

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.

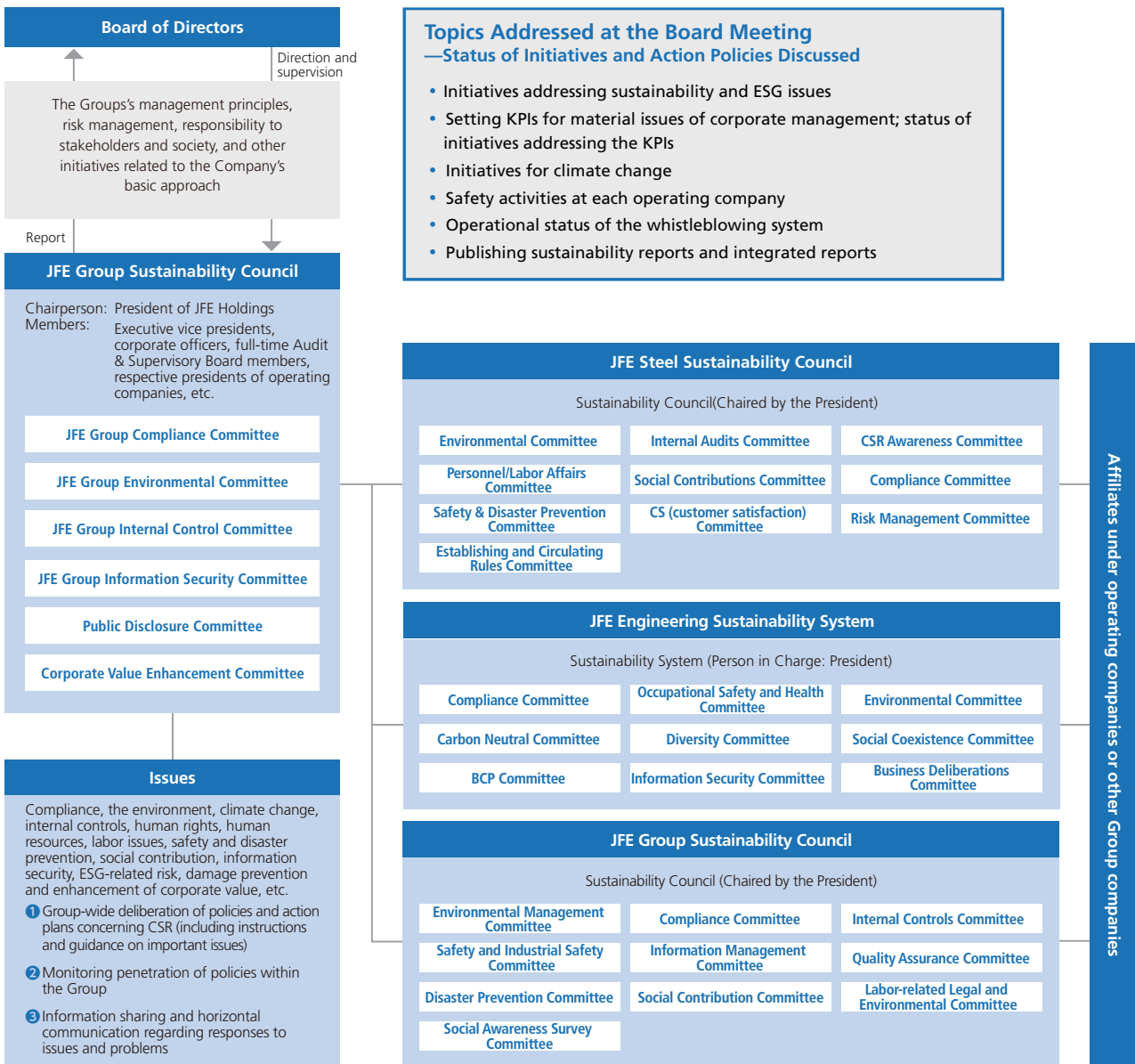
Activities of the Group Sustainability Council

