DX planning personnel and drive corporate transformation through management, support, and evaluation. The company is also planning an upper management DX training program to ensure leaders drive the transformation by setting a personal example. By developing human resources across all tiers and fostering organic collaboration, the company aims to realize a business environment that can safely and sustainably utilize AI.

Maximizing the capabilities of human resources

Promoting DEI

We aim to create an environment where everyone's diverse experiences, abilities, and individuality are utilized. Amid a rapidly changing business environment, we will integrate diverse values and perspectives to generate new ideas and solutions, thereby contributing to the sustainable enhancement of corporate value.

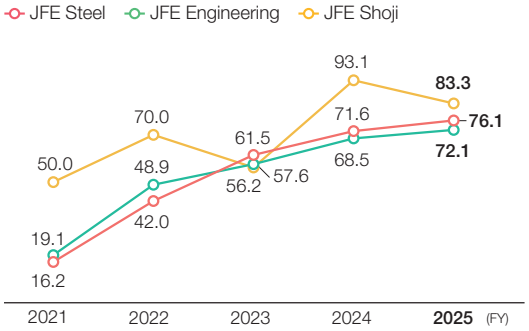
■ Management's commitment

Among other initiatives, we have established a committee on diversity promotion chaired by the President, where management and the diversity promotion organization work together to hold discussions and formulate and implement company-wide policies.

■ Pursuing opportunities for diverse human resources to actively participate

In promoting the advancement of women, we are implementing strategic initiatives with the goal of increasing the ratio of women in managerial positions to 10% or more by 2030 (total for Operating Companies). Our initiatives focus on three areas: Recruitment: We are expanding the pipeline of female managerial candidates through new graduate and mid-career hiring; Retention: We are strengthening internal and external networking opportunities and highlighting role models; and Placement and development: We are creating individual development plans for female employees. In addition, to foster a culture in which all employees can balance work and childcare, we are emphasizing the importance of male employees to take childcare leave.

Percentage of male employees taking childcare leave (%)



* Does not include time off related to child-rearing

■ Fostering knowledge sharing across companies

Examples of best practices in promoting DEI are regularly shared across Operating Companies, and joint initiatives are also undertaken. For example, a joint seminar was conducted on the theme of unconscious bias in fiscal 2024 and another on gratitude and praise in fiscal 2025, which are critical to advancing DEI. We also engage in exchanges with external organizations and co-host events, to further strengthen our inclusive corporate culture.

Improving work engagement

Our goal is to realize an environment in which employees can work with energy and enthusiasm. By maximizing the strengths of each person in our talent portfolio, we will steadily implement our management strategies.

The Company and its Operating Companies conduct an annual engagement survey to quantitatively assess employee engagement levels and utilize the data to identify issues related to employee engagement and other such factors as we consider potential improvement measures. We use common questions regarding employee engagement in the survey and manage the results as a KPI aimed at realizing a rewarding workplace.

JFE Steel FY2025 KPI related to employee engagement Target: 75% ➡ Result: 69%

JFE Steel conducts company-wide activities to achieve higher work engagement and sustainable corporate growth. In fiscal 2024, the company launched ReFuture PROJECT with the president as the project owner. The project's stated aim is to implement corporate reforms to enhance employee engagement so that the company and its employees grow together.

As for fiscal 2025 survey results, the average employee engagement score was 69% for all employees, 78.4% for career-track employees, and 64.3% for on-site employees. A shared issue among both career-track and on-site employees is improving operational efficiency. To rapidly address this issue, in fiscal 2026, the company established the Management Transformation Team. This team is an organization that will transform and overhaul operational processes across the entire company. In addition, regarding on-site employees in particular, whose score was relatively low, the company is aware of the issues related to taking days off and making work-styles more flexible. To increase the number of days off for factory shift workers while maintaining productivity, the company is working to give shift workers more options by creating a system of four teams with two shifts from July 2026 in addition to the existing system of four teams with three shifts.

Initiative scope	Main measures
Formulating our vision	Embedding our corporate purpose, vision, and values
Operational reforms	Reforming company-wide operational systems through the Management Transformation Team by, for example, revising operational processes, promoting IT, and improving operations through a value-based approach
Improving the workplace environment	Realizing a more comfortable work environment through focused investment in offices and other facilities, mainly at manufacturing sites
Reviewing personnel and compensation systems	Embedding management practices aligned with the intent of revisions, and diversifying workstyles and leave-taking among on-site employees, etc.
Transforming communication	Promoting corporate culture transformation through two-way dialogue (e.g. management ↔ employees, general managers ↔ subordinates)
Improving management and strengthening leadership, etc.	Promoting management aligned with the corporate purpose, vision, and values through the restructuring of management training and other measures
Supporting growth and career autonomy	Expanding voluntary training programs and open recruitment-based transfers
Enhancing psychological safety and transforming corporate culture, etc.	Promoting soft initiatives that lead to changes in awareness and behavior to enhance psychological safety and transform organizational culture

Maximizing the capabilities of human resources

JFE Engineering FY2025 KPI related to employee engagement Target: 80% ➡ Result: 81%

From the analysis of survey results, JFE Engineering identified three main points to enhance engagement: a growth environment, feedback/evaluations, and corporate culture. The company is taking measures that focus on these points.

Initiative scope	Main measures
Fostering a growth environment	• Establishing educational programs to support autonomous and ongoing growth • Starting job rotations that enable employees to experience multiple fields as ways to develop "Pi-shaped" talent: individuals possessing expertise in multiple fields (evoking the two legs of the Greek letter π).
Enhancing feedback/ evaluations	• Introducing a system for one-on-one feedback • Implementing feedback training and one-on-one training for managers
Transforming corporate culture	• Currently implementing corporate culture reforms, aspiring for a culture where everyone communicates with each other, listens carefully, and makes things together. • Strengthening information dissemination from management and continuing dialogue with employees through roundtable discussions

JFE Shoji FY2025 KPI related to employee engagement Target: 80% ➡ Result: 79%

By reforming systems, enhancing dialogue, and promoting operational reforms, JFE Shoji is striving to create an environment where every employee experiences growth and can work with a sense of satisfaction and pride.

Initiative scope	Main measures
Reforming systems	Reforming human resources systems and introducing an internal job posting system to encourage independent ambition and growth
Encouraging dialogue	Creating opportunities for one-on-one interviews and dialogue with management to support career building and deepen mutual understanding
Enhancing engagement	Announcing scores by organization and taking improvement actions
Reforming operations	Revising operational processes and promoting systematization

■ Status of dialogue between officers and employees

As a part of our efforts to reform corporate culture, the company has implemented activities to proactively create a forum for dialogue between management and employees. Dialogue-based and town hall-style meetings enable management to directly communicate with employees and enable employees to present management with the issues they are facing. This fosters active, two-way communication.

JFE Steel

Communication opportunities	Participants per meeting	Number of meetings held in FY2025
ReFuture PROJECT (Repro) dialogue	President, vice president, and approx. 10 to 50 employees	59 times total

Main Dialogue Themes

- Instilling our purpose, vision, and values in the workplace
- Employee engagement
- Requests for the company



A dialogue-based meeting with the president

JFE Engineering

Communication opportunities	Participants per meeting	Number of meetings held in FY2025
Purpose instillment meetings	President and approx. 40 employees	6 times total
President town hall meetings	President and approx. 10 employees	9 times total
Frontline reports	President and approx. 10 employees	15 times total

Main Dialogue Themes

- Corporate culture and requests for the company and president
- Instilling our purpose and vision
- Frontline employee engagement

JFE Shoji

Communication opportunities	Participants per meeting	Number of meetings held in FY2025
Vision Talk	Five directors and approx. 250 employees	4 times total
Roundtable	One director and approx. 10 employees	17 times total

Main Dialogue Themes

- Vision Talk: Long-term vision and Eighth Medium-term Business Plan
- Roundtable: Ambition and transformation

Safety and health

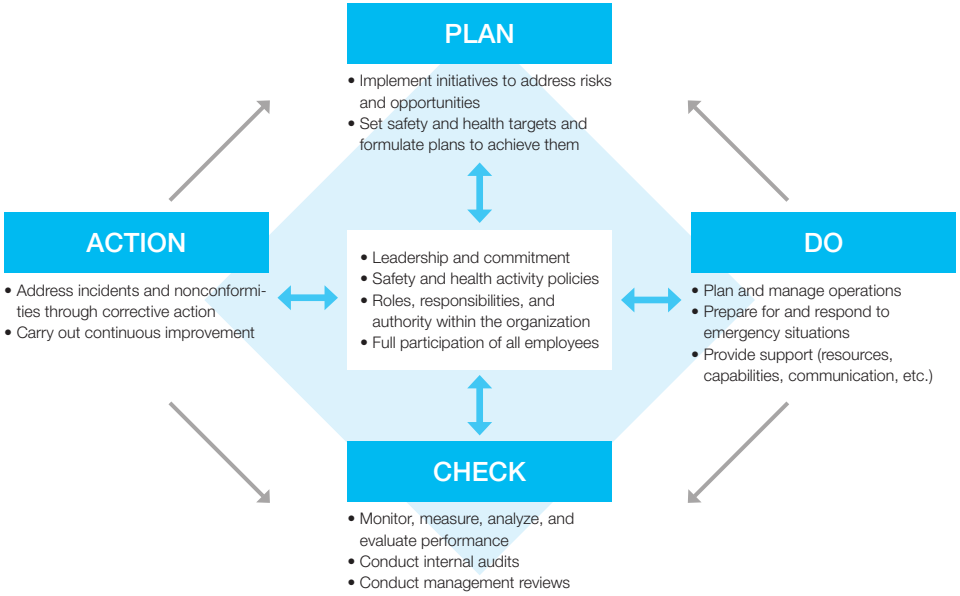
Preventing workplace accidents

We believe that providing a safe working environment and preventing workplace accidents are fundamental to growth and to enabling diverse employees to work with peace of mind. Accordingly, we have set KPIs for fatal accidents (zero) and the lost-time injury frequency rate. We are working to establish a safe environment for all employees, including those from partner and contractor companies.

