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 become an organization that is highly regarded by society by striving to play an indispensable role in supporting people's daily lives, driving sustainable development and ensuring safe, comfortable lives for all. In addition to our initiatives on environmental sustainability, we will also focus strongly on promoting our human resources strategy and human capital management to achieve sustainable growth and enhance corporate value.

JFE Vision 2035—JFE Group's Aspirations for 2035

Given our goal of achieving carbon neutrality by 2050, 2035 will be a very important year. By this time we should have completed developing and started implementing our carbon-neutral technologies in a full-scale transformation of our business processes. We have determined the following aspirations for 2035 in response to stakeholder concerns over the steel industry's ability to meet the technological and financial challenges to achieving carbon neutrality and whether JFE will be capable of sustainable growth in the face of intensifying competition across all fronts.

Become the leader in carbon neutrality (CN) technology development	Expand consolidated business profit (Segment profit: ¥700 billion)
• Complete development of ultra-innovative process conversion technology • Provide strong technological capabilities and a diverse eco-product lineup to help conserve the global environment • Become the main player in the high-quality green steel market	• Streamlined yet resilient domestic structure based on growth strategies − Create technologies and nurture talent that drive our competitive advantage − Deepen our shift from quantity to quality, and reorganize and integrate each business • Growth through the expansion of business in overseas growth regions "from the inside" − Collaborate with top-tier partners and pursue M&A

JFE Group Sustainability System

The Group established the JFE Group Sustainability Council, chaired by the president of JFE Holdings and comprised of the Executive Vice President (director), full-time Audit & Supervisory Board members, Corporate Officers, 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 also been established under the council, including the JFE Group Compliance Committee, the JFE Group Environmental Committee, the JFE Group Internal Control Committee, the JFE Group Information Security Committee, the Public Disclosure Committee, and the 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.

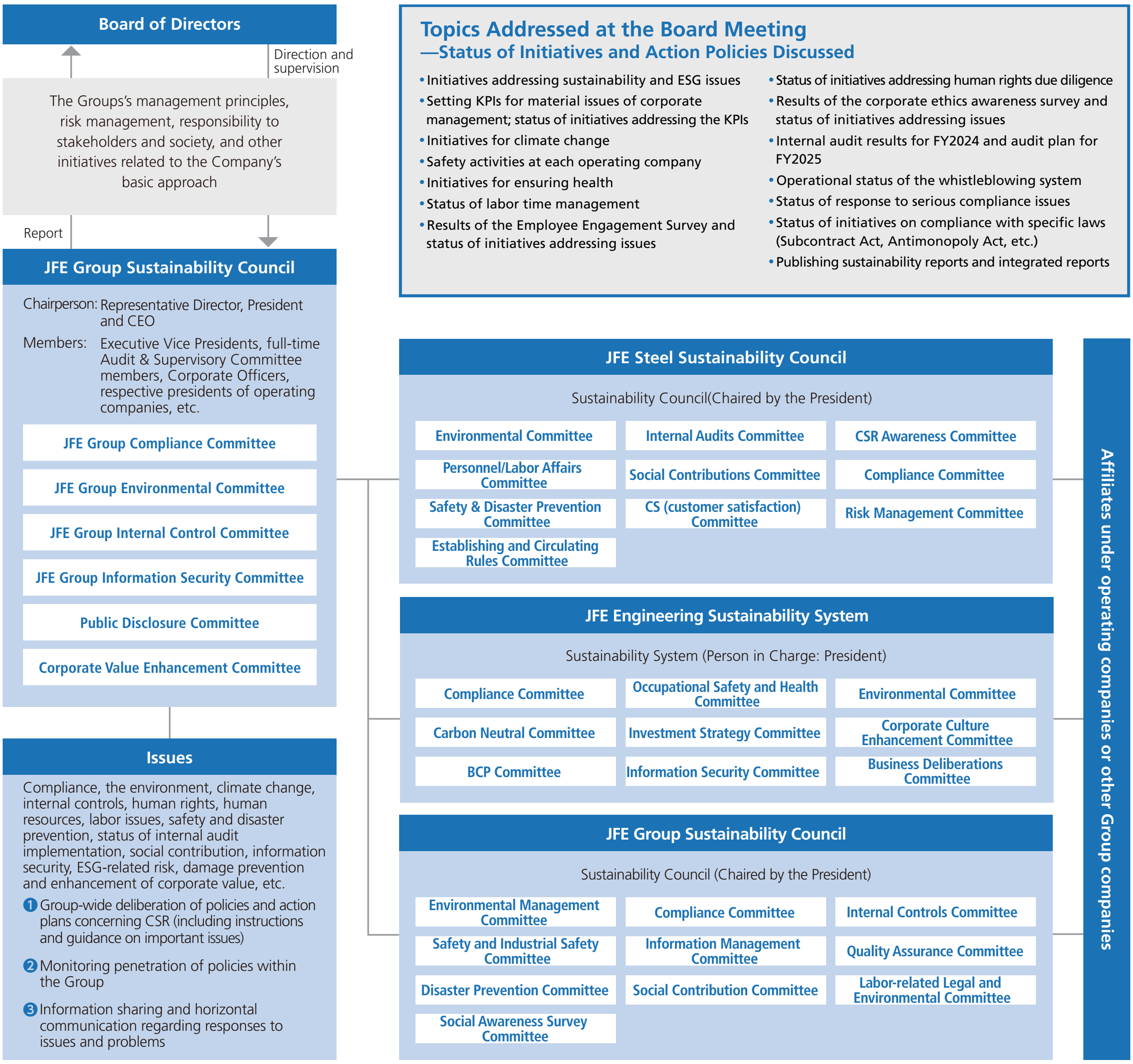
Activities of the Group Sustainability Council