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)

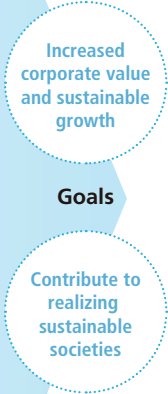
Contribution to the Sustainable Development Goals (SDGs)

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

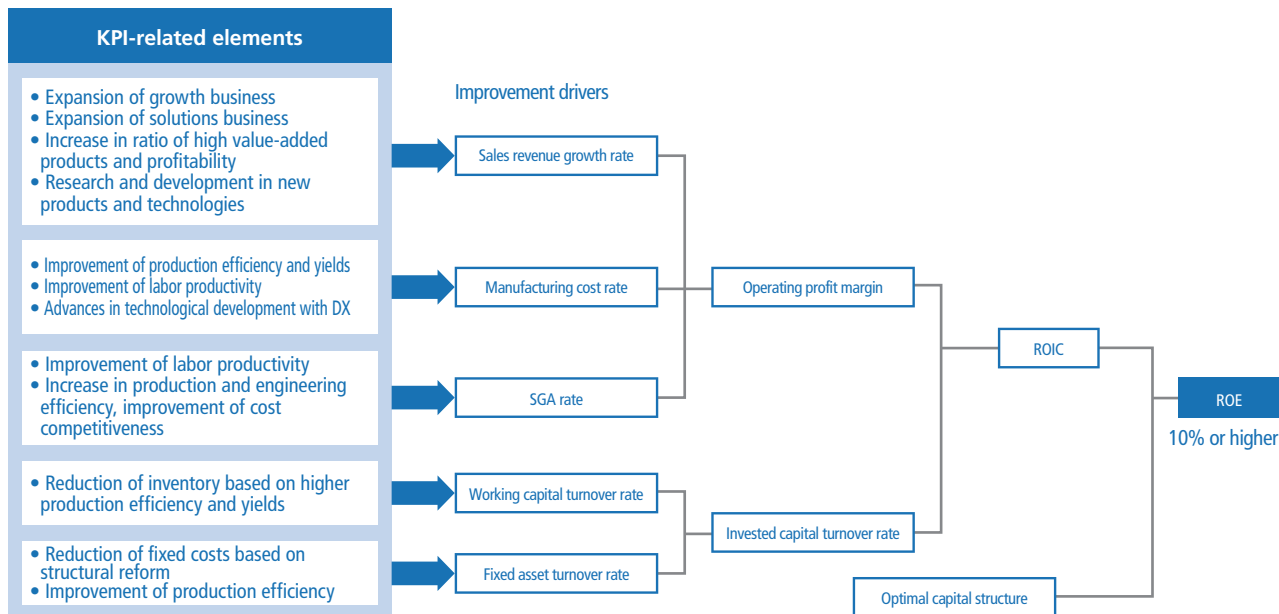
We assessed the performance of KPIs for FY2023 that were established to address material issues of corporate management identified in FY2021 and established KPIs for FY2024 based on the results of the evaluation and third-party opinions. FY2023 performance and KPIs for FY2024 were finalized following 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).
Qualitative	Fully accomplished with significant results.	Partly accomplished with some results.	Working toward the goal but no results yet.