■ Thorough development of people and organizations with strong safety capabilities

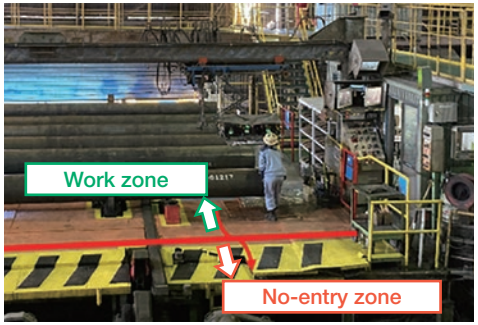
At JFE Steel, to prevent similar and repeated accidents, we are focusing on initiatives such as engaging in frank dialogue with frontline workers to identify and address risks as well as thoroughly reviewing all incidents, including near misses, to implement necessary measures company-wide. In addition, all business sites have obtained ISO 45001 (JIS Q 45001) certification, and we are conducting autonomous and systematic occupational health and safety management. At JFE Shoji, safety managers are assigned to each Group company to share knowledge and information, supporting the enhancement of overall occupational health and safety activities.

Key points of the PDCA cycle at JFE Steel



■ Enhancing equipment through essential safety measures and leveraging DX

Under the Eighth Medium-term Business Plan, we will continue safety investments on the same level as under the Seventh Medium-term Business Plan (around ¥10 billion per year) across all Operating Companies. These efforts include physically separating people from operating equipment through facility modifications, as well as further promoting multifaceted occupational health and safety management (such as monitoring and detection) by leveraging DX. For example, at JFE Steel, we are accelerating initiatives that use DX to provide protection, ensuring that injuries are prevented even in the event of a human error. DX-related safety investments are being expanded to approximately 2.5 times the level of the Seventh Medium-term Business Plan. At JFE Engineering as well, we are actively applying DX in ways tailored to the operational characteristics of construction work, such as reducing work done at high elevation by using drones for high-precision 3D measurements.



Equipment automatically shuts down when the AI camera detects a person (JFE Steel)



Reducing high-elevation work using high-precision 3D measurement results from drones (JFE Engineering)

Promoting health management

In collaboration with health insurance unions and industrial health staff, we are working to maintain and improve employee health. Beginning with the Eighth Medium-term Business Plan, we have set as a top priority the goal of increasing the number of high-performing employees who are both physically and mentally healthy (reducing presenteeism). To achieve this, we are systematically implementing various measures, including support for early detection and continued treatment, smoking cessation programs, and initiatives to improve sleep.

Stakeholder Engagement

Dialogues with shareholders and investors

Through our IR activities, 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 promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.

Dialogue opportunities	Facilitators	Number of times in FY2025
Financial results briefings	President, executive vice president (director overseeing the Investor Relations and Corporate Communications Department, same below), etc.	4 times
Strategy briefings for specific businesses	Executive officers responsible for the business	4 times
Small meetings with security analysts	President	2 times
Plant tours for security analysts	Investor Relations and Corporate Communications Department	2 times
Interviews with investors (mainly with fund managers and analysts at institutional investors)	President, executive vice president, etc.	Japan: 200 times (64 companies) Overseas: 232 times (97 companies)
Interviews with shareholders (mainly with ESG and voting rights officers at institutional investors)	Executive vice president, etc.	Japan: 42 times (23 companies) Overseas: 15 times (18 companies)
Business site and plant tours (mainly with individual shareholders)	President, executive vice president, etc.	16 times (around 2,700 people)

Dialogue content	Details
Main themes, matters of interest to shareholders and investors	• Progress under the medium-term business plan, growth strategies, cash allocation, and investment effect • Business results, share price, P/B ratio, and capital efficiency • Action on ESG issues, including carbon neutrality, the effectiveness of the Board of Directors, human capital, human rights, and AI
Feedback for the Board of Directors	• We strive to share information from the Investor Relations and Corporate Communications Department in a timely manner with relevant internal offices, including Operating Companies and submit reports to the Board of Directors at least once per year.
Results of feedback	**Measures:** • Review of the criteria for submitting matters to the Board of Directors and the Board's operational procedures, in light of the transition to a company with an Audit and Supervisory Committee • Appointment of CFOs for the Operating Companies, and review of the investment decision-making process (to strengthen management with a focus on capital efficiency) **Enhancing disclosure:** • Held strategy briefings for a specific business (In fiscal 2025, a total of four sessions were held. These sessions focused on the Group's environmental management strategy, JFE Steel's overseas operations, JFE Engineering's business, and JFE Steel's integrated steelworks joint venture in India) • Hosting a site tour for analysts to view land utilization projects in the Keihin region • Disclosure of information based on the TNFD framework for natural capital • Expansion of disclosure of policy engagement toward achieving carbon neutrality

Engagement with other key stakeholders

Major stakeholders	Methods of engagement	FY2025 result	
Customers	Communication through sales activities and sales support for quality assurance	Conducted at each Operating Company	
	Interviews and questionnaires, such as those related to customer satisfaction	Conducted at each Operating Company	
	Information via websites (product information), etc.	As needed	
Suppliers	Communication through purchasing activities	Conducted at each Operating Company	
	Interviews and questionnaires	Conducted at each Operating Company	
	Briefings and exchanges of opinion	Conducted at each Operating Company	
	Information disclosure and other communication through the website	As needed	
Employees	Communications through daily operations and in the workplace	As needed	
	Internal newsletters and intranet	As needed	
	Various labor-management committees	2 to 4 times	Management and labor unions at each Operating Company
	Number of ethics hotline and harassment consultation cases	As needed	JFE Holdings and the operating companies: 159 cases (146 cases at the Group companies)
	Position-specific training on compliance and human rights	As needed	Conducted at each Operating Company
	Family days (visits by employee families, lunch at employees' cafeteria), etc.	As needed	Conducted at each Operating Company ST 6 times EN 2 times SH 2 times
	Corporate Ethics Awareness Survey	Once	JFE Holdings and Operating Companies
	Engagement Survey	Once	JFE Holdings and Operating Companies
	Management feedback*	Once	JFE Holdings, JFE Steel, and JFE Engineering
Local communities	Communication through local residents' association, events, etc.	As needed	
	Events at manufacturing bases (festivals, etc.)	Once per region	Approx. 150,000 persons per year
	Plant tours	As needed	Approx. 90,000 persons per year
	Cleanup activities in the vicinity of manufacturing bases and local regions	As needed	
	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	
	Dispatch of lecturers to elementary schools, craft workshops, workplace experience events	ST 34 times EN 20 times SH 5 times	
	Information via websites (environmental info, etc.)	As needed	
	Social contribution through JFE 21st Century Foundation (various research support, regional activity support, etc.)	As needed	

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

History of JFE

Net sales / Revenue
(averages during MTBPs)

HD JFE Holdings ST JFE Steel EN JFE Engineering SH JFE Shoji

2002 Start of the JFE Group

2,791.9 billion yen

First

Medium-term Business Plan
(Fiscal 2003–2005)
Maximize integration synergies
Strengthen the management foundation

Business foundation

September 2002	Established JFE Holdings HD
April 2003	Established JFE Steel and JFE Engineering ST EN
June 2004	Suspended operation of the No. 5 blast furnace in the Chiba district ST
August 2004	Established JFE Shoji Holdings SH

ESG

June 2004	Launched JFE College, a training curriculum for young employees ST



3,569.5 billion yen

Second

Medium-term Business Plan
(Fiscal 2006–2008)
Expand high-value-added products
Achieve stable production and a robust profit structure

Business foundation

November 2008	Established JFE Steel Galvanizing (Thailand) Ltd. ST
February 2009	Established Steel Alliance Service Center (SASC), a steel processing company, in Thailand SH

ESG

June 2007	Added two Outside Directors HD
June 2007	Shortened the term of Directors from two years to one year HD



3,068.8 billion yen

Third

Medium-term Business Plan
(Fiscal 2009–2011)
Promote future-oriented technology development
Become the No. 1 supplier of high-value-added products

Business foundation

July 2010	Acquired an equity stake in JSW Steel in India ST
January 2011	Established JFE Shoji Steel India Private Limited (JSI), a steel processing company, in India SH

