

Sustainability Management

Basic Policy

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

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

JFE Group Sustainability System

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

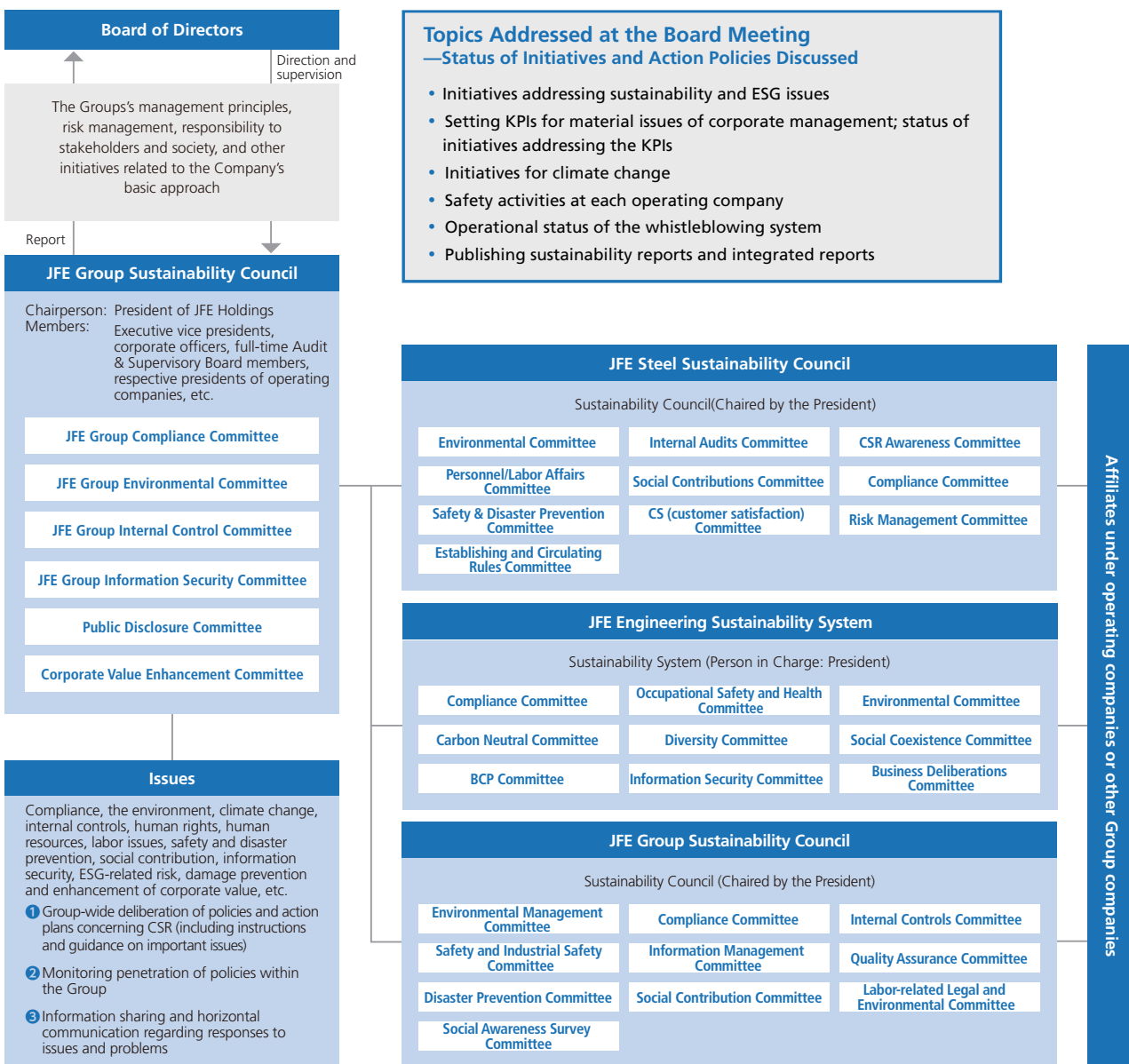
Activities of the Group Sustainability Council

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

Cooperation with Operating Companies

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

Diagram of System for Promoting Sustainability



Confirmation and Improvement through the Employee Awareness Survey

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

Initiatives and Relevant SDGs

The JFE Group engages in initiatives for achieving sustainable growth for the Group over the medium to long term and enhancing corporate value.

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

	Activities	Related SDGs
Addressing ESG Issues		
<p>▶ Environmental Management (P.46)</p>	<ul style="list-style-type: none"> Promotion of Environmental Management System Environmental Education 	
<p>▶ Initiatives to Address Climate Change Issues (P.52)</p>	<ul style="list-style-type: none"> Reduction of CO₂ in the Steel Business Greater Contribution to Reducing CO₂ in Society as a Whole Scenario Analysis Based on TCFD Recommendations 	
<p>▶ Realizing a Recycling-Oriented Society (P.115)</p>	<ul style="list-style-type: none"> Reducing Generation and Emission of Co-products and Re-using Co-products Promoting Recycling Resource Recycling Solution Addressing Water-related Risks Efficient Use of Water Controlling Air Emissions Preventing Water Pollution Management of Chemical Substances and Reduction of Emissions 	
<p>▶ Preserving Biodiversity (P.122)</p>	<ul style="list-style-type: none"> Biodiversity Initiatives Commitments to External Initiatives Products and Technologies to Preserve Biodiversity 	
<p>▶ Development and Provision of Eco-Friendly Processes and Products (P.135)</p>	<ul style="list-style-type: none"> Major Eco-friendly Products and Technologies in Each Business 	
<p>▶ Human Rights (P.166)</p>	<ul style="list-style-type: none"> Respecting Human Rights Initiatives Conducting Human Rights Due Diligence 	
<p>▶ Providing Quality Products and Enhancing Customer Satisfaction (P.175)</p>	<ul style="list-style-type: none"> Quality Initiatives Improving Customer Satisfaction Ensuring Stable Supply 	

Activities		Related SDGs
<p>▶ Supply Chain Management (P.182)</p>	<ul style="list-style-type: none"> Promoting Green Procurement Procurement Policy and Initiatives for Each Business 	
<p>▶ Human Capital: Occupational Health and Safety (P.186)</p>	<ul style="list-style-type: none"> Occupational Health and Safety Employee Health 	
<p>▶ Human Capital: Diversity and Inclusion (P.193)</p>	<ul style="list-style-type: none"> Workstyle Reform Operational Reform Workforce Diversity Promotion 	
<p>▶ Human Capital: Strengthening Human Resource Development (P.197)</p>	<ul style="list-style-type: none"> Human Resource Development 	
<p>▶ Human Capital: Creating Work Environments that Motivate Employees (P.199)</p>	<ul style="list-style-type: none"> Developing Dynamic Work Environments 	
<p>▶ Community (P.204)</p>	<ul style="list-style-type: none"> Local activities Support for External Organizations Support for Youth Development JFE 21st Century Foundation 	
<p>▶ Compliance (P.227)</p>	<ul style="list-style-type: none"> Adherence to Ethical Standard, Legal Compliance 	

Group Sustainability Strategy

Formulating the Seventh Medium-term Business Plan and Identifying Material Issues of Corporate Management

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 company'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. We have also been pursuing 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. JFE will continue to systematically ensure a stable supply of steel, the core of JFE's business, to society as an indispensable material for social development and daily life.

Refer to the following on the progress of the Seventh Medium-term Business Plan.

▶ [Seventh Medium-term Business Plan](https://www.jfe-holdings.co.jp/en/sustainability/sus/plan/) (https://www.jfe-holdings.co.jp/en/sustainability/sus/plan/)

Material Issues of Corporate Management

Action on Material Issues

The JFE Group's actions related to management issues are based on identifying materiality and setting KPIs to minimize negative societal impact and maximize societal value by investing JFE Group's resources from the standpoint of meeting stakeholder needs. In 2016, we determined our material CSR issues (13 issues in 5 focus areas) by comprehensively identifying 35 issues that reflect society's expectations in the context of JFE's business and then by prioritizing the issues through the two criteria of stakeholder expectations and relevance to business (societal impact).

In FY2021, we formulated the Seventh Medium-term Business Plan, recognizing that ensuring environmental and social sustainability (helping to solve critical issues) and establishing economic sustainability (stable earnings power) are key to the JFE Group's sustainable development. Accordingly, **we reorganized our materiality by adding economic issues to our existing CSR issues to identify all our material issues of corporate management.** We will demonstrate the Group's vision of “contributing to society with the world's most innovative technology” by working in concert to address these issues.

Process for Identifying Material Issues of Corporate Management

The JFE Group has been promoting actions that address the material CSR issues identified in 2016 (13 issues in 5 focus areas).

Refer to the following on how we identified material CSR issues up to FY2020.

▶ [Material CSR Issues \(CSR REPORT 2020\)](https://www.jfe-holdings.co.jp/en/sustainability/pdf/csr2020e.pdf) (https://www.jfe-holdings.co.jp/en/sustainability/pdf/csr2020e.pdf)

Refer to the following on the process we used to identify material issues of corporate management in FY2021.

▶ [Process for Identifying Material Issues of Corporate Management \(CSR Report 2021\)](https://www.jfe-holdings.co.jp/en/sustainability/pdf/csr2021e.pdf) (https://www.jfe-holdings.co.jp/en/sustainability/pdf/csr2021e.pdf)

Contribution to the Sustainable Development Goals (SDGs)

In September 2015, a UN Summit adopted 17 SDGs to be addressed through worldwide efforts to achieve sustainable development. The JFE Group will respond to global community needs and contribute to SDGs through our initiatives on material issues of corporate management.