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 Groupwide initiatives from the perspective of preventing damage to the JFE Group's corporate value and enhancing that value. JFE Steel, JFE Engineering, and JFE Shoji are also working to achieve sustainability through the establishment of committees in areas such as compliance, the environment, safety, and disaster prevention.

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 (twice a year starting 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 FY2024 confirmed that most employees had a good understanding of the Group's Corporate vision and standards of business conduct, as well as the laws, regulations, and rules related to their work, and that the JFE Group's Basic Policy on Preventing Bribery of Public Officials and the Guidelines for entertainment and gifts were being adhered to at workplaces. However, while we confirmed that employees are carrying out their work with a high awareness of compliance, the survey also brought to our attention issues to address going forward. The results of the corporate ethics awareness survey and relevant policies were reported at the JFE Group Sustainability Council and Board of Directors meeting in fiscal 2025. Each Group company will continue to implement specific initiatives under the supervision of the JFE Group Sustainability Council and Board of Directors.

During the formulation of the Eighth Medium-Term Business Plan, JFE Holdings' Board of Directors confirmed that the Group's Corporate Vision and Standards of Business Conduct remain the unchanging philosophy and unifying force of the JFE Group, 22 years after its founding.

Risk Management

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Policy to Establish the 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.

Group Sustainability Strategy

Formulating the Eighth Medium-Term Business Plan and Revising the Material Issues of Corporate Management

The Eighth Medium-Term Business Plan (FY2025–FY2027) covering the next three years was formulated by backcasting from our JFE Vision 2035, which targets the year 2035. Achieving progress toward the JFE 'Group's aspirations under this challenging environment will require a greater-than-ever resolve to implement our growth strategy centered on realizing a resilient, streamlined domestic production structure based on a product portfolio that leverages the JFE Group's strengths, and a business expansion strategy including aggressive investment in overseas growth fields and regions.