ESG

2011	Began donating desks, chairs, and canned goods to the Ministries of Education in Ghana and Nigeria SH



3,568.8 billion yen

Fourth

Medium-term Business Plan
(Fiscal 2012–2014)
Expand into overseas growth markets
Strengthen local production while expanding sales and technical functions abroad

Business foundation

May 2013	Established JFE Steel Galvanizing Indonesia ST
December 2013	Established Urban Energy EN
December 2014	Acquired U.S. steel pipe distributor Kelly Pipe SH

ESG

September 2012	Opened an in-house childcare center in the JR Tsurumi Station building EN

History of JFE

Strengthening earnings power

Fifth

Medium-term Business Plan
(Fiscal 2015–2017)
Fully capture global demand
Strengthen manufacturing and sales systems, invest in new businesses

3,473.1 billion yen

Business foundation

August 2016	Established Nucor-JFE Steel Mexico in Mexico ST
January 2019	Established JFE Shoji Steel Service Center Bajio (JSSB), an automotive processing company, in Mexico SH

Technology

March 2018	Established the Global Remote Center (GRC), an integrated remote monitoring center for plants EN
November 2018	Began full-scale operation of the food recycling plant at J Bio Food Recycle EN

ESG

2015	Began to evaluate the effectiveness of the Board of Directors HD
October 2015	Established JFE Holdings, Inc. Basic Policy on Corporate Governance HD
October 2015	Established the Nomination Committee and Remuneration Committee HD

Sixth

Medium-term Business Plan
(Fiscal 2018–2020)
Strengthen competitiveness through cutting-edge technologies
Proactively utilize data science technologies

3,610.2 billion yen

Business foundation

September 2019	Acquired Cogent Power (now JSC), a Canadian electrical steel sheet processing company SH
March 2020	Completed the acquisition of all shares of Mitsui E&S Plant Engineering to establish JFE Project One EN

Technology

September 2018	Introduced J-mAister, a fault recovery support system utilizing IBM Japan's IBM Watson, to all production lines ST
November 2019	Introduced data science technologies known as blast furnace cyber-physical systems (CPS) to all blast furnaces ST

ESG

May 2019	Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) HD
June 2020	Appointed the first woman as an Outside Director of the Company HD
September 2020	Announced the JFE Group's CO_2 reduction targets HD

Seventh

Medium-term Business Plan
(Fiscal 2021–2024)
Shift focus from quantity to quality
Address carbon neutrality and advance growth strategies

4,917.1 billion yen

Business foundation

September 2023	Shut down the Keihin district's upstream processes and hot rolling equipment ST
September 2023	Announced OHGISHIMA 2050 conceptual plan for re-use of land in the Keihin district HD
February 2024	Established JSW JFE Electrical Steel, an electrical steel sheet manufacturing and sales company, in India ST

Technology

April 2024	Began operation of the Kasaoka Monopile Factory EN
July 2024	Completed phase I of the capacity expansion of the Kurashiki district's electrical steel sheet production facilities ST

ESG

May 2021	Established the JFE Group Environmental Vision for 2050 HD
May 2023	Commenced supply of JGreeX™ green steel ST
April 2024	Introduced climate-change-related indicators in executive remuneration HD

Eighth

Medium-term Business Plan
(Fiscal 2025-2027)
Expanding high-value-added products and overseas growth
A streamlined yet resilient domestic structure and business foundation for capturing overseas growth

Business foundation

May 2025	Established JFE Shoji Akita Offshore Materials, LTD. SH
September 2025	Large-scale water / sewage treatment plant completed in Vietnam EN
December 2025	Decision made to invest in Indian integrated steelworks (JJSL) ST

Technology

April 2025	Started exploring data center business opportunities in the Keihin district HD
December 2025	Completed the modernization of the steelworks' core system ST

ESG

April 2025	Made the decision to introduce an innovative electric arc furnace ST
June 2025	Transitioned to a company with an Audit & Supervisory Committee HD

The JFE Group's Value Creation

Sources of Value Creation: The Value of Steel

Supporting safe and comfortable lives for a prosperous future

Iron accounts for approximately 30% of the Earth's mass and 86% of its metal resources (about 200 billion tonnes). It is a material that can be mass produced at a low cost with extremely low environmental impact at the manufacturing stage. A highly sophisticated value chain encompassing "production," "use," and "recycling" has been established. Not only is it reusable an unlimited number of times, but the recycling rate has also reached 93.7%. Global steel demand is projected to surge from 1.75 billion to 2.13 billion tonnes per year between 2024 and 2050. Crude steel production is projected to rise from 1.88 billion to 2.68 billion tonnes per year, while scrap utilization is expected to grow from 630 million to 1.55 billion tonnes per year during this period. Against the backdrop of these trends, total steel stock is expected to grow from about 30 billion tonnes (4 tonnes per person) to nearly 70 billion tonnes (7 tonnes per person). Further progress in resource recycling is also anticipated.

Produce
High economic efficiency and low environmental impact

During production, **steel** emits far less CO_2 than other materials, with greenhouse gas (GHG) emissions during the manufacturing stage just 1/4 to 1/5 those of aluminum and carbon fiber on an equivalent-function basis. Furthermore, the Japanese steel industry (converter furnace steel) produces steel with the lowest environmental impact when compared to other major countries in the world.

(On a 2019 index with Japan set at 100, the United States is 129.)
Source: Research Institute of Innovative Technology for the Earth (RITE)

Use
Foundation for daily life and society

In our lives, **steel** helps reduce our burden on the environment. For example, by using high-tensile steel (thinned-down steel sheets that keep their strength), automobile weight can be substantially reduced without sacrificing passenger safety during vehicle collisions, thereby contributing to lower CO_2 emissions in society as a whole.

Recycle
Contribute to the transition to a circular economy

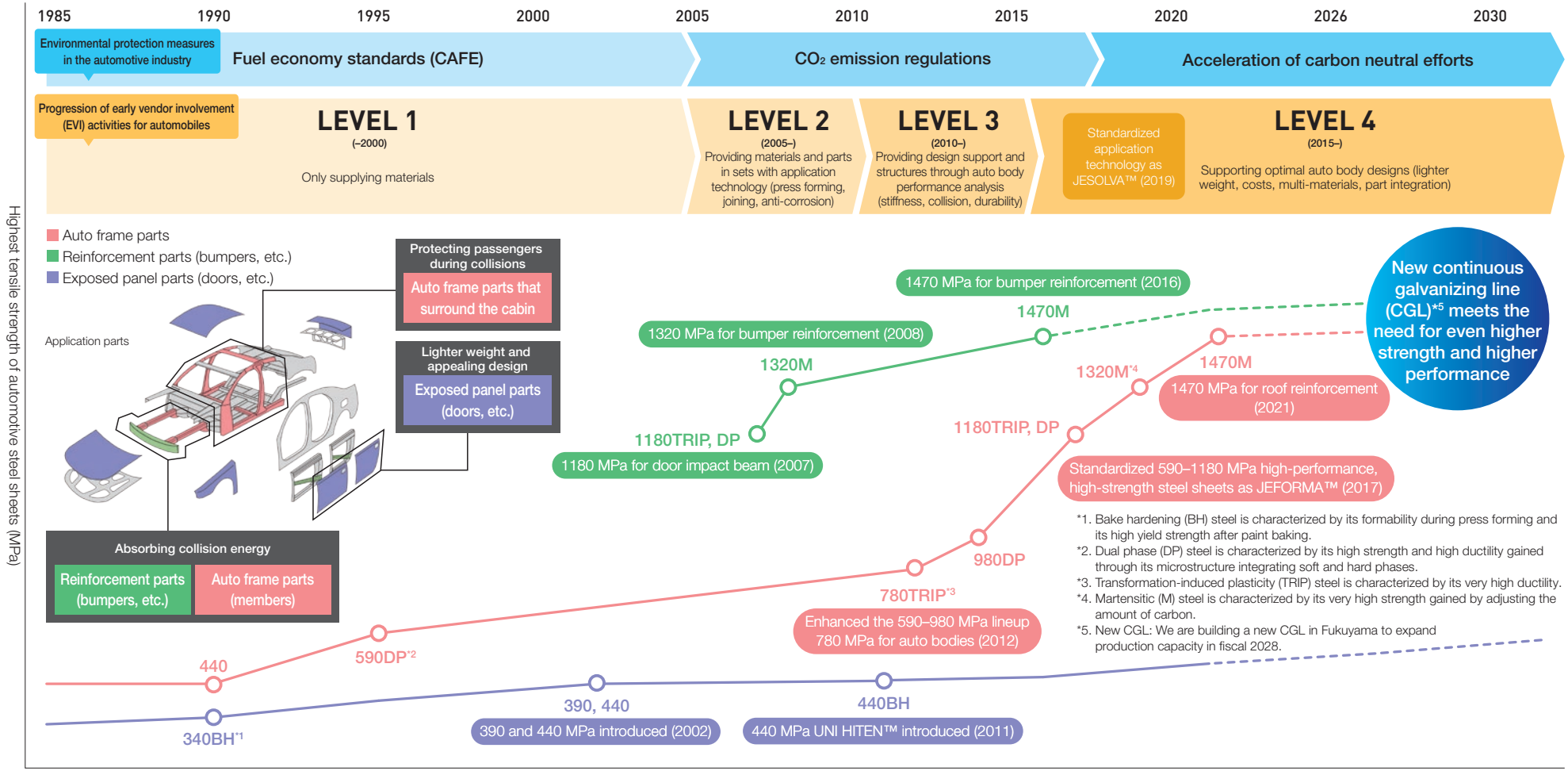
Steel's closed-loop recyclability reduces the amount of natural resources being newly introduced, reduces the discharge of environmentally hazardous substances, and reduces waste, making it more sustainable than the open-loop recycling of other materials. Steel recycling thus contributes to the transition to a circular economy.