Corporate Vision: Contributing to Society with the World's Most Innovative Technology

Areas of Focus	Details	Scope of Influence	Material Issues	Relevant SDGs
Activity	Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	JFE Group Local communities near manufacturing sites Customers Society	Reduce the JFE Group's CO ₂ emissions Contribute to reduction of CO ₂ emissions across the society	6 7 9 12 13 14
	Ensure occupational safety and health	JFE Group Suppliers Business partners	Prevent workplace accidents Ensure the health of employees and their families	3 8
	Recruit and nurture diverse human resources	JFE Group Business partners	Pursue diversity and inclusion Strengthen human resources development Create workplaces that motivate employees	4 5 8 9 10
	Reinforce resilience of production and engineering capabilities (realize world-class earnings power through DX and other measures)	JFE Group Customers Society	Increase efficiency and enhance cost competitiveness in production and engineering Raise quality of products and services and ensure reliable supply	9 10 11 12
	Strengthen competitiveness of products and services (promote the growth strategy by providing high value-added solutions)	JFE Group Customers Society	Expand business by increasing value added in products and services with advanced technologies Sales strategies for realizing sustainable growth	7 9 11 12 13 17
Basis of activity	Thoroughly enforce compliance	JFE Group Suppliers Political authorities Society	Ensure adherence to corporate ethical standards and compliance	10 16
	Respect human rights		Respect human rights across the supply chain	



Corporate Governance (Ensure Fairness, Objectivity and Transparency)

Respect and Maintain Awareness of Human Rights

Risk Management

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Policy for Building Internal Control Systems. The JFE Group Sustainability Council, chaired by the president of JFE Holdings, consolidates information and strengthens management across the Group to reduce the frequency and impact of risks.

The executive officer responsible for risk strives to identify potential ESG risks such as those associated with climate change. As necessary, the council confirms and evaluates risks and discusses and determines countermeasures. Key managerial issues are deliberated by the Group Management Strategy Committee.

The Board of Directors supervises initiatives on ESG risks such as those related to climate change and CSR by discussing, making decisions on, and receiving reports about these matters.

Monitoring Method for ESG Risks

Issues that may affect management are monitored by the JFE Group Sustainability Council, Group Management Strategy Committee, and Management Committee. The JFE Group Environmental Committee consolidates information and strengthens management to reduce the frequency and impact of risks and to maximize opportunities.

KPIs for Material Issues of Corporate Management

Performance Evaluation for FY2023 KPIs and Establishment of FY2024 KPIs

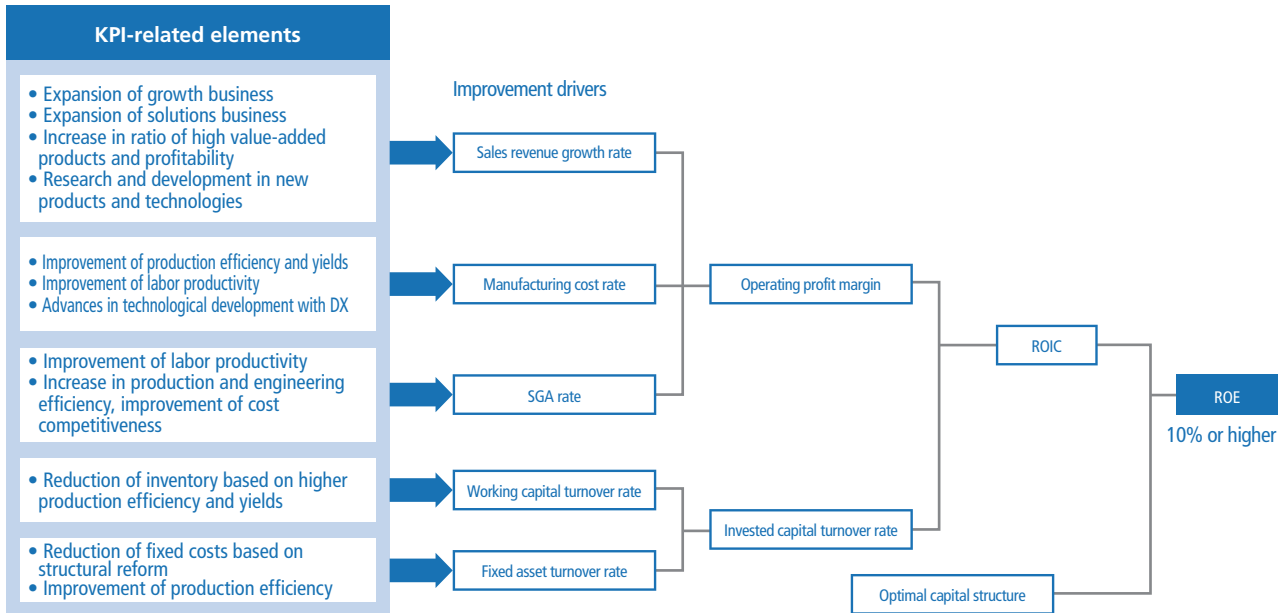
We assessed the performance of KPIs for FY2023 that were established to address material issues of corporate management identified in FY2021 and established KPIs for FY2024 based on the results of the evaluation and third-party opinions. FY2023 performance and KPIs for FY2024 were finalized following discussions by the Management Committee and other organs of each operating company and deliberation by the Group Management Strategy Committee and Board of Directors. Going forward, the Group will continue to work in concert to set KPIs that reflect the characteristics and realities of each operating company and effectively implement the PDCA cycle to promote its initiatives.

▶ [Material Issues of Corporate Management and KPIs \(P.18\)](#)

Enhancing ROE by Achieving the KPIs

The KPIs for each material issue are closely tied to the financial targets. Achieving the KPIs for each issue affects various drivers of improvement, leading to the achievement of the financial target (10% or higher ROE) and results in increasing corporate value over the medium to long term. The connection between these initiatives for material issues and financial targets is deeply shared at operating companies and on the front lines, increasing the effectiveness of these initiatives.

■ Connection between KPI-Related Elements and Financial Targets



Material Issues of Corporate Management and KPIs

Evaluation criteria

Target attributes	○	△	×
Set for each fiscal year	Accomplished 100% or better	Accomplished 80%~99%	Accomplished 79% or less
Set medium- to long-terms (in case of setting a multi-year target)	Final target accomplished 100% or better	Final target partly accomplished with some results (80% or better with linear interpolation).	Working toward the goal but no results yet (79% or less with linear interpolation).
Quantitative	Fully accomplished with significant results.	Partly accomplished with some results.	Working toward the goal but no results yet.
Qualitative			

* In Groupwide evaluations, the lowest result among the companies is taken as the overall result.

JFE Steel JFE Engineering JFE Shoji

Problematic fields	Priority issues	Operating Company	FY2023 KPIs	Initiatives and Results for FY2023	Assessment	FY2024 KPIs	
Business activities Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	Reduce the JFE Group's CO ₂ emissions	S T	<ul style="list-style-type: none"> Achieve 75% of the CO₂ reduction target from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Complete the approval of capital investment plans for reducing CO₂ emissions by 100% cumulatively for CO₂ reduction targets from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Obtain third-party certification, and build a green steel supply structure in the first half of FY2023 	<ul style="list-style-type: none"> CO₂ reduction target: Achieved 93% Total investment budget: 101 % approved Obtained third-party certification in June 2023, commenced supply of green steel 29,000 tons on a certified basis 	○	<ul style="list-style-type: none"> Achieve at least 18% of CO₂ reduction target by the end of FY2024 compared to FY2013 levels Achieve 100% of the CO₂ reduction target of 3.06 million tons through energy conservation and technological development, as part of the 18% reduction in CO₂ emissions by the end of FY2024 compared to FY2013 levels Expand adoption of JGreex™ by stimulating demand for green steel 	
			EN	<ul style="list-style-type: none"> Reduce CO₂ emissions in its own plants and offices FY2023: 40% reduction from FY2013 levels 	<ul style="list-style-type: none"> 47% reduction from FY2013 levels (FY2013: 15,600 tons, FY2023: 8,300 tons) 	○	<ul style="list-style-type: none"> Reduce CO₂ emissions in its own plants and offices FY2024: 40% reduction from FY2013 levels
			SH	<ul style="list-style-type: none"> Reduce CO₂ emissions through the procurement of electricity derived from renewable energy FY2023 domestic CO₂ emissions: Reduce by 15% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024) 	<ul style="list-style-type: none"> 20.7% reduction from FY2019 levels 	○	<ul style="list-style-type: none"> Reduce CO₂ emissions through the procurement of electricity derived from renewable energy FY2024 domestic CO₂ emissions: Reduce by 20% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)
	Contribute to reduction of CO ₂ across the society	S T	<ul style="list-style-type: none"> Launch sales and implement eco-friendly products and technologies* 15 or more cases in FY2022 (the cumulative total of 60 or more cases for the period from FY2021 to FY2024) Products and technologies that contribute to saving energy and resources, reduce waste and environmentally hazardous substances, and do not require hazardous substances for manufacturing or use. 	<ul style="list-style-type: none"> FY2023: 16 (eco-friendly products: 7, technologies: 9) (FY2021~FY2023: 48) 	○	<ul style="list-style-type: none"> Launch sales and implement eco-friendly products and technologies* 15 or more cases in FY2024 (cumulative total of 60 or more cases from FY2021 to FY2024) Products and technologies that contribute to saving energy and resources, reduce waste and environmentally hazardous substances, and do not require hazardous substances for manufacturing or use. 	
			EN	<ul style="list-style-type: none"> Contribute to reduction of CO₂ in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastic, food, etc.) Contribute to reduction in CO₂ emissions (FY2023): 11.5 million tons per year 	<ul style="list-style-type: none"> Contribute to reduction in CO₂ emissions (FY2023): 11.53 million tons per year 	○	<ul style="list-style-type: none"> Contribute to reduction of CO₂ in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastics, food, etc.) Contribute to reduction in CO₂ emissions (FY2024): 12 million tons per year
			SH	<ul style="list-style-type: none"> Global resource recycling of steel scrap FY2020 (FY2024 target: +5% from FY2020) Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel FY2023 biomass fuel (palm kernel shells and wood pellets) transactions: Above the transaction quantity for FY2020 (FY2024 target: 100% increase from FY2020) Diversify supply sources to ensure stable supply 	<ul style="list-style-type: none"> 1. Global resource recycling of steel scrap <ul style="list-style-type: none"> +5% reduction from FY2020 2. Created system for expansion and reliable supply of fuel for biomass power plants <ul style="list-style-type: none"> Handling volume: +110% compared with FY2020 Expanded new suppliers 	○	<ul style="list-style-type: none"> 1. Global resource recycling of steel scrap FY2024 scrap transactions: +5% from FY2020 2. Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel <ul style="list-style-type: none"> FY2024 biomass fuel (palm kernel shells and wood pellets) transactions: 100% increase from FY2020 Diversify supply sources to ensure stable supply