* 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	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
			<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 through the procurement of electricity derived from renewable energy FY2023 domestic CO₂ emissions: Reduce by 20% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)
Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	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.
			<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
		E N	<ul style="list-style-type: none"> Global resource recycling of steel scrap FY2020 (FY2024 target: +5% from FY2020) 	<ul style="list-style-type: none"> Global resource recycling of steel scrap 5% reduction from FY2020 	×	<ul style="list-style-type: none"> Global resource recycling of steel scrap FY2024 scrap transactions: +5% from FY2020
			<ul style="list-style-type: none"> Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel 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"> Created system for expansion and reliable supply of fuel for biomass power plants Handling volume: +110% compared with FY2020 Expanded new suppliers 	○	<ul style="list-style-type: none"> Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel 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</p> <p>(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>
		ST	<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) 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>	<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, curing openings in high locations and edges of work floor, install handrails, ensure on-site understanding of work plans, and cover/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
		SH	<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) Cranes 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>
		Groupwide	<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%</p> <p>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>
		Groupwide	<p>2. Women in managerial positions</p> <p>Groupwide 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>3. Rate of male employees taking childcare leave or time off related to child-rearing</p> <p>Groupwide childcare leave or time off related to child-rearing</p>		<p>2. Women in managerial positions</p> <p>Groupwide 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 Kashi 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 Kashi district in September 2023	○	1. Improvement in 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)	○	• Increase the efficiency of engineering operations by introducing DX technologies AI and big data analysis engineers utilizing Pia'cello*: 2,400 * Pia'cello: Proprietary data analysis platform using AI
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: 83.5% introduction rate in FY2024 (100% in FY2025)	○	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)
		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	○	2. Strengthen manufacturing infrastructure using DX Companywide CPS installation rate: 80% or more
		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%) (same as FY2022 levels) 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	<p>1. 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</p> <p>2. High-value-added product sales volume ratio in FY2023: 48%</p> <p>3. Aiming to triple revenue in solution business by FY2024 (compared with FY2020 levels)</p> <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 	<p>1. 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</p> <p>2. FY2023 sales ratio of high-value-added products: 50%</p> <p>3. 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</p>	<p>○</p>	<p>1. 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</p> <p>2. Increase sales ratio of high-value-added products FY2024 high-value-added product sales ratio: 50%</p> <p>3. Expand the solution business</p> <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	<p>1. 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</p> <p>2. Number of patent applications: 80 or more per year</p> <ul style="list-style-type: none"> 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) <p>Expand the stable earnings base Expand the operating businesses</p> <ul style="list-style-type: none"> Sales: ¥260 billion Base expansion: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.), regional electricity retail new power business, and waste processing business <p>• 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</p>	<p>1. R&D expense ratio in the four priority fields: 86%</p> <p>2. Number of patent applications: 100 per year</p> <ul style="list-style-type: none"> 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) <p>• Sales of operating businesses: ¥262.3 billion</p> <ul style="list-style-type: none"> New bases: 6 bases 4 recycling businesses, 2 waste treatment <p>• Investments to improve value added in supply chain: 5 per year per year</p>	<p>○</p>
Thoroughly enforce compliance	Ensure adherence to corporate ethical standards and compliance	Groupwide	<p>1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)</p> <p>2. Improve employee awareness of ethics reflected in the Corporate Ethics Awareness Survey</p>	<p>1. Participation rate: 100% (rank-based compliance training, training on different laws and regulations, etc.)</p> <p>2. Addressed issues identified in the FY2022 Corporate Ethics Awareness Survey</p> <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 	<p>○</p>	<p>1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)</p> <p>2. Affirmative response rate of 75% or higher to questions related to compliance awareness in the Corporate Ethics Awareness Survey</p>
			Basis of activity	<p>1. 100% attendance from the target audience for human rights awareness training</p> <p>2. Implement human rights due diligence</p>	<p>1. Participation rate: 100%</p> <p>2. Conducted human rights due diligence Promoted the following initiatives to ensure respect for human rights throughout the supply chain: [Created a human rights risk management system for suppliers] [Created a human rights risk survey using the CSR Procurement Self-Assessment Tool of Global Compact Network Japan for approximately 400 high-priority suppliers, including those in countries with a high risk of human rights violations] [Expanded human rights due diligence to Group companies] • In FY2023, conducted human rights risk surveys at approximately 100 major domestic Group companies with considerable exposure to human rights risks in terms of revenue size</p>	<p>○</p>