The JFE Group's Value Creation

Contributing to Society with Our Technological Capabilities

The need for thinner, higher strength automotive steel sheets has grown in line with changes to the social environment. JFE Steel's high tensile strength steel sheets make vehicles lighter and safer. We are working to expand the applications of ultra-high tensile strength steel, which combines high strength and formability thanks to our proprietary technology. We are also supporting customers in car manufacturing with a comprehensive range of technologies at their disposal, including press forming, welding, and chassis auto body design. Through these efforts, we have enabled reduced CO_2 emissions during vehicle operation and enhanced safety performance during collisions, contributing to the realization of a carbon-neutral society.



The JFE Group's Value Creation

The Business Model Creating the High-Value-Added JFE Brand

Steel Business × Trading Business

Focus points in the Eighth Medium-term Business Plan

- Building world-class profitability to beat the global competition
- Advancing a switch to innovative electric arc furnaces (highly efficient, large-scale electric arc furnaces)
- Expanding profit in markets expecting long-term growth (India and North America)
- Expanding the sales volume of steel processing and distribution in strategic fields (automotive, construction materials, electrical steel)

Sources of competitive advantage that strengthen our business model (production / technology / sales)

Production

Two major integrated steelworks with highly competitive strengths

Our steel business in Japan is centered on two major steelworks, one in the east and one in the west, and it boasts world-class competitiveness in terms of cost, product quality, and technological capabilities. We leverage our accumulated technology and expertise to meet the needs of customers in Japan and abroad.

Technology

Technological development to realize value creation

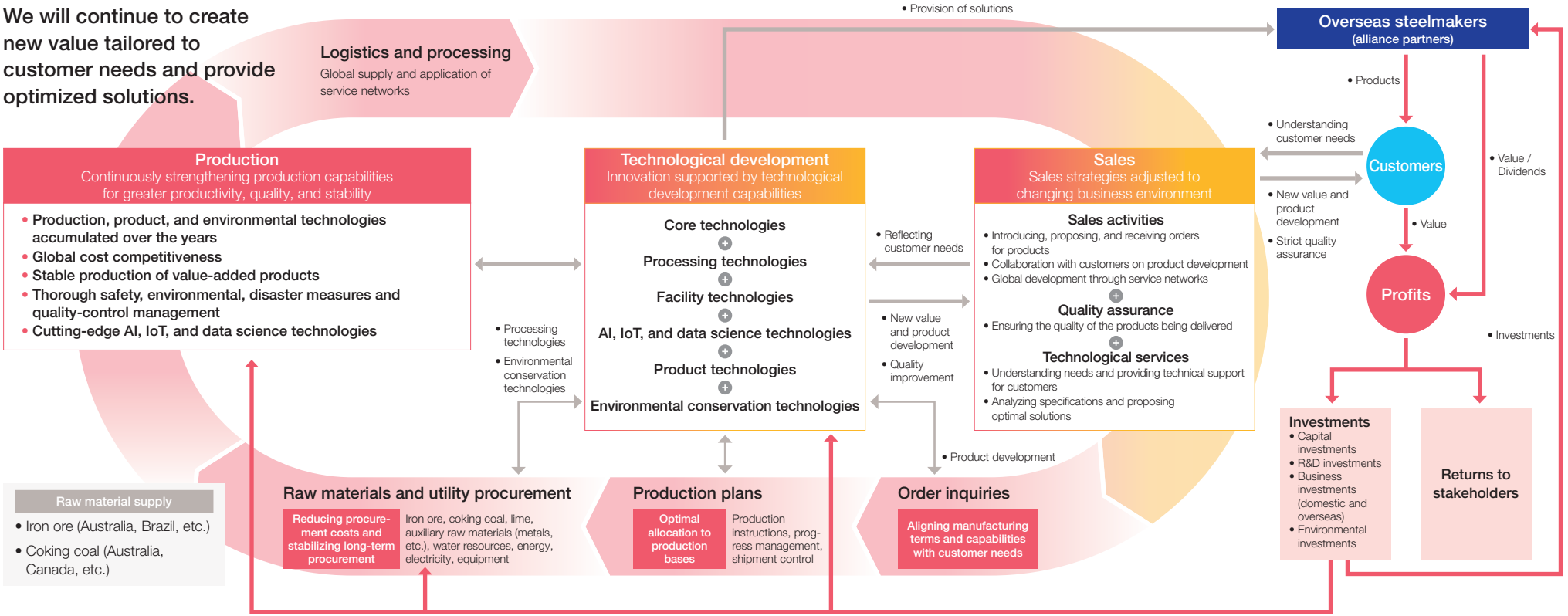
Through our steel and trading business, we meet the demands of Japanese customers, who have the world's most stringent quality standards. In doing so, we refine our world-class technical capabilities to compete globally while providing our accumulated technologies as solutions to customers worldwide.

Sales

Responding to needs in our stable customer base

Through closely aligning our service with the customers' needs and collaboration starting from the early stages of development, we have built a strong customer base in our steel and trading business that cannot be easily replicated by competitors.

We will continue to create new value tailored to customer needs and provide optimized solutions.



The JFE Group's Value Creation

The Business Model Creating the High-Value-Added JFE Brand

Engineering Business

Our company has established "Create, Care, Connect: The Foundations of Life—Just For the Earth" as our purpose, and we are building our business model around it.

Our competitive edge in the engineering business springs from:

- our "Creation" capabilities—planning, engineering, procurement, and construction (EPC)—centered on building infrastructure that supports industry and human life
- our know-how—accumulated over the years—to "Care" for operations, maintenance, and management of infrastructure, especially in waste-to-energy power generation and water & sewage plants
- our diverse human resources and DX projects "Connecting" these strengths to realize more abundant life in the future.

Leveraging these advantages, we aim to help the world become carbon neutral while promoting a circular economy.

The circular economy will be the key to realizing a sustainable society. Because JFE Engineering supports the foundations of society through various phases from a multifaceted perspective, we believe we must play a leading role in the circular economy.

Fully leveraging our unique integrated organization, we will continue working hard on innovative initiatives, designed to maximize the value of existing resources. Our technology and experiences create new value with the aim of realizing a sustainable society.

Sources of competitive advantage that strengthen our business model (create / care / connect)

Create Planning, engineering, procurement, and construction

Technology functions that create and deliver advanced social infrastructure

In a variety of fields, such as the environment, energy, and steel structures, JFE Engineering has constructed numerous highly functional and high-quality structures. These structures satisfy customer needs and are optimized in scale, covering everything from engineering to project handover. Moreover, we will strengthen our competitiveness by building out a global engineering system at overseas bases.