Problematic fields	Priority Issues	Operating Company	FY2023 KPIs	Initiatives and Results for FY2023	Assessment	FY2024 KPIs
Business activities	Ensure occupational safety and health	Groupwide	<p>Groupwide Workplace fatalities: Zero occurrences</p> <p>• Lost-workday injuries rate</p> <p>ST 0.10 or less EN 0.25 or less SH 0.45 or less</p>	<p>Groupwide Workplace fatalities: One occurrence</p> <p>• Lost-workday injuries rate</p> <p>ST 0.06 EN 0.28 SH 0.12 (Work-related accidents and frequency rates are tabulated on a calendar year basis.)</p>		<p>Groupwide Workplace fatalities: Zero occurrences</p> <p>• Lost-workday injuries rate</p> <p>ST 0.10 or less EN 0.25 or less SH 0.15 or less</p>
			<p>[Key measures]</p> <p>(1) Reinforce activities to prevent similar injuries</p> <p>Horizontal Companywide deployment of measures, including for close calls, promote workplace activities so employees view past incidents as lessons to learn from</p> <p>(2) Enhance safety</p> <p>Install electromagnetic locks at the secondary mill entrances: 90% by FY2023, 100% by FY2024</p>	<p>[Key measures]</p> <p>(1) Strengthened activities to prevent similar accidents</p> <p>• Held Companywide monthly meetings to prevent similar accidents</p> <p>• Built an accident reporting database for use at all workplaces</p> <p>(2) Strengthened efforts to promote essential safety</p> <p>• Installation of electromagnetic locks at secondary mill entrances in FY2023: 100%</p> <p>• Formulated plan to expand the number of sites (replace locks with electromagnetic locks)</p>		<p>[Key measures]</p> <p>(1) Reinforce activities to prevent similar injuries</p> <p>Horizontal Companywide deployment of measures, including for close calls</p> <p>(2) Strengthen efforts to promote essential safety</p> <p>100% installation of electromagnetic locks at secondary mill entrances versus plan by FY2024</p>
Business activities	Prevent workplace accidents	EN	<p>[Key measures]</p> <p>(1) Implement 100% of the following key measures to prevent injuries with decisive work plans and proper work instructions in order to eliminate serious injuries</p> <p>• Pre-operation checks (curving openings in high locations and edges of work floor, ensuring on-site understanding of work plans, and covering and enclosing/turning off of machinery)</p> <p>• Strict adherence during operations (use of safety belts, no entry measures/allocation of worksite guides)</p> <p>(2) Multifaceted management of occupational safety and health using IT</p> <p>• Monitor worksites, use information communications systems</p> <p>• Use safety management operations support system</p>	<p>[Key measures]</p> <p>(1) 100% implementation of key measures to eradicate serious accidents</p> <p>• Focused on verifying and advising on work plans, inspecting equipment, and preventing unsafe behavior during site patrols</p> <p>• Installed work platforms and handrails for high-altitude work, enforced the use of safety belts, prohibited access near suspended loads and within the operating range of heavy machinery, and checked the covers/guards and power isolation of machinery</p> <p>(2) Multifaceted management of occupational safety and health using IT</p> <p>• Used work monitoring and information transmission systems</p> <p>• Remote patrols, instruction, and information sharing via webcams and large screens</p> <p>• Used a safety management support system</p> <p>• Promoted introduction of services such as CCUS/site management support</p> <p>• Avoided rework in high places by using drones and 3D scanning</p> <p>• Verified construction safety through 3D and time-series simulations</p>	X	<p>[Key measures]</p> <p>(1) To eliminate serious injuries, conduct pre-operation checks of equipment in use, including work floors</p> <p>Decisive work plans (identify and prevent dangerous risks)</p> <p>Through proper work instructions (awareness of work plans and prohibition of unplanned work), raise awareness of occupational safety of related workers and take measures to prevent accidents</p> <p>Implement 100% of the following:</p> <ul style="list-style-type: none"> • Pre-operation checks • Pre-operation checks of equipment to be used, curving openings in high locations and edges of work floor, install handrails, ensure on-site understanding of work plans, and covering/loss of machinery • Strict adherence during operations • Use of safety belts, prohibit access under suspended loads or within the operating range of heavy machinery, assign worksite guides, disconnect power when equipment or tools are not in use <p>(2) Multifaceted management of occupational safety and health using IT</p> <ul style="list-style-type: none"> • Use remote monitoring and information communications systems • Use safety management operations support system
			<p>[Key measures]</p> <p>(1) 100% implementation of crane operation drills (once a year or more at each company)</p> <p>(2) Review of past incidents at the Company</p> <p>Finish formulating and executing measures for alternative proposals to address past incidents identified as requiring review</p>	<p>[Key measures]</p> <p>(1) Crane operation drills: 100% implementation at least once annually at each company</p> <p>(2) Reviewed our past accidents</p> <p>For all 208 past accidents requiring review, we created and are implementing alternative solutions</p>		<p>[Key measures]</p> <p>(1) 100% implementation of crane operation drills (once a year or more at each company)</p> <p>(2) Advance hardware measures (introduce interlocks for coil lifting equipment)</p> <p>Complete measures for 24 applicable machines in FY2024</p> <p>(3) Reevaluate and update education system for new employees and resigned employees</p>
Business activities	Ensure the health of employees and their families	Groupwide	<p>1. Provision rates of healthcare guidance</p> <p>Groupwide 60% (2023 target)</p>	<p>1. Provision rates of healthcare guidance</p> <p>ST 71.1% EN 42.7% SH 35.0%</p> <p>• FY2022 results for eligible individuals</p>	X	<p>1. Provision rates of healthcare guidance</p> <p>Groupwide 60%</p>
			<p>2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)</p> <p>Groupwide 1.5% reduction per year (total for operating companies)</p>	<p>2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)</p> <p>Groupwide 0.8% reduction per year (total for operating companies)</p>	X	<p>2. Reduce rates of smokers (ensuring employee health and preventing passive smoking)</p> <p>Groupwide 1.5% reduction per year (total for operating companies)</p>
Business activities	Recruit and nurture diverse human resources	Groupwide	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): Degree of gender parity Career-track (technical position): 10% or more</p> <p>On-site position: 10% or more</p> <p>EN Career-track (white-collar position): Degree of gender parity Technical (Career-track, Production/construction position): 15% or more</p> <p>SH White-collar position: Degree of gender parity</p>	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): 39% Career-track (technical position): 11% On-site position: 7%</p> <p>EN Career-track (white-collar position): 50% Technical (career-track, production/construction position): 14%</p> <p>SH White-collar position: 47%</p>	△	<p>1. Rates for female recruits</p> <p>ST Career-track (white-collar position): Degree of gender parity Career-track (technical position): 10% or more</p> <p>On-site position: 10% or more</p> <p>EN Career-track (white-collar position): Degree of gender parity Technical (career-track, production/construction position): 15% or more</p> <p>SH White-collar position: Degree of gender parity</p>
			<p>2. Women in managerial positions</p> <p>10% or more in positions qualified as section manager or above. Of whom, 20% or more to be in management and sales departments (FY2030 target)</p> <p>3. Rate of male employees taking childcare leave or time off related to child-rearing</p> <p>Aim for all male employees whose spouses have given birth to take such leave or time off</p>	<p>2. Women in managerial positions</p> <p>Groupwide 3.9% in positions qualified as section manager or above. Of whom, 7.2% in management and sales departments (total for operating companies)</p>	△	<p>2. Women in managerial positions</p> <p>10% or more in positions qualified as section manager or above. Of whom, 20% or more to be in management and sales departments (FY2030 target)</p> <p>3. Rate of male employees taking childcare leave or time off related to child-rearing</p> <p>Aim for all male employees whose spouses have given birth to take such leave or time off</p>

