

Message from the CEO



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We Will Establish a Solid Foundation for the Coming Carbon-Neutral Era, to Become an Essential Part of the Sustainable Development of Society and to Create Safe and Comfortable Lives for People.

JFE Group's Vision

Guided by its corporate vision of contributing to society with the world's most innovative technology, the JFE Group has flexibly responded to a dramatically changing business environment to achieve sustainable growth. Under the Seventh Medium-term Business Plan (hereinafter "medium-term plan") formulated in 2021, the years FY2021 to FY2024 are a time to take on the challenges of the most transformative period in the Group's history to ensure a prosperous future for the planet. Our goal is to enhance medium to long-term corporate value by securing environmental and social sustainability in balance with economic sustainability. We have designated KPIs for material issues of corporate management that were identified for the policies and initiatives of the medium-term plan and promoted sustainability initiatives focused on environmental and social issues as well as essential economic issues for the sustainable growth of the JFE Group.

In particular, we have positioned climate change as a top-priority business issue and formulated the JFE Group Environmental Vision for 2050. The vision provides a roadmap to decarbonization based on the dual goals of reducing CO₂ emissions at JFE Steel and for society as a whole. We are developing technologies to address these challenges as an opportunity for growth.

By shifting focus from quantity to quality and completing structural reforms in the steel business under the medium-term plan, I believe we are well on our way to establishing a management foundation that is unaffected by the external environment, and that we are ready to leap to the next stage. From here on, we will build a solid foundation for surviving the coming carbon neutral era and strive to achieve sustainable growth going forward. The JFE Group will consistently rise to the challenge of transformative change as an essential participant in the sustained development of society and the safety and comfort of daily life.

Addressing Global Environmental Issues

The urgency of climate change has spread around the world. Since the steel business constitutes the core of the JFE Group's operations, climate change is a vital management issue for continuing to do business. With respect to CO₂ emissions, we are working to meet our target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024. In FY2023, we reduced emissions by approximately 17% from FY2013 levels and achieved our related KPI target with solid results. The measures announced in the JFE Group Environmental Vision for 2050 will continue to be implemented.

In FY2023, we decided to introduce an electric arc furnace to the stainless steel manufacturing process in the Chiba district. In addition, we started constructing test furnaces to pursue the double-track development of ultra-innovative technologies such as the carbon recycling blast furnace and hydrogen-based ironmaking with the support of the Japanese government. In FY2024, we began testing at some of these facilities and focusing on completing the development of these technologies by the mid-2030s. Furthermore, we plan to make an investment decision during FY2024 to introduce large electric arc furnaces to the West Japan Works' Kurashiki district, which will enable us to manufacture high-quality steel product that had only been possible through the conventional blast furnace process.

Since FY2023, we also began selling JGreeX™, an eco-friendly steel that generates significantly lower CO₂ emissions during manufacturing compared to conventional products. This is the world's first business model in which the entire supply chain bears the cost of creating environmental value by reducing CO₂. At the same time, it must also be noted that even in Japan the environmental value of green steel is not yet fully recognized. Looking ahead, it will be vital for the public and private sectors to work together to raise awareness of the value of going green, and to share the associated costs across society as a whole in order to build a carbon-neutral society. This approach will enable Japanese products to lead the world in both quality and environmental friendliness, contributing to the development of Japan's economy.

In the engineering business, we are working on offshore wind power generation, waste-to-energy power generation, and CCUS, through which we can also play a role in Japan's energy policy.

JFE Engineering constructed Japan's first manufacturing plant for monopiles (foundation structure for offshore wind power generation) in Kasaoka City, Okayama Prefecture, and began production in April 2024. As the largest supplier of monopiles in Japan, we will operate the Kasaoka Plant, conduct operation and maintenance (O&M) of offshore wind farms, and pursue the research and development of floating offshore wind power generation. In the waste-to-energy power generation business, we already have 11 sites in operation across Japan and 2 overseas, and we will continue to focus our resources as a business that is competitive at the global level by utilizing our overseas design bases, diversifying parts procurement, promoting multinational development, and effectively using digital technology in our O&M operations.

In our efforts to realize a recycling-oriented society, we can contribute in some areas for achieving a circular economy in terms of recycle and reuse, such as waste-to-energy power generation, as mentioned above, supplying power from renewable energy sources, and recycling collected PET bottles. In the engineering business, we will promote initiatives including expanding our overseas operations. Meanwhile, in the steel business, we will enhance our waste reduction efforts by further promoting the supply of high-performance steel products, such as anti-fatigue-damage steel that extends the longevity of infrastructure, and ultra-high-tensile steel that reduces the weight of automobiles, thereby making a Group-wide contribution to a circular economy.

Addressing Social Issues

We also need to focus on social issues to continue to expand corporate value. In particular, since people are the heart of any company, human capital will become increasingly important. We will strive to surpass our previous efforts to acquire and train human resources, strengthen engagement, and increase our investment in human capital management.

The JFE Group adheres to the philosophy of safety first and promotes its initiatives by designating safety-related KPIs related to workplace fatalities (zero occurrences) and lost-workday injuries rates. We maintain a steadfast focus on preventing accidents by prioritizing safety investments of 10 billion yen per year for the entire Group. Furthermore, to safeguard the health of employees and their families, we have set goals such as strengthening health guidance and encouraging people to stop smoking, and every company has established and is actively committed to operating a health and productively management system.

Moreover, in pursuing changes in such areas as entering new business fields and doubling revenues, the integration of various values and ways of thinking—that is, diversity and inclusion—will play a key role in generating novel ideas and solutions. The JFE Group has positioned diversity and inclusion as a vital management concern and is working to establish an environment in which people with diverse backgrounds, including gender, nationality, values, and lifestyles, can demonstrate their abilities. Particularly with regard to supporting female employees, we have set ambitious KPI targets on promoting women to managerial positions and raising the ratio of hiring women and other under-represented groups, and we will continue to pursue various measures from the perspectives of recruitment, retention, placement, and training.

With the recognition that contributing to the realization of a society in which the human rights of each and every individual are respected and protected is not only a corporate social responsibility but also a foundational principle of management, we are particularly committed to upholding respect for human rights across the supply chain as a key management concern. In addition to providing education and training for employees, we will continue to promote risk management at suppliers and Group companies and expand human rights due diligence.

To Our Stakeholders

The JFE Group will continue to protect the global environment while contributing to society through steel, a material that is indispensable for a prosperous future. To this end, we will steadfastly ensure thorough legal and regulatory compliance as the foundation of a trusting relationship with society. At the same time, the Group will work in concert to address environmental issues, such as climate change, realizing a recycling-oriented society, and preserving biodiversity, as well as social issues such as occupational health and safety, diversity and inclusion, and respect for human rights, as opportunities for further growth.

Sustainability Report 2024 provides current and prospective stakeholders with a comprehensive overview of our initiatives to tackle each issue, and I hope it facilitates a broader understanding of the JFE Group's efforts.