Care Operations management

Operational functions that enable diverse social infrastructure solutions

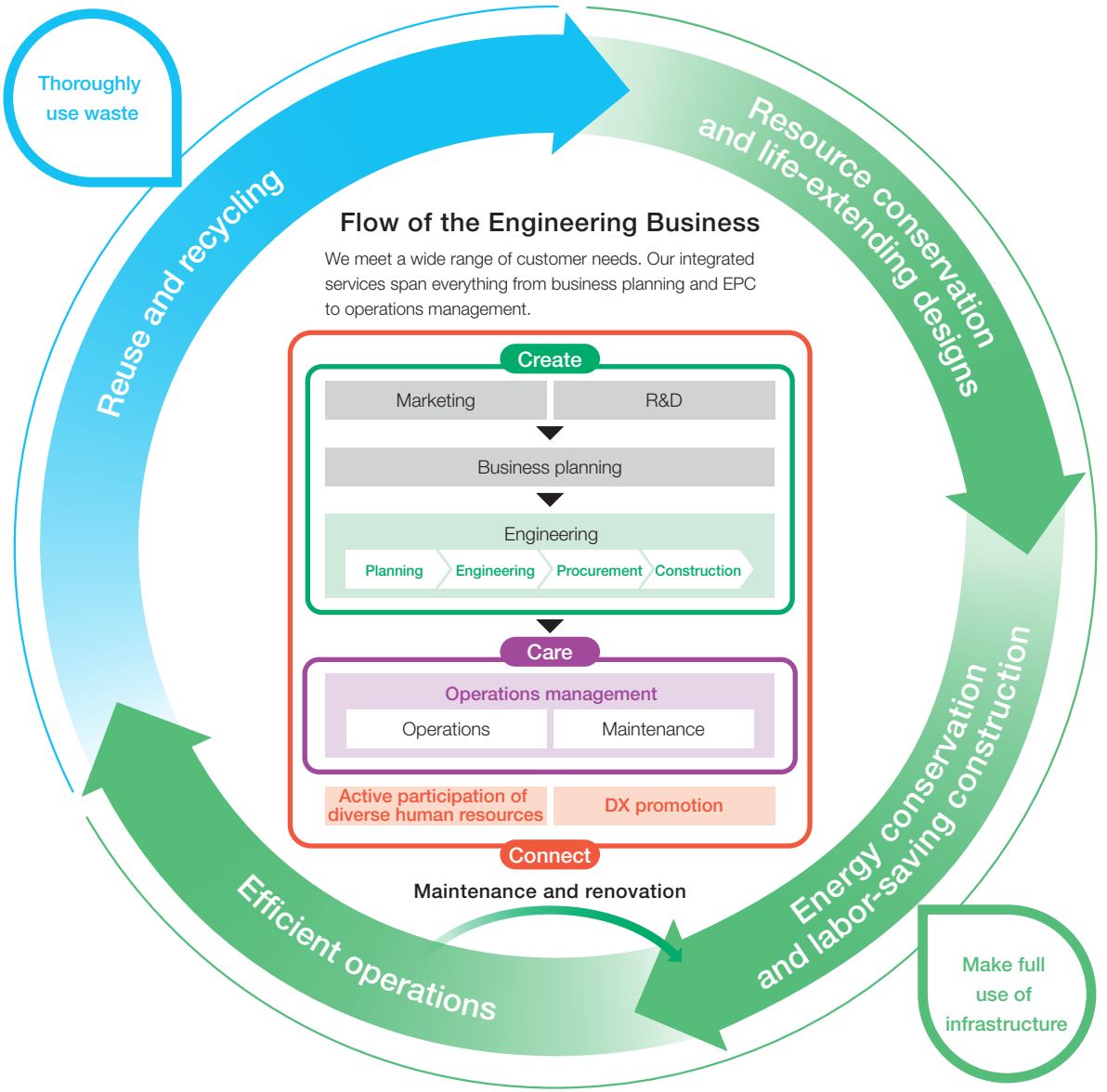
We have cultivated operational know-how, especially in plants such as waste-to-energy power generation water & sewage. In the public services field, the company has achieved an extensive track record in public–private projects. We also engage in our own recycling operations and renewable energy power generation business, and are expanding our presence in operation and maintenance (O&M) business domains around the world. We will leverage this expertise to grow our operations-based business in domestic and international markets.

Connect Diverse human resources and DX

Functions that create added value through diversity and transformation

Approximately 40% of our employees have diverse backgrounds, such as women, foreign nationals, and mid-career hires. We also strive to create work environments that draw out the best abilities of each and every employee. We also provide strong support for the digital transformation of the "Create" and "Care" sectors by leveraging AI and the Internet of Things (IoT).

The Circular Economy That JFE Engineering Works Toward



The JFE Group's Value Creation

Process of Value Creation

Financial capital
Total assets (IFRS-basis, as of March 31, 2026)
¥5,895.2 billion

Manufactured capital
Bases in Japan (JFE Steel)
4 steelworks (4 districts)

Intellectual capital
Number of registered patents
Approx. 31,000

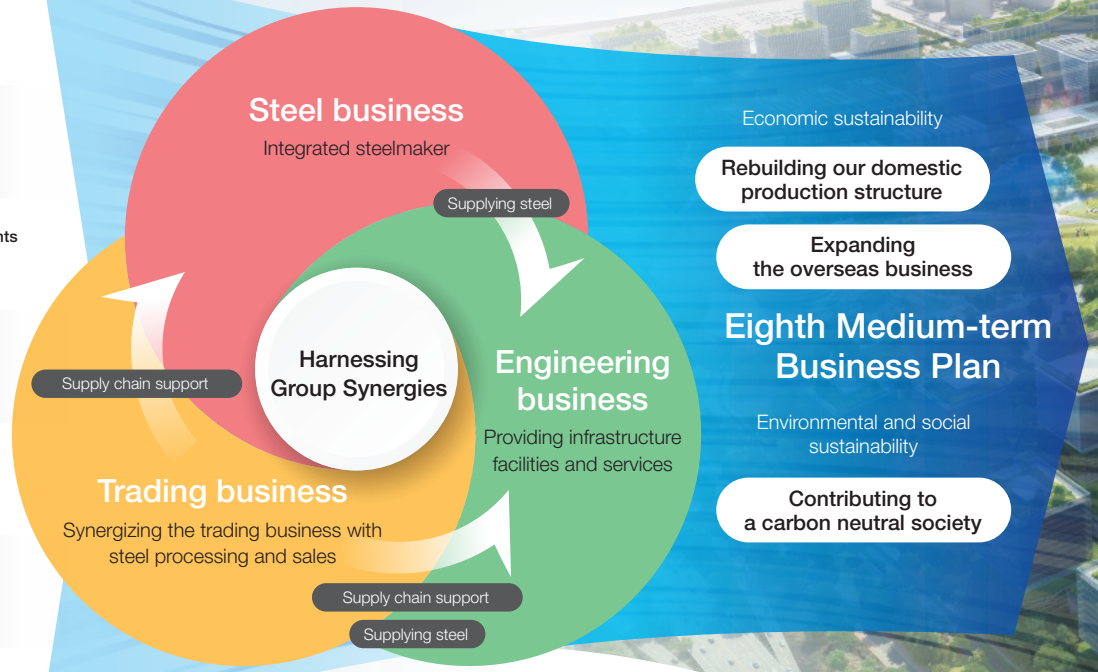
Natural capital
Water resources recycled (JFE Steel)
92%

Human capital
Total annual training hours
790,000 hours

Social and other related capital
Number of customers (delivery destinations) (FY2025)
Approx. 24,000

Six Types of Capital ➡ p.7

Our Vision Contributing to society with the world's most innovative technology



Economic sustainability

- Rebuilding our domestic production structure
- Expanding the overseas business

Eighth Medium-term Business Plan

Environmental and social sustainability

- Contributing to a carbon neutral society

Material Issues of Corporate Management (Materiality) ➡ p.49

- Address climate change problems
- Contribute to a circular economy
- Acquire robust earnings power
- Promote human capital management
- Ensure occupational safety and health of employees
- Minimize risks to the business foundation

Corporate governance and respect for human rights

Corporate Values: Challenging Spirit. Flexibility. Sincerity.

Our Vision

The JFE Group will play an indispensable role in supporting people's daily lives, driving sustainable development and ensuring safe, comfortable lives for all.

JFE Vision 2035

1. Expand consolidated business profit (Segment profit: ¥700.0 billion)
2. Become the leader in carbon neutrality technology development

Realize carbon neutrality by 2050

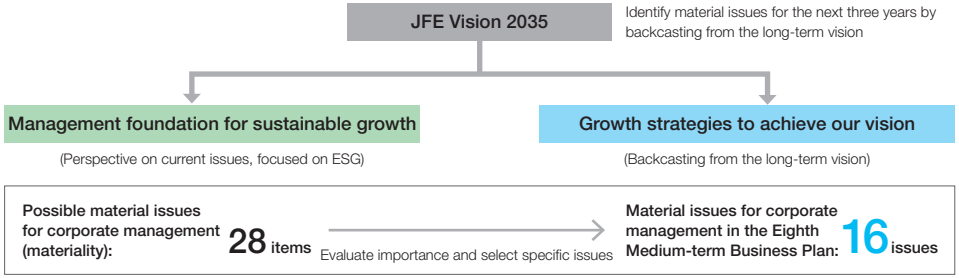
The JFE Group's Value Creation

Material Issues of Corporate Management (Materiality)

The JFE Group aims to realize JFE Vision 2035 by solving social issues through business and sustainably enhancing corporate value. We position materiality as a foundation for management decisions aimed at achieving medium- to long-term value creation. Our decision-making reflects this materiality in matters that include business strategies, investment decisions, and human resource strategies. We intend to manage our progress on these material issues using quantitative targets and link them to business metrics, thereby driving sustainable growth.

Process for identifying material issues of corporate management

Material issues for corporate management are considered in terms of current business issues and backcasting from JFE Vision 2035. We identified 28 possible material issues from the perspective of "a business base for sustainable growth" and "growth strategies to achieve our vision." In the Eighth Medium-term Business Plan, we evaluated the importance of issues that we need to focus on addressing, especially over the next three years, and then identified 16 material issues for the Management Committee in six fields.