Problematic fields	Priority Issues	Operating Company	FY2023 KPIs	Initiatives and Results for FY2023	Assessment	FY2024 KPIs
Recruit and nurture diverse human resources	Strengthen human resources development	Groupwide	1. Training hours per person ST 40 hours or more per year EN 20 hours or more per year SH 20 hours or more per year 2. Train DX personnel ST Number of internal data scientist trainees: Total of 600 as of end of FY2023 EN Number of employees who took internal data scientist training: Total of 170 as of the end of FY2023	1. Training hours per person ST 44.9 hours per year EN 23.4 hours per year SH 22.1 hours per year 2. Trained DX personnel ST Cumulative total as of end of FY2023: 610 EN Cumulative total as of end of FY2023: 179	○	1. Training hours per person ST 40 hours or more per year EN 20 hours or more per year SH 20 hours or more 2. Train DX personnel ST Number of internal data scientist trainees: Total of 600 as of end of FY2024 EN Number of employees who took internal data scientist training: Total of 210 as of end of FY2024
	Create work environment that motivate employees	Groupwide	1. Groupwide Annual leave acquisition rate of 75% or more (total for operating companies) 2. Engagement survey Groupwide Affirmative response to questions about motivation: At least 75%	1. Groupwide Annual leave acquisition rate: 89% (total for operating companies) 2. Affirmative response to questions about motivation in engagement survey ST 72% EN 81% SH 80%	△	1. Groupwide Annual leave acquisition rate: 75% or higher (total for operating companies) 2. Engagement survey Groupwide Affirmative response to questions about motivation: At least 75%
Business activities	Increase efficiency and enhance cost competitiveness in production and engineering	ST	1. Improvement in labor productivity toward improving labor productivity by 20% by the end of FY2024 • Steadily implement FY2024 milestones each fiscal year for improving labor productivity by 20% • Approve and implement FY2023 investments for improving labor productivity, such as automation and remote operations • Steadily relocate facilities in accordance with structural reforms in Keihin district 2. Improve yields through DS* activities Stabilize production with DS, improve yields through application of quality prediction Improve yields by 1.5% in FY2023 from FY2020 levels to achieve 2.0% by FY2024 (based on figures after adjustments to the sales mix) * DS: Data science	1. Improvement in labor productivity • Measures underway to reach milestones in each fiscal year toward achieving 20% improvement in labor productivity (81% progress toward 75% target with linear interpolation) • Approved ¥8.5 billion for 64 projects as planned for investments to improve labor productivity through automation and remote operations in FY2023 • Relocated facilities as planned in line with structural reforms in Keihin district in September 2023 2. FY2023 yield: +1.3% compared to FY2020 (87.4%)	○	1. Improve labor productivity • Improve labor productivity by 20% by end of FY2024 • Steadily execute investments aimed at improving labor productivity through automation and remote work 2. Stabilize production with DS, improve yields through application of quality prediction technologies FY2024 yields: +2.0% compared to FY2020 * Adjusted for sales composition
			EN	• Increase the efficiency of engineering operations by introducing DX technologies Engineers for big data analysis utilizing Pia'cello*: 2,200 * Pia'cello: Proprietary data analysis platform using AI	• Big data analysis engineers: Approx. 2,250 (about 1,950 in FY2022)	○
Reinforce resilience of production and engineering capabilities (realize worldclass earnings power through DX and other measures)	Raise quality of products and services and ensure reliable supply	ST	1. Ensure quality • Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system • Promote automated transmission of tensile test results at Group companies Target six companies: 67% introduction rate as of FY2024 (100% by FY2025) 2. Strengthen the manufacturing infrastructures using DX Achieve CPS* installation rate of 60% or more on a companywide basis in FY2023 to implement CPS in all production processes * CPS: Cyber-physical system	1. Quality assurance • Reorganized to strengthen personnel development, budget allocation, and qualification acquisition in the quality assurance department • 74.8% in FY2023 Target six companies: 67% introduction rate as of FY2024 (100% by FY2025) 2. Strengthened production infrastructure using DX Companywide CPS installation rate: 60%	○	1. Ensure quality • Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system • Promote automated transmission of tensile test results among Group companies Targeting six companies: 83.5% introduction rate in FY2024 (100% in FY2025) 2. Strengthen manufacturing infrastructure using DX Companywide CPS installation rate: 80% or more
			EN	1. Secure a stable number of certified managing engineers 2. No major quality problems	1. Reliably secured certified managing engineers amid high level of sales 2. Major quality issues: One incident	○
		SH	1. Make consistent investment in processing and distribution operations 2. Conduct quality audits at Group companies Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan and overseas (audit completed: 100%)	1. Steady capital investment in the distribution and processing operations Selected and executed necessary investments to ensure stable supply of products in FY2023 Investment amount: ¥16.5 billion 2. Conducted quality audits at 36 companies (100% audit implementation rate)	○	1. Make consistent investment in processing and distribution operations 2. Conduct quality audits at Group companies Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan and overseas (same as FY2023) (Audits completed: 100%)

Problematic fields	Priority Issues	Operating Company	FY2023 KPIs	Initiatives and Results for FY2023	Assessment	FY2024 KPIs
Strengthen competitiveness of products and services (promote the growth strategy by providing high-value-added solutions)	Expand business by increasing value added in products and services with advanced technologies	S T	<ol style="list-style-type: none"> Pursue strategic research and development focusing on priority development fields* Develop new products and technologies (FY2023: 20 or more cases (80 or more cases in total from FY2021 to FY2024)) * Automobiles, energy, infrastructure construction materials, DX technology, and GX technology High-value-added product sales volume ratio in FY2023: 48% Aiming to triple revenue in solution business by FY2024 (compared with FY2020 levels) <ul style="list-style-type: none"> Develop new products that feature DS technology, facility diagnosis technology, and safety technology, launch sales activities to customers Double revenue in solution business by FY2023 compared with FY2020 levels 	<ol style="list-style-type: none"> Advanced strategic research and development in key development areas* New products and technologies developed: 27 (8 new products, 19 new technologies) (Cumulative total from FY2021 to FY2023: 70) * Automobiles, energy, infrastructure construction materials, DX technology, and GX technology FY2023 sales ratio of high-value-added products: 50% Exceeded the goal of doubling revenue in solution business in FY2022, compared to FY2020 by winning orders and steadily executing contracts Developed and began sales activities for new products utilizing digital solution and maintenance technologies 	<ol style="list-style-type: none"> Pursue strategic research and development focusing on priority development fields Develop new products and technologies: 20 or more * Automobiles, energy, infrastructure construction materials, DX technology, and GX technology Increase sales ratio of high-value-added products FY2024 high-value-added product sales ratio: 50% Expand the solution business <ul style="list-style-type: none"> Triple solution business revenue in FY2024, compared to FY2020 Win three or more orders for new JFE Resolute™ brand products, lay the groundwork for significant growth in JFE Resolute™ during the next medium-term plan 	
			Business activities	<ol style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX, and 70% or more of R&D expenses on these four fields Number of patent applications: 80 or more per year Expand the earnings difference between high-value-added products (A-rank products) and commodity products to ¥6,000 per ton (Achieve 150% of FY2024 target) 	<ol style="list-style-type: none"> R&D expense ratio in the four priority fields: 86% Number of patent applications: 100 per year Earnings difference between high-value-added products (A-rank products) and commodity products FY2023: +¥8,200 per ton (roughly double the initial target for FY2024) 	<ol style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX Ratio of R&D expenses on these four fields: 70% or more Number of patent applications: 80 or more annually Expand the earnings difference between high-value-added products (A-rank products) and commodity products Maintain earnings difference of ¥8,000 per ton (double the target for FY2024)
Business activities	Sales strategies for realizing sustainable growth	E N	<ol style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX, and 70% or more of R&D expenses on these four fields Number of patent applications: 80 or more per year 	<ol style="list-style-type: none"> R&D expense ratio in the four priority fields: 86% Number of patent applications: 100 per year 	<ol style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX Ratio of R&D expenses on these four fields: 70% or more Number of patent applications: 80 or more annually 	<ol style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX Ratio of R&D expenses on these four fields: 70% or more Number of patent applications: 80 or more annually
			<ol style="list-style-type: none"> Expand the operating earnings base Sales: ¥260 billion Expand bases: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.), regional electricity retail new power business, and waste processing business Increase competitiveness of products and services by improving value added in supply chain management through business expansion Make investments to improve value added in supply chain: 5 or more per year 	<ol style="list-style-type: none"> Expand the operating earnings base Sales: ¥262.3 billion New bases: 6 bases 4 recycling businesses, 2 waste treatment Investments to improve value added in supply chain: 5 per year 	<ol style="list-style-type: none"> Expand operating businesses to expand the stable earnings base Sales: ¥265 billion Base expansion: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.), regional electricity retail new power business, and waste processing business Enhance the competitiveness of products and services by increasing value added in the supply chain through business expansion Make investments to improve value added in supply chain: 5 or more per year 	
Thoroughly enforce compliance	Ensure adherence to corporate ethical standards and compliance	Groupwide	<ol style="list-style-type: none"> Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience) Improve employee awareness of ethics reflected in the Corporate Ethics Awareness Survey 	<ol style="list-style-type: none"> Participation rate: 100% (rank-based compliance training, training on different laws and regulations, etc.) Addressed issues identified in the FY2022 Corporate Ethics Awareness Survey <ul style="list-style-type: none"> Revised and enhanced compliance training to prevent harassment Expanded the multi-angle evaluation system for management Continued education on proper labor time management 	<ol style="list-style-type: none"> Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience) Affirmative response rate of 75% or higher to questions related to compliance awareness in the Corporate Ethics Awareness Survey 	<ol style="list-style-type: none"> Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience) Affirmative response rate of 75% or higher to questions related to compliance awareness in the Corporate Ethics Awareness Survey
			Basis of activity	<ol style="list-style-type: none"> 100% attendance from the target audience for human rights awareness training Implement human rights due diligence 	<ol style="list-style-type: none"> Participation rate: 100% Promoted human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: [Build a system for managing human rights risks of suppliers] [Provide feedback on the results of the FY2023 supplier survey, and offer support for improvement to those identified as needing follow-up support] [Expand human rights due diligence to Group companies] [Conduct human rights risk surveys at overseas Group companies, prioritizing those located in countries at high risk of human rights violations] [Continue to support the correction and improvement of human rights risks at major domestic Group companies that have already been surveyed, while considering regular risk surveys and methods for checking corrective measures] 	<ol style="list-style-type: none"> Participation rate of targeted attendees in human rights awareness training: 100% Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: [Build a system for managing human rights risks of suppliers] [Provide feedback on the results of the FY2023 supplier survey, and offer support for improvement to those identified as needing follow-up support] [Expand human rights due diligence to Group companies] [Conduct human rights risk surveys at overseas Group companies, prioritizing those located in countries at high risk of human rights violations] [Continue to support the correction and improvement of human rights risks at major domestic Group companies that have already been surveyed, while considering regular risk surveys and methods for checking corrective measures]

Progress of the Seventh Medium-term Business Plan

In FY2021, the JFE Group **formulated the Seventh Medium-term Business Plan** for FY2021 through FY2024 to steadily increase corporate value over the medium to long term. Recognizing that the four years covered by the plan will be the most transformative period in the Company's history, we will establish a robust foundation for sustained, long-term growth while steadfastly taking on the challenge of transformation to become an essential part of the sustainable development of society and the safe and comfortable lives of people. We are working to ensure environmental and social sustainability by promoting initiatives addressing climate change issues as outlined in the JFE Group Environmental Vision for 2050 and implementing initiatives for promoting employee success, contributing to local communities, and ensuring respect for human rights throughout the supply chain. We are also striving to ensure economic sustainability based on stable profitability by completing structural reforms and promoting DX strategies in the steel business to raise cost competitiveness. And we are viewing advances in decarbonization as opportunities for pursuing business growth strategies, such as supplying high-performance electrical steel sheets and other products with high added value and expanding renewable power generation.