Areas of Focus	Material Issues of Corporate Management
Address Climate Change Issues	1. Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society
Contribute to the Transition to a Circular Economy	2. Promote initiatives for achieving a circular economy
Acquire Robust Profitability	3. Steel business: Improve sales and manufacturing capabilities, expand and advance the business area
	4. Engineering business: Improve profitability and competitiveness, promote investment in growth areas
	5. Trading business: Revitalize the management foundation, advance insider status in overseas growth markets
Promote Human Capital Management	6. Promote talent acquisition and development
	7. Promote diversity, equity and inclusion (DEI)
	8. Improve work engagement
Ensure Occupational Safety and Health for Employees	9. Prevent workplace accidents
	10. Promote health and productivity management
Minimize Risks to the Business Foundation	11. Respect the human rights of each person involved in our business
	12. Ensure adherence to corporate ethical standards and compliance
	13. Provide appropriate quality assurance
	14. Improve the level of information security
	15. Coexist with local communities, society, and nature
	16. Maintain a sound financial position

Evaluation of FY2025 KPI results and new KPIs set for FY2026

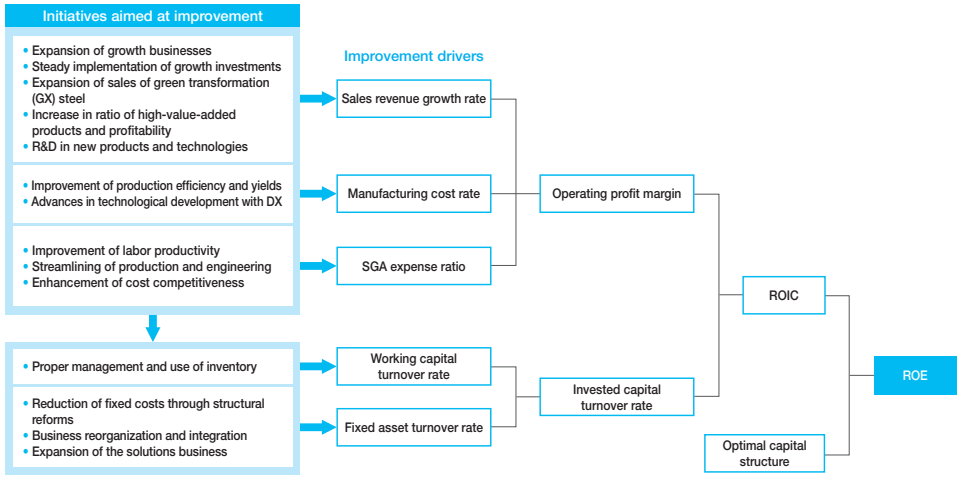
KPIs are set for each material issue, and we manage their progress while striving to align them with our business strategies. Based on our evaluation of fiscal 2025 results, we set targets in fiscal 2026 aimed at achieving the Eighth Medium-term Business Plan and future growth. We continually monitor our achievement of KPIs, revise measures as needed, and optimize the distribution of resources. Our efforts to address these issues are steadily achieving results.

(➡ pp. 50–51 Vision of material issues for corporate management and FY2026 KPIs)

Please see the JFE Group Sustainability Report 2026 for the KPI results from fiscal 2025.
https://www.jfe-holdings.co.jp/en/sustainability/data/

Enhancing corporate value through specific measures

We believe our action on material issues for corporate management goes beyond responding to social demands and serves as the driving force behind enhancing corporate value over the medium to long term. Enhancing our competitive advantage through the creation of environmental and social value helps expand profit opportunities and reduce business risks. In addition, by working to improve productivity and capital efficiency, we aim to enhance our operating profit margin and ROIC, which will lead to sustainable growth and higher corporate value.



The JFE Group's Value Creation

Vision of material issues for corporate management and FY2026 KPIs

Areas of Focus	Material Issues	Aspirations	FY2026 KPIs
Address climate change issues	Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society	Steel business FY2030 GHG emissions reduction rate: 30% or more FY2027 GHG emissions reduction rate as a milestone: 24% or more (compared to FY2013)	1. Approval rate for GX investment designed to reduce GHG emissions by 30% or more by FY2030: 98% 2. GX steel sales: 200,000 tonnes per year
		Engineering business Reduction rate of CO_2 emissions in owned plants and offices: 40% or more (compared to FY2013)	Promote use of own renewable energy Non-fossil fuel electricity use: 90% or more
		Engineering business Contribution to reduction in CO_2 emissions: 13.5 million tonnes per year	Contribute to reduction of CO_2 emissions in society by providing renewable energy power generation facilities and expanding the power supply business: 13.0 million tonnes per year
		Trading business Domestic CO_2 emissions reduction rate (compared to FY2019) FY2027: –27.5% FY2030: –35%	FY2026 domestic CO_2 emissions: reduce 25% (compared to FY2019)
Contribute to the realization of a recycling-oriented society	Promote initiatives for realizing circular economy	Steel business Improve resource recycling of iron sources, co-products, etc.	1. Expand collection and use of collected "return scrap": 2.5 times (compared to average volume under the Seventh Medium-term Business Plan) 2. Recycle co-products generated in the Company (recycling rate of slag, dust, sludge, etc.): 99% or more 3. Expand use of steel slag products for marine area use (cumulative total under the Eighth Medium-term Business Plan): 140,000 tonnes
		Engineering business Expand bases for business that contribute to a circular economy	Expand bases for recycling/new regional electricity/waste-to-energy power generation business, etc. (cumulative total under the Eighth Medium-term Business Plan): 6 sites or more
		Trading business Expand products that contribute to a circular economy	Expand product lineup to contribute to a circular economy • Under the Eighth Medium-term Business Plan, increase the number of targeted product lines selling 6,000 tonnes per year or more by at least three
Acquire robust profitability	Steel business Improve sales and manufacturing capabilities, expand and advance business areas	Expand domestic steelmaking business profitability: ¥90 billion	1. Companywide OPY: +0.6% (compared to FY2024 results) 2. Develop new products and technologies: 20 or more 3. Increase the percentage of total revenue from high-value-added products to 56% 4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieve 50% of FY2027 target 5. Time saved by generative AI and low-code development: 8,500 hours per month 6. Labor-saving initiatives in response to declining labor force and population (Eighth Medium-term Business Plan): Reduce by more than 200 employees
		Expand profits in the overseas steel business, domestic Group companies business, and solutions business Overseas steel: ¥75 billion Domestic Group companies: ¥90 billion Solutions business: ¥15 billion	1. Overseas steel business profit: ¥45 billion 2. Domestic Group companies business profit: ¥80 billion 3. Solutions business profit: ¥15 billion 4. Increase in foreign patent applications: 114%
	Engineering business Improve profitability and competitiveness, and promote investment in growth areas	ROS: 6%	Improve project profitability Proportion of high-value-added and differentiated projects: Aim for over 50% by FY2027, and over 45% by FY2026
		Stabilize profits by expanding scale of O&M business	O&M business sales: Over ¥330 billion
		Improve labor productivity	Progress of operational reforms (to improve business efficiency by FY2035): Completed workflow analysis for specified departments in FY2026, aiming to complete optimization of all business processes in FY2027
		Expand DX solution revenue	Accelerate the expansion of our sales channels by conducting a full revision of related measures and strengthening the framework for these efforts Increase the number of new customers by 13% in FY2026 (compared to FY2024) and aim to achieve a 20% increase in FY2027
	Trading business Revitalize the management foundation and advance insider status in overseas growth markets	Overhaul core systems	• Aim to complete core system overhaul by FY2027 • FY2026: Begin action on the 26 measures to overhaul Companywide operation processes and achieve a 100% implementation rate for the seven key measures
		Trade and business profit: ¥30 billion each	Implement growth investments to achieve profits (¥85 billion over 3 years)

The JFE Group's Value Creation

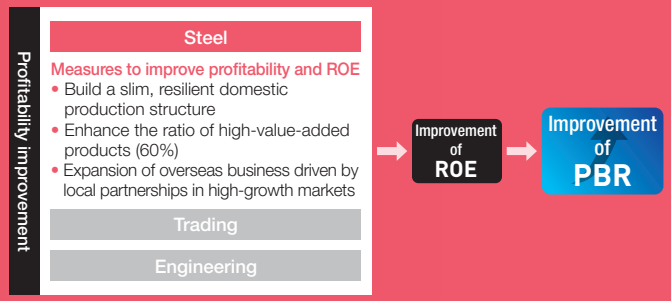
Areas of Focus	Material Issues	Aspirations	FY2026 KPIs
Promote human capital management	Promote talent acquisition and development	Build a talent portfolio to realize business strategies	Steel business 1. New international employees trained (cumulative total for FY2025–2026): 66 or more 2. Advanced DX employees trained (cumulative): 1,000
			Engineering business 1. New international employees trained (cumulative total for FY2025–2026): 25 2. Advanced DX employees trained (cumulative total for FY2025–2026): 90
			Trading business New overseas secondments (cumulative total for FY2025–2026): 50
	Promote diversity, equity and inclusion	Realize an environment in which the experience, abilities, and individuality of diverse talent can be maximized	1. Women in managerial positions: Aim for at least 10% in positions qualified as section manager or above by 2030 (including at least 20% in management and sales departments), with a target of achieving 7.0% by April 2027 2. Percentage of male employees taking childcare leave: 70% or more
	Improve work engagement	Realize an environment in which every employee can maximize their potential	Engagement survey Affirmative response to questions about employee engagement: Steel business 75% or more Engineering business 80% or more Trading business 80% or more
Ensure occupational safety and health for employees	Prevent workplace accidents	Establish safe work environment to achieve zero accidents	Serious injuries: 0 Lost-time injury frequency rate: Steel business 0.10 or less Engineering business 0.25 or less Trading business 0.15 or less
	Promote health and productivity management	Realize a workplace in which everyone can work with good physical and mental health for a long time	Proportion of employees who are physically and mentally healthy and working at an 80% or higher performance level (presenteeism below 20%): 67% or higher
Minimize risks to the business foundation	Respect the human rights of each person involved in our business	Identify, prevent, and mitigate adverse impacts on human rights in the supply chain	1. 100% attendance from the target audience for human rights awareness training 2. Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: • Continue conducting human rights due diligence at both the Company and Group companies • Build a system for managing human rights risks of suppliers
	Ensure adherence to corporate ethical standards and compliance	Raise awareness of compliance	1. Compliance training participation rate: 100% 2. Percentage of positive responses to questions regarding the enhancement of compliance awareness in the awareness survey related to corporate ethics: 90% or more (once every two years)
	Promote appropriate quality assurance	Steel business Zero serious quality assurance issues	1. Quality audit implementation at Group companies: 100% of planned number 2. Quality assurance investment execution (cumulative): 63%
		Engineering business Zero quality compliance violations	1. Strengthen quality check functions through third-party audits of product departments, including at Group companies: 10 departments 2. Permeate quality compliance awareness e-learning participation rate: 100% of planned participants
		Trading business Consistently deliver products that satisfy quality requirements	Major quality problems: 0
	Improve the level of information security	Continue zero serious security incidents (Level 3 incidents that impact the business foundation)	1. Thorough management of vulnerabilities 2. Improve resilience against cyberattacks
	Coexist with local communities, society, and nature	Steel business Ensure that steelworks and other plants are trusted by their local communities	Serious environmental or disaster accidents: 0 1. Continue and bolster efforts towards more transparency in steelworks 2. Create opportunities for communication with local communities at business sites and conduct social contribution activities tailored to local needs
		Steel business Expand contributions to biodiversity	New collaborative activities with local governments to improve blue carbon and marine area environments: +2 projects per year
		Engineering business Advance biodiversity conservation efforts	Implementation of biodiversity impact evaluations in the infrastructure construction sector
	Maintain sound financial structure	R&I rating: AA	Eighth Medium-term Business Plan Targets: 1. Debt/EBITDA ratio: Approx. 3 times 2. D/E ratio: Approx. 60%

Business Strategies

Steel Business

JFE Steel Corporation

The Company has outlined its long-term vision as: "Become the leader in carbon neutrality (CN) technology development" and "With our resilient domestic production structure as a solid foundation, we will achieve new growth by boldly engaging in the overseas steel business and new businesses." We will continue to execute business strategies with a focus on the long term.



Business environment overview

Opportunities

Japan:
- Increase in demand for eco products that help reduce CO_2, such as electrical steel and high-tensile steel
- Increase in demand for GX steel and steel with new energy applications
- Progress toward a circular economy

Overseas:
- Growth markets, centered on India
- Increase in demand for carbon-neutral plants and growing need for renewable energy
- Utilization of alliances with top-class partners

Risks

Japan:
- Lower demand due to population decline
- Recruitment difficulty due to the shrinking workforce
- Stagnation in decarbonization efforts

Overseas:
- Expansion in inexpensive exports of Chinese steel
- U.S. tariff policies and a shift toward protectionism and Balkanization
- Improvements in technological abilities at competing overseas mills

Business strategies

Domestic steelmaking business
- Enhance resiliency by optimizing our production structure
- Improve ratio of green high-quality, high-value-added products

Domestic Group companies
- Strengthen competitiveness through cooperation with domestic Group companies and partner companies in response to changes in the market environment
- Develop growth sectors and new businesses, including functional materials, fine chemicals, and batteries

Overseas steel
- Expand overseas business driven by strategic partnerships with leading local companies in high-growth fields and regions

Solutions Business
- Further expand the solutions business using technologies borne from our wide range of business fields and our operational data and know-how accumulated over the years, both of which are sources of our competitive edge.

Business overview (initiatives from FY2025 on)

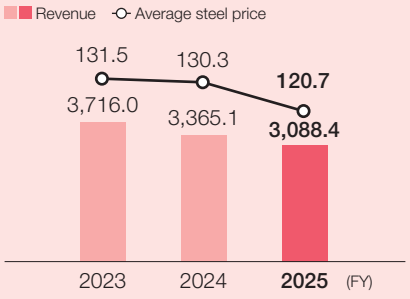
Domestic steelmaking
- Made steady progress on optimizing our production structure, including the suspension of the Fukuyama No.4 blast furnace (FY2027), the suspension of the Kurashiki No.2 blast furnace (FY2028), the reorganization of the shaped steel business (FY2027), the reorganization of the steel sheet business (FY2028)
- Worked to strengthen the supply system foundation for high-value-added products, including the expansion of manufacturing capacity for high-grade non-oriented (NO) electrical steel sheets (Phase II), the construction of a new continuous caster for large and heavy steel plates for offshore wind power generation, the construction of an innovative EAF at Kurashiki for GX steel, and the construction of a new CGL for ultra-high strength steel

Overseas steel
- Launched two joint ventures with JSW in India, strengthened our business base in growth markets
(➡ p. 18 Eighth Medium-term Business Plan, Steel Business)

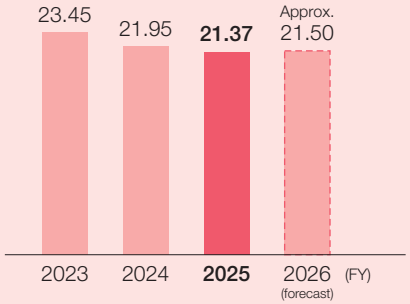
Solutions business
- Developing Groupwide businesses under the JFE Resolus™ brand
(➡ p. 67 Intellectual Property Strategy, Promoting the JFE Resolus™ solutions business brand)

Fiscal 2025 results

Revenue / Average steel price
(billion yen) / (thousand yen/tonne)

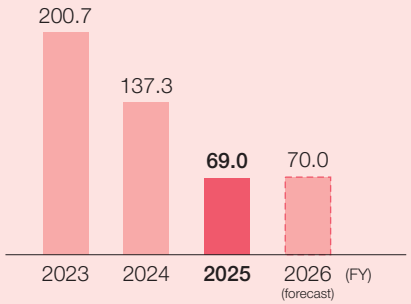


Non-consolidated crude steel output
(million tonnes)



Segment profit
(billion yen)

* After eliminations and adjustments, but excluding inventory valuation differences, etc.



PURPOSE

Dream for your Future, Steel takes you Further.

Business Strategies

Engineering Business

JFE Engineering Corporation

In the field of engineering, which uses steel to support safe and comfortable living, we leverage our capabilities in advanced core technologies, diverse product development, proven project execution, and solid business management. With these strengths, we are expanding globally to contribute to both carbon neutrality and the circular economy.



Business environment overview

Opportunities

- Expansion in demand for upgrades to larger waste-to-energy and recycling equipment as well as new equipment installations
- Increase in demand for carbon-neutral equipment, such as offshore wind power, hydrogen, and ammonia
- Increase in demand for large-scale upgrades and maintenance of aging infrastructure
- Creation of new business opportunities that coincide with efforts to promote a circular economy
- Expansion in demand for waste processing infrastructure in emerging economies, such as India and Southeast Asia

Risks

- Continued rise in costs for construction materials and energy
- Worsening shortage of and difficulty in recruiting engineers and experienced technicians
- Risk of decarbonization investments stagnating and policies changing
- Intensifying competition due to accelerated industry reorganization among competitors
- Impact of protectionism and geopolitical risks on the overseas business

Business strategies

Overall policy

- Enhance our earnings base by leveraging the strengths of our diverse business portfolio
- Expand businesses that will help realize a circular economy and reduce CO_2

Waste to Resource

- Strengthen the earnings base of the domestic waste-to-energy power generation and recycling business
- Expand development into overseas markets, especially Asia and India

Carbon Neutrality

- Expand the carbon-neutral plant and energy service business
- Fully launch the manufacturing base for offshore wind monopiles to enhance profitability

Infrastructure

- Develop and offer new products, construction methods, and materials to enhance the resiliency and lifespan of infrastructure

Business overview (initiatives from FY2025 on)

Waste to Resource

- Set new record highs for orders and revenue by acquiring large-scale domestic projects for waste-to-energy generation
- Invested in the Indian waste-to-energy business and worked to expand the PET bottle and food recycling business

Carbon Neutrality

- Fully launched the Kasaoka Monopile Factory
- Expanded the carbon-neutral, renewable energy, and energy service business

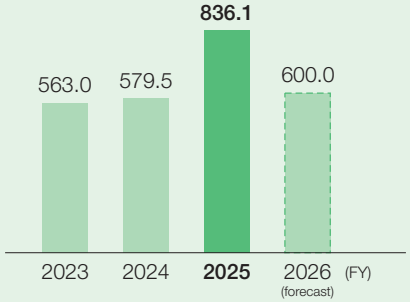
Infrastructure

- Worked to develop new technologies and construction methods, including the first use of stainless-clad steel in a road bridge
- Introduced construction DX technologies, such as automated bolt-fastening robots, at bridge construction sites