▶ [Seventh Medium-term Business Plan \(CSR Report 2021\)](https://www.jfe-holdings.co.jp/en/common/pdf/sustainability/data/2021/csr2021e.pdf) (https://www.jfe-holdings.co.jp/en/common/pdf/sustainability/data/2021/csr2021e.pdf)

Status of Initiatives for the Seventh Medium-term Business Plan

Ensure Environmental and Social Sustainability

Addressing Climate Change Issues

The JFE Group considers addressing climate change as a vital management concern and upholds the **JFE Group Environmental Vision for 2050** for realizing carbon neutrality by focusing on strategies for **reducing CO₂ emissions in its steel business as well as in society as a whole**. In FY2023, we reduced CO₂ emissions in the steel business by 17.5% from FY2013 and will continue our efforts to achieve the target under the medium-term plan of reducing emissions by at least 18%. We are also expanding the construction and operation of plants for renewable energy power generation, waste-to-energy power generation, along with other efforts in the engineering business, which contributed to reducing 11.53 million tonnes of CO₂ emissions in society as a whole in FY2023, as we make steady progress toward achieving our mid-term target of reducing emissions by 12.00 million tonnes.

In the steel business, we intend to reduce CO₂ emissions by at least 30% in FY2030 from FY2013 and to achieve carbon neutrality by 2050. In FY2022, we took our first step forward by formulating a more specific CO₂ reduction plan*¹ which positions the timeframe up to 2030 as the transition period for shifting to a low-carbon steel process and the timeframe up to 2050 as the innovation period, during which we will establish and implement ultra-innovative technologies and strive for carbon neutrality. In order to achieve the goal of reducing emissions by 30% or more by FY2030, we expanded the use of scrap in converter furnaces by introducing the eco-friendly Double-slag Refining Process (DRPTM) in all districts, which will significantly reduce CO₂ emissions. In addition, we reinforced the electric arc furnace at the Sendai Works and are currently constructing an electric furnace in stainless steel manufacturing in the Chiba district. In the Kurashiki district, we are considering **installing high-efficiency electric arc furnaces** and launch operations to coincide with the renovation of the blast furnace in FY2027, and we will execute the necessary capital investment to achieve these goals. With the support of the NEDO Green Innovation Fund Project, we have been simultaneously developing ultra-innovative technologies since FY2023 with the aim of achieving carbon neutrality in 2050. In the Chiba district, we began construction of **test facilities for the carbon recycling blast furnace***², and we will accelerate research and development toward the early implementation of ultra-innovative technologies.

We also began supplying JGreeXTM, an eco-friendly steel material created using the mass balance method that generates significantly lower CO₂ emissions during the manufacturing process compared to conventional products. We will actively work to establish a market in which customers recognize the value of green steel materials that contribute to realizing a carbon neutral society.

In the area of contributing to the reduction of CO₂ emissions in society as a whole, we decided to invest in the Kurashiki district to triple the current production capacity of electrical steel sheets to improve the efficiency of motors and transformers for EVs. As for our activities overseas, we established a production and sales joint venture for (grain-oriented) electromagnetic

steel sheets with JSW Steel in India and have begun constructing a plant scheduled to start full production in FY2027. In addition to expanding renewable energy power generation and other businesses in the engineering business, the entire Group is working to commercialize offshore wind power generation. In FY2023, we completed construction of a manufacturing plant for monopiles in Kasaoka City, Okayama Prefecture, to establish a system for manufacturing and supplying foundation structure for offshore wind power generation. The plant came online in April 2024. By expanding the supply of eco-friendly products and renewable energy-related businesses, we will contribute reducing CO₂ emissions in society as a whole.

▶ [*1 Roadmap to Carbon Neutrality](#) (P.83)

*2 Technology for converting CO₂ emitted from a blast furnace into methane, which is then blown into the blast furnace as a reductant

Addressing Social Issues

For the JFE Group to achieve sustainable growth in the future, addressing social as well as environmental issues is essential. We are implementing **human rights due diligence** toward the realization of a society where human rights are respected and protected. We also revised the JFE Group Basic Policy on Human Rights in April 2023 to further intensify these efforts as part of our ongoing commitment to ensure respect for human rights for all stakeholders, including those in our supply chain.

Ensuring the safety and health of employees is a fundamental requirement for corporate activities, and with regard to safety in particular, we are focused on initiatives for **eliminating major accidents** by making our facilities safer. As planned, we made safety investments of about 10 billion yen per year for the entire Group in FY2023. Meanwhile, we are promoting initiatives on **diversity and inclusion** and workstyle reform to maximize the capabilities of employees with diverse backgrounds. Since FY2022, we have been advancing our efforts by setting more ambitious KPIs for hiring female employees and increasing the ratio of female managers. We will consistently invest in human capital to secure and nurture diverse human resources and create working environments and systems that enable employees to feel pride in their work and fully demonstrate their abilities.

Starting in FY2022, we will calculate **performance-linked remuneration for Directors** based on non-financial indicators related to the environment and society in addition to existing financial indicators. In FY2022, we introduced indicators related to employee safety, and in FY2023 we introduced indicators for climate change beginning as an incentive to accelerate efforts in this area, which we recognize as a top priority.

We will actively promote initiatives addressing ESG issues, particularly climate change, and contribute to the realization of a sustainable society to ensure environmental and social sustainability as set forth in our medium-term plan.

Ensure Economic Sustainability

Shift focus from Quantity to Quality and Promotion of Growth Strategies

In FY2023, we continued to steadily implement the key measures of the medium-term plan to establish economic sustainability. In the steel business, we maintained our efforts to improve sales pricing by reflecting fluctuations in raw material costs and higher prices in various goods, and correcting price levels, which led to a significant improvement of 5,000 yen/tonnes over the previous fiscal year. The ratio of high value-added products increased by 1% from the previous year to 48%, showing steady progress toward the 50% target of the mid-term plan. We will strive to increase the ratio of high value-added products and further improve sales prices and spreads by expanding sales of high-grade, non-oriented electrical steel sheets for EV main motors, large and heavy steel plates for offshore wind power generation, and other products. In September 2023, we suspended the upstream process in the Keihin area, thereby completing the structural reform and making steady progress in subsequent land use based on the OHGISHIMA2050 concept.

In the engineering business, we will strive to increase profits by improving the usage rate of the monopile plant, mainly for offshore wind power projects in Japan starting in FY2025, and by increasing orders in the waste-to-resource and carbon neutrality fields. The trading business posted a record-high segment profit of 48.9 billion yen in FY2023, exceeding the final target of 40 billion yen in the medium-term plan.

Promoting DX Strategy

Our medium-term plan positions DX as a **key for accomplishing the greatest transformation** since our founding. Advanced use of data is one of the key strategic themes in the steel business. Data related to our accumulated expertise in manufacturing high-grade steel, measures for aging facilities and data on predictive management are sources of our competitive strength, and various initiatives are underway to deploy this data. In FY2023, the West Japan Works (Kurashiki Area) became the first large-scale integrated steel works to complete the migration of its core system to a cloud environment for shaped steel products. We also promote migration in other steel works, which will ensure the continuity and development of our business by moving away from legacy systems, while the introduction of the latest technologies such as AI will also enable advanced use of accumulated data and know-how. In addition, we have applied digital-twin technology, constituting the core of cyber physical systems (CPS), to coke furnace design. This allowed us to confirm the effectiveness of the mechanism for partially controlling air supply, leading to quantitative results such as reducing fuel consumption by 5% and CO₂ emissions by 6,600 t/year.

In the engineering business, an AI-supported waste incinerator achieved 92 days of fully automated operation, which is part of our initiatives leveraging our Global Remote Center (GRC), a next-generation service base that remotely monitors incineration plants in Japan and overseas.

We plan to invest around 120 billion yen in DX over the four-year period and have already decided to execute over 80% of the total by FY2023. We will implement our DX strategy in a united Group effort to enhance corporate value and provide new added value to society.

Balancing Effective Investment and Financial Soundness

Aggressive management for medium- to long-term growth requires the establishment of a stable financial base. To this end, we must **balance effective investment based on a “select and concentrate” approach to ensure sufficient profitability and financial soundness**. The balance of interest-bearing debt at the end of FY2023 declined by 32.7 billion yen from the previous fiscal year to 1,830.2 billion yen, due in part to 52.0 billion yen in stock issued to overseas subscribers and 62.4 billion yen in disposal of treasury stock. The Debt/EBITDA ratio, which is the financial target of the medium-term plan, was 3.2 times higher, and the D/E ratio was 58.0%, achieving the mid-term plan target of around 70% a year ahead of schedule. We will continue to secure the necessary funding for investments while ensuring financial soundness by reviewing businesses and assets to thoroughly reduce assets and by improving the cash conversion cycle to reduce inventories.

The JFE Group will complete the measures set forth in the medium-term plan to achieve sustainable growth, enhance corporate value over the medium to long term and overcome difficulties by quickly and accurately responding to unpredictable, rapid changes in the business environment.

JFE Group's Performance and Profitability Targets, Dividend Policy, FY2023 Results, and FY2024 Forecast

Performance and profitability targets	Seventh Medium-term Business Plan (final year: FY2024)	FY2023 Results	FY2024 Forecast
Consolidated business profit (excluding steel business inventory valuation difference, etc.)	320.0 billion yen	298.2 billion yen (296.2 billion yen)	260.0 billion yen/year (308.0 billion yen)
Profit attributable to owners of parent	220.0 billion yen	197.4 billion yen	205.0 billion yen
ROE	10%	8.6%	8.1%
Debt/EBITDA	About 3 times	3.2 times	—
D/E ratio	About 70%	58.0%	—

Dividend policy	Seventh Medium-term Business Plan	FY2023 Results	FY2024 Forecast
Payout ratio	About 30%	30.9% (100 yen)	34.1% (110 yen)

Performance and Profitability Targets, FY2023 Results, and FY2024 Forecast for Operating Companies

Performance and profitability targets for operating companies		Seventh Medium-term Business Plan (final year: FY2024)	FY2023 Results	FY2024 Forecast
Steel business	Per-ton profit (excluding inventory valuation difference, etc.)	10,000 yen/tonnes	10,000 yen/tonnes (10,000 yen/tonnes)	8,000 yen/tonnes (10,000 yen/tonnes)
	Segment profit (excluding inventory valuation difference, etc.)	230.0 billion yen	202.7 billion yen (200.7 billion yen)	165.0 billion yen (213.0 billion yen)
Engineering business	Segment profit	35.0 billion yen	24.3 billion yen	20.0 billion yen
	Sales revenue	650.0 billion yen	539.9 billion yen	580.0 billion yen
Trading business	Segment profit	40.0 billion yen	48.9 billion yen	50.0 billion yen

Investment and Asset Downsizing Plans, Cumulative Results up to FY2023

Content		Seventh Medium-term Business Plan (four-year total)	Cumulative Results for FY2021 and FY2023
Investment	Total capital expenditures, investment and loans	Approx. 1,450.0 billion yen	Adopted around 80% of plan
	GX investment*1	Approx. 340.0 billion yen	Adopted around 90% of plan (investments related to offshore wind power-business, expansion in production facility for grain-oriented electromagnetic steel sheets, introduction of electric-arc furnace for stainless steel production, other)
	DX investment*2	Approx. 120.0 billion yen	Adopted more than 80% of plan (system upgrades at steelworks)
Asset downsizing		Approx. 200.0 billion yen	120.0 billion yen

*1 GX investment: Investments for green transformation.

*2 DX investment: Investments for digital transformation.

JFE Group Value Chain

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



Overview of the Value Chain



Procurement

To ensure stable supply of iron ore and coal used as raw materials in the production of steel products, we purchase from various sources around the world such as Australia, South America, etc., and transport materials to the steelworks on a special vessel. Equipment and materials used at steelworks plants are also purchased globally. JFE Steel has established these JFE Steel Procurement Guidelines in accordance with the JFE Group Standards of Conduct and the JFE Group Basic Policy on Human Rights, to enhance sustainability across its entire supply chain. We share these guidelines with our business partners and promote sustainability initiatives throughout our supply chain.

Manufacturing, Production, and Shipping

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

Sales and Usage

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

Collecting Steel Scrap

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

Environment

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

Initiatives to Address Climate Change Issues

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

Opportunities

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

			●	●	●

Risks

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

●	●	●	●	●	●

Key Initiatives

➤ [Initiatives to Address Climate Change Issues](#) (P.52)

Related Pages

➤ [Policy Engagement](#) (P.90) ➤ [Scenario Analysis in Line with the TCFD Recommendations](#) (P.104)

➤ [Development and Provision of Eco-Friendly Processes and Products](#) (P.135)

➤ [Supply Chain Management](#) (P.182) ➤ [Environmental Data](#) (P.235)

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

Realizing a Recycling-Oriented Society

Given that such issues as resource depletion are expected to intensify on a global scale, even as we strive to realize a recycling-oriented society, the JFE Group is enhancing resource recycling through recycling co-products generated in the iron and steelmaking process and promoting the international recycling of steel scrap. Steel manufacturing also requires large quantities of fresh water for cooling and cleansing products and facilities. For this reason, the efficient use of water resources with due consideration to the source of the water and stakeholders in the area is a key challenge.

Opportunities

- Renewed interest in recyclability of steel
- Increased use of scrap
- Expand the scrap distribution business



Risks

- Shortage of disposal sites for waste generated
- Resource depletion
- Declining in the grade, rising price and difficulty of obtaining obsolete scrap
- Increased environmental impact
- Tighter environmental regulations



Key Initiatives

➤ [Realizing a Recycling-Oriented Society](#) (P.115)

Related Pages

➤ [Development and Provision of Eco-Friendly Processes and Products](#) (P.135) ➤ [Environmental Data](#) (P.235)

Preserving Biodiversity

Recognizing that natural capital and biodiversity are foundational for realizing a sustainable society, the JFE Group has endorsed the Declaration of Biodiversity by Keidanren and Action Policy and conducts business in harmony with nature across the world. We particularly recognize the preservation of biodiversity as a key challenge and conduct assessments to minimize the ecological impact associated with our business activities.

Risks

- Risk of drought in the water intake area
- Risk of pollution in the discharge area



Key Initiatives

➤ [Preserving Biodiversity](#) (P.122)

Related Pages

➤ [Development and Provision of Eco-Friendly Processes and Products](#) (P.135) ➤ [Environmental Data](#) (P.235)

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			
Development and Provision of Eco-Friendly Processes and Products					
Under our corporate philosophy of contributing to society with the world's most innovative technology, the JFE Group strives to reduce its environmental impact by developing steel manufacturing processes and providing technologies and products with due consideration for the environment.					
Opportunities - Develop eco-friendly processes and products and ensure competitiveness			●	●	
Risks - Tighter environmental regulations - Increased environmental impact during product use			●	●	●
Key Initiatives ▶ Development and Provision of Eco-Friendly Processes and Products (P.135)					

Social

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal	Machinery			
Human Rights					
The JFE Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to not engage in discrimination in our business activities is clearly expressed in our Standards of Business Conduct, which we have upheld throughout our actions. And we pursue Group-wide initiatives based on the United Nations Guiding Principles on Business and Human Rights.					
Risks - Potential human rights risks	●	●	●	●	●
Key Initiatives ▶ Human Rights (P.166)					
Related Pages ▶ Supply Chain Management (P.182) ▶ Social Data (P.253)					

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

Providing Quality Products and Enhancing Customer Satisfaction

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

Opportunities

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

●	●	●	●	●
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Risks

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

●	●	●	●	●
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Key Initiatives

➤ [Providing Quality Products and Enhancing Customer Satisfaction](#) (P.175)

Related Pages

➤ [Supply Chain Management](#) (P.182) ➤ [Social Data](#) (P.253)

Human Capital

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

Opportunities

- Secure excellent human resources through workstyle reform

		●		
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Risks

- Labor shortage
- Labor risks
- Culture of passing down technical skills is dying out
- Occurrence of accidents, including occupational injuries

●	●	●	●	●
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Key Initiatives

➤ [Human Capital](#) (P.184) ➤ [Diversity and Inclusion](#) (P.193)

➤ [Strengthening Human Resource Development](#) (P.197) ➤ [Creating Work Environments that Motivate Employees](#) (P.199)

Related Pages

➤ [Supply Chain Management](#) (P.182) ➤ [Social Data](#) (P.253)

Governance

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

Compliance

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

Risks

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



Key Initiatives

➤ [Compliance](#) (P.227)

Related Pages

➤ [Supply Chain Management](#) (P.182) ➤ [Governance Data](#) (P.259)

Information Security

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

Risks

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

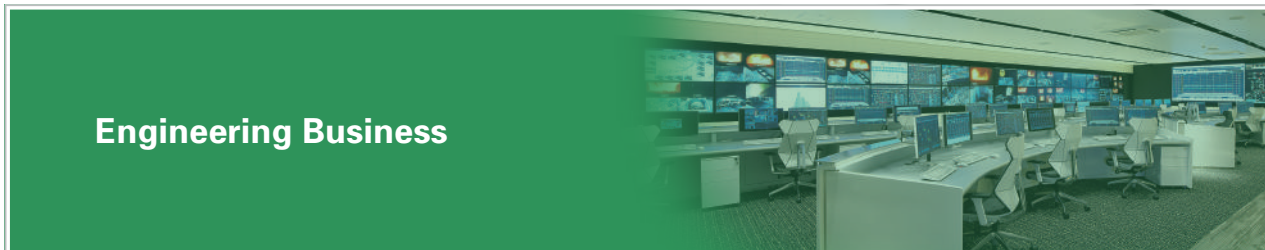


Key Initiatives

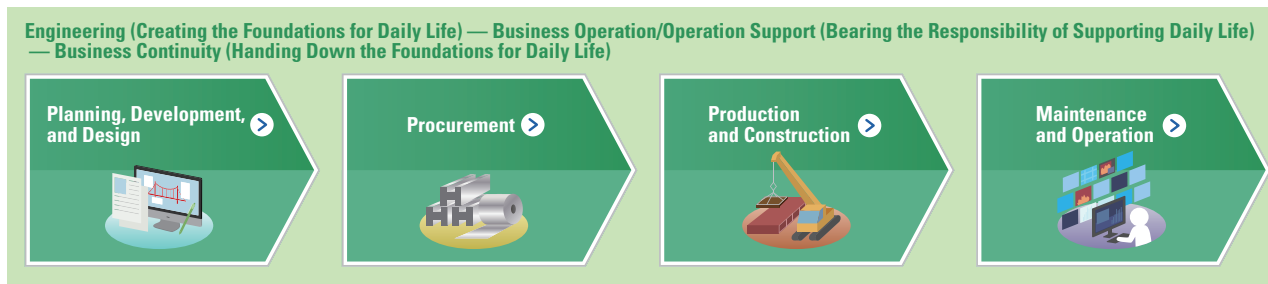
➤ [Risk Management](#) (P.231)

Related Pages

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



Overview of the Value Chain



Engineering (Creating the Foundations for Daily Life)

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

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

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

Business Continuity (Handing Down the Foundations for Daily Life)