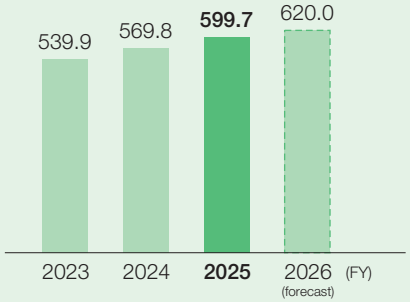
(➡ p. 24 Eighth Medium-term Business Plan, Engineering Business)

Fiscal 2025 results

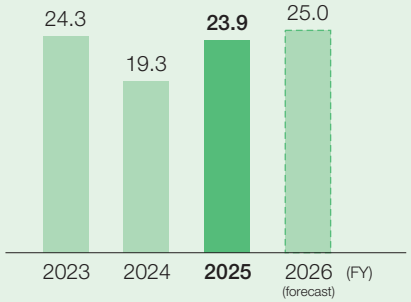
Orders received
(billion yen)



Revenue
(billion yen)



Segment profit
(billion yen)



PURPOSE

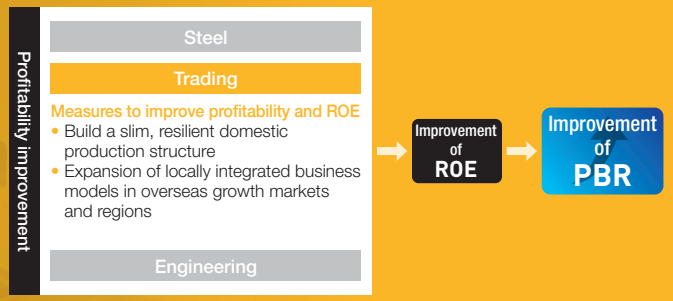
Create, Care, Connect
The Foundations of Life
Just For the Earth

Business Strategies

Trading Business

JFE Shoji Corporation

We will further enhance the proposal and communication capabilities cultivated as the core trading company of the JFE Group. We will also flexibly and dynamically respond to this era of drastic environmental changes by leveraging our global network. While growing as a company under the motto of “ambition and transformation,” we will continue providing new value to customers and society.



Business environment overview

Opportunities

- Expansion of complete local embedded businesses amid the advancement of protectionism
- Expansion in demand in growth markets like North America, Australia, India, and Europe
- Expansion in demand related to environmental resources

Risks

- Trade problems and geopolitical risks in various countries
- Decline in domestic demand amid a shrinking population and stagnant construction demand
- Oversupply of Chinese steel

Business strategies

Domestic business

Steel:

- Amid a shrinking population and market size, we will enhance profitability by focusing on the volume of orders, as well as enhancing added value.
- Establish a lean organizational structure in line with the market environment

Raw materials and machinery:

- Expand the scope of our business activities by, for example, strengthening the green raw materials business, which is expected to grow

Overseas business

- Positioning overseas markets as a key growth driver, promote locally integrated business models in regions where we hold distinct competitive advantages

Overhaul of management foundation

- Strengthen our management foundation by overhauling our operational processes and core systems, delegating authority to accelerate decision-making, and by reforming organizations and systems
- Invest the resources we create in growth fields

Business overview (initiatives from FY2025 on)

Domestic business

- Enhanced added value by expanding business to downstream fields closer to consumers
- Strengthened our ability to collect high-quality scrap and our logistics system in the lead up to the launch of our innovative EAF
- Revised Group company functions and built an optimal business system with an eye toward reorganization and integration

Overseas business

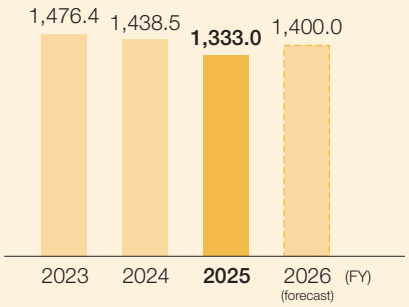
- Conducted growth investments to strengthen processing and logistics functions while assessing the business environment and demand trends in various regions, especially North America, Australia, India, and Europe
  (➡ p. 22 Eighth Medium-term Business Plan, Trading Business)
- Revised the roles and functions of each base in light of changing business environments and changed our business system to enhance profitability

Overhaul of management foundation

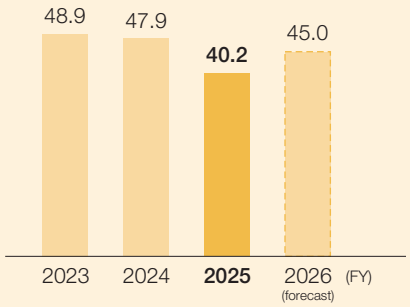
- Sped up decision-making by delegating authority, transitioned to new operational processes, and advanced to the execution stage of our core system overhaul
  (➡ p. 64 DX Strategy, JFE Shoji: Overhauling core systems based on the transformation of operational processes)
- Fostered a corporate culture of supporting “ambition and transformation” by reforming our human resources system

Fiscal 2025 results

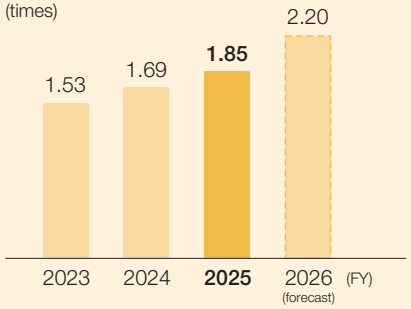
Revenue
(billion yen)



Segment profit
(billion yen)



Ratio of consolidated income to non-consolidated income
(times)



PURPOSE

Steel and More:
Bridging Global Progress

Business Strategies

Group Collaboration Initiatives in the Offshore Wind Power Business

— Securing the order for Japan's first project using domestically produced monopiles —

The JFE Group is advancing its efforts in the foundation sector of an offshore wind power project of Oga City, Katagami City, and Akita City in Akita Prefecture—Japan's first project utilizing domestically produced monopiles. Leveraging our comprehensive capabilities, we are establishing a domestic supply chain in the offshore wind power sector.

2023

- Select offshore wind power operators for areas of Oga City, Katagami City, and Akita City in Akita Prefecture (December 2023)

2024

- The Kasaoka Monopile Factory begins operations (April 2024; the only one in Japan)

2025

- Kajima Corporation is awarded the construction contract (October 2025)
- **Receive an order from Kajima Corporation for the manufacture of monopiles (December 2025).**

JFE Engineering is responsible for **manufacturing the monopiles and transition pieces, as well as transporting them to the base port.** This is the first project undertaken since the Kasaoka Monopile Factory began operations. We are proceeding with it while giving top priority to quality and safety, leveraging our years of expertise in large-scale steel structures. Currently, all processes are progressing smoothly, and we are working to deliver products on schedule.

JFE Steel was the first company in Japan to use "**J-TerraPlate™**," a large and heavy steel plate designed for wind power generation, for monopiles. The company supplied over 1,000 custom-made, wide, thick steel plates with a maximum thickness of 100 mm, all of which met the stringent quality specifications required for wind power applications.

Through the collaboration between JFE Engineering and JFE Steel, the company achieved manufacturing with short lead times.

2026

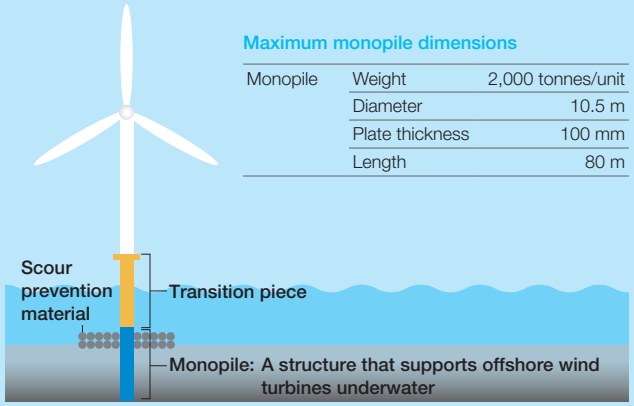
- **First shipment of monopiles (September 2026)**

2027

- Start of construction (scheduled for April 2027)

2028

- Start of operations (scheduled for June 2028)



Maximum monopile dimensions

Monopile	Weight	2,000 tonnes/unit
	Diameter	10.5 m
	Plate thickness	100 mm
	Length	80 m

Advantages of heavy steel plates in monopile manufacturing

Monopile tubes using J-Terra Plate™

Weld seams: Few
Tube length: Long

When using conventional-size steel plates
- Weld seams: Many
- Tube length: Short

- Cost reduction in monopile manufacturing (over 10% reduction)
- Reduction in welding volume
- Reduction in assembly labor hours



First manufactured monopile

Scour prevention materials business initiatives

In May 2025, JFE Shoji partnered with seven local companies to establish "JFE Shoji Akita Offshore Materials, LTD." in Oga City, Akita Prefecture. The company manufactures and sells scour prevention materials for offshore wind power generation and is currently working to build a supply system. These materials protect the seabed around monopiles from erosion caused by waves and tidal currents, providing stable support for offshore wind power facilities. The company will also contribute to resource recycling and the improvement of the marine environment by utilizing artificial stone made from steel slag.



Scour prevention materials