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

Environment

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Initiatives to Address Climate Change Issues				
<p>The JFE Group strives to reduce CO₂ emissions in society through its eco-friendly products and technologies, including renewable energy technologies and energy-saving products in its engineering business. The Group designates climate change issue as a material issue of corporate management and is tackling the challenge to solve this issue.</p>				
<p>Opportunities</p> <ul style="list-style-type: none"> - Increased need for renewable energy solutions - Increased demand for CCU*¹/CCS*² facilities - More sophisticated needs in the energy-environment area - Increased response to climate change related disasters (disaster prevention and mitigation, disaster waste processing) - Increased demand for waste to resource technology (food waste power generation) 	●	●	●	●
<p>Risks</p> <ul style="list-style-type: none"> - Supply chain disruptions caused by severer natural disasters - Effects of meteorological disasters - Risk of floods associated with rising sea levels - Tighter environmental regulations 	●	●	●	●
<p>Key Initiatives</p> <ul style="list-style-type: none"> ▶ Initiatives to Address Climate Change Issues (P.52) <p>Related Pages</p> <ul style="list-style-type: none"> ▶ Scenario Analysis in Line with the TCFD Recommendations (P.104) ▶ Development and Provision of Eco-Friendly Processes and Products (P.135) ▶ Supply Chain Management (P.182) ▶ Environmental Data (P.235) 				
Realizing a Recycling-Oriented Society				
<p>Given that issues such as resource depletion and environmental pollution are expected to intensify on a global scale, even as we strive to realize a recycling-oriented society, our resource recycling solutions include operating our own waste recycling and energy supply businesses, in addition to constructing and providing plants for waste incineration and sludge digestion to customers. We also provide total management of water and sewage systems, including maintenance and operations, to secure vital lifelines and are thereby contributing to reducing the negative impact on the water environment.</p>				
<p>Opportunities</p> <ul style="list-style-type: none"> - Increased demand for waste to resource technology (plastics recycling, food waste power generation) - Need for improving operational efficiency and reducing environmental impact 	●	●	●	●

*1 Carbon dioxide capture and utilization

*2 Carbon capture and storage

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Risks - Shortage of disposal sites for waste generated - Prevention of resource depletion - Violation of environmental regulations and laws		●	●	●
Key Initiatives ▶ Realizing a Recycling-Oriented Society (P.115) Related Pages ▶ Development and Provision of Eco-Friendly Processes and Products (P.135) ▶ Environmental Data (P.235)				
Preserving Biodiversity				
Recognizing that natural capital and biodiversity are foundational for realizing a sustainable society, the JFE Group has endorsed the Declaration of Biodiversity by Keidanren and Action Policy and conducts business in harmony with nature across the world. We particularly recognize the preservation of biodiversity as a key challenge and conduct assessments to minimize the ecological impact associated with our business activities.				
Risks - Risk of drought in the water intake area, risk of pollution in the discharge area		●	●	●
Key Initiatives ▶ Preserving Biodiversity (P.122) Related Pages ▶ Development and Provision of Eco-Friendly Processes and Products (P.135) ▶ Environmental Data (P.235)				
Development and Provision of Eco-Friendly Processes and Products				
Under its corporate philosophy of contributing to society with the world's most innovative technology, the JFE Group will contribute to meeting social challenges related to reducing environmental impact through business operations that focus on the environment and recycling fields as growth sectors.				
Opportunities - Need for improving operational efficiency and reducing environmental impact - Need for cost reduction and energy saving	●		●	●
Key Initiatives ▶ Development and Provision of Eco-Friendly Processes and Products (P.135)				

Social

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Human Rights				
<p>The JFE Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to not engage in discrimination in our business activities is clearly expressed in our Standards of Business Conduct, which we have upheld throughout our actions. And we pursue Group-wide initiatives based on the United Nations Guiding Principles on Business and Human Rights.</p>				
Risks - Potential human rights risks	●	●	●	●
Key Initiatives ▶ Human Rights (P.166)				
Related Pages ▶ Supply Chain Management (P.182) ▶ Social Data (P.253)				
Providing Quality Products and Enhancing Customer Satisfaction				
<p>The JFE Group has developed a global engineering system encompassing one of the largest steel structure production factories in Japan, overseas bases centered on Asian countries, and global engineering structures. We intend to maximize customer satisfaction by complying with the Group-wide quality policy, providing high-quality products and services, and reinforcing our after-sales service system.</p>				
Opportunities - Expansion of sustainable procurement and development of a structure for stable procurement - Implement requested functions - Need for cost reduction and energy saving - Expand the business scale through privatization of public services	●	●	●	●
Risks - Lose credibility with customers due to issues related to production and quality	●			●
Key Initiatives ▶ Providing Quality Products and Enhancing Customer Satisfaction (P.175)				
Related Pages ▶ Social Data (P.253)				

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Human Capital				
<p>The JFE Group intends to establish its position as a company that is essential to the sustainable development of society while also creating safe, comfortable lives for people everywhere. So that it can continue to enhance corporate value under an increasingly complex and rapidly changing business environment, each and every employee must be able to provide support. We established the JFE Group's Basic Policy on Human Resource Management and the JFE Group Health Declaration and are working on measures to maximize the abilities and vitality of our employees by investing in human capital.</p>				
<p>Opportunities</p> <ul style="list-style-type: none"> - Maximize human capital through physical and mental health - Saving labor through new technology - Need for remote monitoring and automation due to a lack of human resources 	●	●	●	●
<p>Risks</p> <ul style="list-style-type: none"> - Occurrence of accidents, including occupational injuries - Disruptions to the supply chain caused by COVID-19 - Labor shortage - Labor risks - Culture of passing down technical skills is dying out 	●	●	●	●
<p>Key Initiatives</p> <ul style="list-style-type: none"> ▶ Human Capital (P.184) ▶ Occupational Health and Safety (P.186) ▶ Diversity and Inclusion (P.193) ▶ Strengthening Human Resource Development (P.197) ▶ Creating Work Environments that Motivate Employees (P.199) <p>Related Pages</p> <ul style="list-style-type: none"> ▶ Supply Chain Management (P.182) ▶ Social Data (P.253) 				

Governance

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Compliance				
<p>In expanding our businesses in and outside of Japan, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of ensuring thorough compliance. It is therefore extremely important to conduct training on corruption prevention and other compliance training, so that all members of the organization can deepen their knowledge and awareness of compliance and perform their jobs accordingly.</p>				
Risks - Legal risks such as violations of antitrust law or competition law		●		●
Key Initiatives ▶ Compliance (P.227)				
Related Pages ▶ Supply Chain Management (P.182) ▶ Governance Data (P.259)				
Information Security				
<p>The JFE Group formulates various rules on information security management to prevent information leakage and system failure due to cyber-attack or improper system use and continually raise the level of its information security management.</p>				
Risks - Information leakage and system failure due to cyber-attack or improper system use	●	●	●	●
Key Initiatives ▶ Risk Management (P.231)				
Related Pages ▶ Governance Data (P.259) ▶ DX REPORT (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html)				

Stakeholder Engagement

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

JFE Group Standards of Business Conduct

2 Be open to society

Proactively disclose corporate information and engage in constructive dialogues with diverse stakeholders to enhance our corporate value.

Engagement with Stakeholders

Engagement with JFE's Major Stakeholders

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Scale, etc.	Ordinary general meeting of shareholders	1	Approx. 230,000 shareholders
	Individual meetings, primarily with institutional investors and securities analysts	In Japan: 54 companies (181 meetings) Overseas: 86 companies (150 meetings)	
	Meetings with shareholders, primarily ESG managers or those with voting rights at institutional investors	In Japan: 25 companies (44 meetings) Overseas: 18 companies (25 meetings)	
	Investor meetings and ESG Briefings for analysts and persons responsible for ESG	5	Approx. 1,100 persons in total
	Web-based briefings for individual investors	Over 2,000 views	
	Business site and plant tours for individual shareholders	14	Approx. 1,900 persons
	Newsletters (JFE Dayori)	2 (mid-year and year-end)	Approx. 300,000 copies per issue
	Various reports, including integrated reports and sustainability reports*1	1	Approx. 23,000 copies
	Information via websites, etc., for shareholders and investors	As needed	
Customers	Communication through sales activities and sales support for quality assurance	As needed	Conducted at each operating company
	Interviews and questionnaires, such as those related to customer satisfaction	As needed	Conducted at each operating company
	Information via websites (product information), etc.	As needed	
Suppliers	Communication through purchasing activities	As needed	Conducted at each operating company
	Briefings and exchanges of opinion	As needed	Conducted at each operating company
	Information disclosure and other communication through the website	As needed	

Stakeholder	Major Communication Methods, etc.	Others	
		Frequency (per year)	Scale, etc.
Employees	Communications through daily operations and in the workplace	As needed	
	Internal newsletters and intranet	As needed	
	Various labor-management committees	2 to 4	Management and labor unions at each operating company
	Corporate Ethics Hotline	As needed	FY2023: 134 cases
	Various training sessions	As needed	Position-specific, compliance, human rights, etc.
	Family days*1 (visits by employee families, lunch at employees' cafeteria), etc.	As needed	Conducted at each operating company
	Corporate Ethics Awareness Survey	Once every 3 years (once every 2 years starting in FY2024)	Conducted at JFE Holdings and operating companies
	Engagement Survey (employee satisfaction survey)*2	1	Conducted at JFE Holdings and operating companies
	Management feedback (360 degree analysis)*3	1	Conducted at JFE Holdings and JFE Steel, and JFE Engineering
Local communities	Communication through local residents' association, events, etc.	As needed	
	Events at manufacturing bases (festivals, etc.)	1 per region	Approx. 170,000 persons per year
	Plant tours	As needed	More than 80,000 persons per year
	Cleanup activities (vicinity of manufacturing bases, regional cleaning, etc.)	As needed	
	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	
	Others (dispatch of lecturers to elementary schools, craft workshops, workplace experience events, etc.)	As needed	
	Information via websites (environmental info, etc.)	As needed	
	Social contribution through JFE 21st Century Foundation (http://www.jfe-21st-cf.or.jp/eng/index.html) (various research support, regional activity support, etc.)	As needed	

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

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

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

Engaging Our Shareholders and Investors

We work to disclose information accurately, fairly and in a timely and appropriate manner as well as strive for active communication.

We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and to promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.

Returns to Shareholders

The JFE Group regards returning profits to shareholders as a top management concern and follows the basic policy of actively paying dividends while establishing a sustainable and highly profitable structure for the Group as a whole, investing in growth, and improving its financial position. The Group's basic policy under the Seventh Medium-term Business Plan is to achieve a payout ratio of about 30%.

General Meetings of Shareholders

General meetings of shareholders are opportunities for dialogue with shareholders, so JFE sends invitations at the earliest possible date to maximize attendance and avoid overlapping with the shareholder meetings of other companies. The company has been posting an invitation on its website at the earliest possible date while allowing online voting for shareholders who are unable to attend. JFE also strives to provide the same information to overseas investors as it does in Japan by, for example, disclosing the convocation notice in English.

For more information on the General Meetings of Shareholders, please refer to the following.

▶ [General Meetings of Shareholders](https://www.jfe-holdings.co.jp/en/investor/stock/general_meeting/index.html) (https://www.jfe-holdings.co.jp/en/investor/stock/general_meeting/index.html)

Policy on Constructive Dialogue with Shareholders and Investors

The JFE Group endeavors to enhance corporate value sustainably through dialogues with shareholders and investors, and it has established the Investor Relations and Corporate Communications Department to be responsible for promoting such constructive dialogue. The director supervising the department and director in charge are also responsible for promoting constructive dialogues with shareholders and investors, and the department takes the lead in ensuring organic collaboration between relevant departments by appropriately sharing information.

To promote active dialogue, JFE holds various briefings for institutional investors, including announcements of medium-term business plans and financial results by executive directors, and also arranges for visits to investors in Japan and overseas. With regard to individual shareholders and investors, JFE organizes briefings on corporate activity and tours of plants and other sites. Opinions, questions, and other information obtained through these dialogues are regularly collected and reported to directors, Audit & Supervisory Board members, and corporate officers.

In conducting the dialogues, JFE prevents any leaks of insider information and ensures fair disclosure by adhering to its disclosure policy. In addition, important press releases and IR materials are disclosed in English to provide the same information to overseas investors as to those in Japan.

For more on this, please refer to the following information.

▶ [Investor information](https://www.jfe-holdings.co.jp/en/investor/index.html) (https://www.jfe-holdings.co.jp/en/investor/index.html)

▶ [Plant tours \(special benefit for shareholders\) \(Japanese only\)](https://www.jfe-holdings.co.jp/en/investor/stock/factory_tour/index.html) (https://www.jfe-holdings.co.jp/en/investor/stock/factory_tour/index.html)

▶ [Disclosure policy](https://www.jfe-holdings.co.jp/en/investor/management/disclosure-policy/index.html) (https://www.jfe-holdings.co.jp/en/investor/management/disclosure-policy/index.html)

Engaging Our Customers

The Group believes that the stable supply of products and services and reliable quality assurance, along with advancing research and development, are necessary to meet customer needs.

We will work to establish win-win relationships by continuously meeting customer needs and the trust they place in us.

For more on this, please refer to the following information.

▶ [Provide Quality Products and Enhance Customer Satisfaction](#) (P.175)

Engaging Our Suppliers

As a key business partner, we actively promote sustainability initiatives in cooperation with suppliers. We have established a basic purchasing (procurement) policy to promote fair and honest procurement activities and build sound relationships with suppliers.

For more on this, please refer to the following information.

▶ [Supply Chain Management](#) (P.182)

Engaging Our Employees

With the recognition of top management that creating workplaces to provide pride and satisfaction for all is essential for maximizing the potential of individuals, we have formulated the Basic Policy on Human Resource Management and Health Declaration and are conducting various activities toward attaining the goals.

For more on this, please refer to the following information.

▶ [Human Capital](#) (P.184)

Engaging the Local Community

To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial.

We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.

For more on this, please refer to the following information.

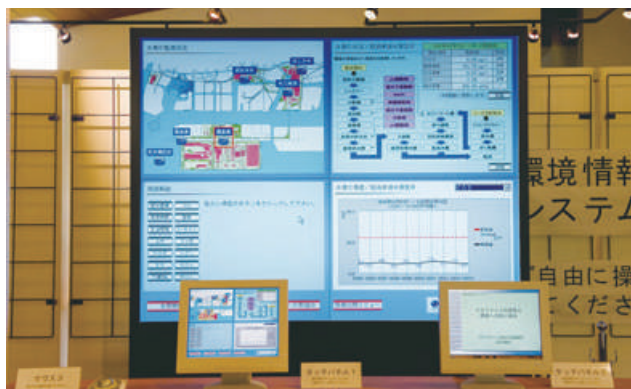
▶ [Community](#) (P.204)

Environmental Communication

The JFE Group gives utmost priority to communicating with all stakeholders, including in matters relating to the environment. In addition to disclosing environmental information, the Group carries out extensive two-way communication between the public and the business community by supporting and participating in environment-related activities outside the Group.

Disclosing Environmental Data

The East Japan Works of JFE Steel discloses real time environmental data on local air and water quality. Visitors can review this information in the first-floor lobby of the Visitor Center in the Chiba District and in the Amenity Hall and the first-floor lobby of the Keihin Building in the Keihin District.



Environmental data display in the Keihin District

Environmental data display in the Keihin District

Commercial Video and Special Website about JFE

We created a commercial video and special website featuring the JFE Group's initiatives for a sustainable future to bring the Group closer to stakeholders. The video and website are titled "Sus-tetsu-nable!" with the word "tetsu" meaning iron inserted into the word "sustainable." We hope that the video and website will help the public better understand iron as an essential element for social infrastructure and recognize the Group's efforts as an indispensable member of society.

▶ [Special website "Sus-tetsu-nable!" \(Japanese Only\)](https://www.jfe-holdings.co.jp/sus-tetsu-nable/) (<https://www.jfe-holdings.co.jp/sus-tetsu-nable/>)

ecobeing Environmental Website

The JFE Group provides support to ecobeing, a web magazine operated by KLEE INC., which disseminates information on the environment under the slogan, "Let's talk more with the Earth!" The website series, ecopeople, has featured people from a variety of fields and also introduced JFE Group employees and initiatives. In 2022, the magazine covered JFE Steel's BETTER RECYCLE Shonan, featuring the project for addressing plastic pollution by increasing the application of steel sheets for can-making along with those involved in the project in and outside the company, among other environmental initiatives beyond the JFE Group. By supporting this website magazine from an objective standpoint, the JFE Group seeks to help stimulate public discussion and awareness about ESG and the SDGs.

Please see the following for further details.

- ▶ [ecobeing \(Japanese only\)](https://www.ecobeing.net/) (https://www.ecobeing.net/)
- ▶ [BETTER RECYCLE Shonan \(Japanese only\)](https://www.ecobeing.net/ecopeople/2022_summer/04.html) (https://www.ecobeing.net/ecopeople/2022_summer/04.html)

Sponsoring Midori no Komichi Environmental Diary

The JFE Group sponsors the Midori no Komichi (Green Trail) environmental diary project hosted by Green Cross Japan with the hope that children will become more aware of environmental issues by keeping diaries of their activities and thoughts about ecology.

Please see the following for further details.

- ▶ [Midori no Komichi Environmental Diary \(Japanese only\)](https://www.midorinokomichi.net/) (https://www.midorinokomichi.net/)

Participation in Environmental Exhibitions Such as EcoPro2023 and Tokyo Bay Festival 2023

The JFE Group's business activities for protecting the environment have been presented at various environmental exhibitions. In December 2023, the JFE Group participated in one of the largest environmental exhibitions in Japan, EcoPro2023, held at Tokyo Big Sight. Under the theme, "For a Prosperous Global Future—the JFE Group Collective Efforts to Address Climate Change," we displayed our initiatives for reducing CO₂ emissions in the steel business as well as technologies, mainly in engineering, that help reduce emissions across all of society. Many people, predominantly elementary and junior high school students, visited our booth to observe the Group's climate change initiatives by participating in VR-based plant tours and using models to gain hands-on experience.

In 2023, J Bio Food Recycle Corporation, a Group company of JFE Engineering, received the Minister of Agriculture, Forestry and Fisheries Award at the FY2023 6th Eco Pro Awards sponsored by the Sustainable Management Promotion Organization (SuMPO) for its project, "Food Recycling System with a Double-Recycling Loop – Creating a Regional Circular and Ecological Sphere with Electricity and Fertilizer," and the award ceremony was held at EcoPro2023.

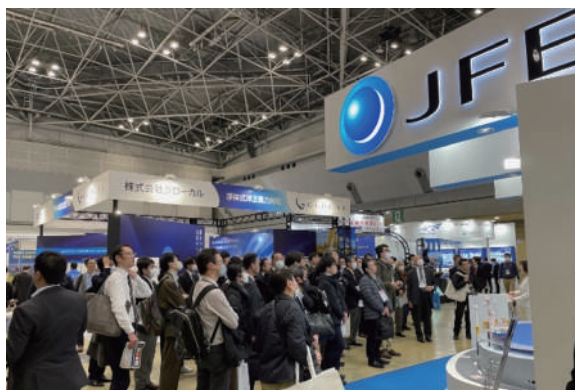


The JFE Group's booth at EcoPro2023



The event drew many children as well as adults

The JFE Group's eight companies jointly participated in the WIND EXPO at Tokyo Big Sight in February 2024. The WIND EXPO is one of the Smart Energy Week expos, a set of simultaneous expositions about seven new energy fields, and Japan's largest wind energy exposition. This year, we conveyed the JFE Group's ability to generate synergies and provide new added value through collaboration. We also introduced JFE Engineering's manufacturing plant for monopiles through a dynamic video taken by a drone, showing the inside of the plant, just before it began operations. This joint exhibit deepened our relationships with a wide range of visitors. We will continue to encourage efforts in the offshore wind power generation business and win more orders.



JFE Group's booth at WIND EXPO

In October 2023, JFE Steel took part in Tokyo Bay Festival 2023, an event held in Yokohama City to appreciate the bounty of Tokyo Bay, and presented the company's involvement in the regeneration of the marine environment and contribution to biodiversity through its steel slag products. The event offered a great opportunity for the company to showcase to the many visitors how its products contribute to the SDGs.



JFE Steel's booth at Tokyo Bay Festival 2023