We will continue to position climate change as a top-priority business issue and follow the JFE Group Environmental Vision for 2050 to address the issue. Under the Vision, we promote activities for reducing CO_2 emissions at JFE Steel and for society as a whole, while also 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. In formulating the Eighth Medium-Term Business Plan, we also revised the material issues of our corporate management.

Refer to the following on details of the Eighth Medium-Term Business Plan.

> JFE Group Long-term Vision "JFE Vision 2035" and Eighth Medium-Term Business Plan
(https://www.jfe-holdings.co.jp/en/investor/management/plan/)

Material Issues of Corporate Management

JFE Group's Materiality under the Eighth Medium-Term Business Plan

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.

Under the Eighth Medium-Term Business Plan, we identified issues requiring special attention over the next three years for realizing the JFE Vision 2035, while also taking into consideration the issues we have been addressing to date. The issues were extracted from the perspectives of developing a business foundation for sustainable growth and pursuing a growth strategy for achieving the vision. Following a materiality assessment, we identified our material issues of corporate management (16 issues in 6 focus areas).

Areas of Focus	Material Issues
Address climate change issues	(1) Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society
Contribute to the transition to a circular economy	(2) Promote initiatives for realizing a circular economy
Acquire robust profitability	(3) Steel Business: Improve sales and manufacturing capabilities, expand and advance business areas
	(4) Engineering Business: Improve profitability and competitiveness, promote investment in growth areas
	(5) Trading Business: Revitalize the management foundation, advance insider status in overseas growth markets
Ensure occupational safety and health for employees	(6) Prevent workplace accidents
	(7) Promote health and productivity management
Promote human capital management	(8) Improve work engagement
	(9) Promote diversity, equity and inclusion (DEI)
	(10) Promote talent acquisition and development
Minimize risks to the business foundation	(11) Respect the human rights of each person involved in our business
	(12) Ensure adherence to corporate ethical standards and compliance
	(13) Provide appropriate quality assurance
	(14) Improve the level of information security
	(15) Coexist with local communities, society, and nature
	(16) Maintain a sound financial structure

Process for Identifying Material Issues of Corporate Management

During past updates to our medium-term business plans, we have also reevaluated our material issues of corporate management. This time, as we formulated the Eighth Medium-Term Business Plan, we also determined our key material issues through the following process.

STEP 1 Reevaluate material issues of corporate management under the Seventh Medium-Term Business Plan

We reevaluated our material issues of corporate management under the plan, along with the implementation and results of KPIs set for each materiality.

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/common/pdf/sustainability/data/2020/csr_2020_j.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)

STEP 2 Extract candidates for material issues

We formulated a long-term vision targeting 2035 and extracted 28 candidate items for material issues under the Plan from the perspectives of developing a business base for sustainable growth and pursuing a growth strategy for achieving the vision.

- Prevent workplace accidents
- Preserve environmental air and water quality
- Promote health and productivity management
- Reduce disaster risks at production sites
- Respect the human rights of each person involved in our business
- Address aging social infrastructure
- Ensure adherence to corporate ethical standards and compliance
- Ensure employee safety during emergencies
- Provide appropriate quality assurance
- Address economic security risks
- Raise level of information security
- Implement measures for natural and other disasters
- Coexist with local communities, society and nature
- Appropriately disclose information
- Maintain sound financial structure
- Return profits to stakeholders
- Reduce the JFE Group's CO_2 emissions and contribute to reducing CO_2 emissions across society
- Widely provide products and services to society by expanding and advancing business areas
- Improve work engagement
- Sustainable manufacturing based on improvement in sales and manufacturing capabilities
- Promote diversity, equity and inclusion (DEI)
- Realize the scope of profits to ensure sustainable growth
- Promote talent acquisition and development
- Expand business through ongoing investment in operating businesses
- Promote initiatives for realizing a circular economy
- Improve operational efficiency and productivity through digital technology
- Improve the competitiveness of products and services through DX
- Balance trade and business profit

STEP 3 Narrow down material issues

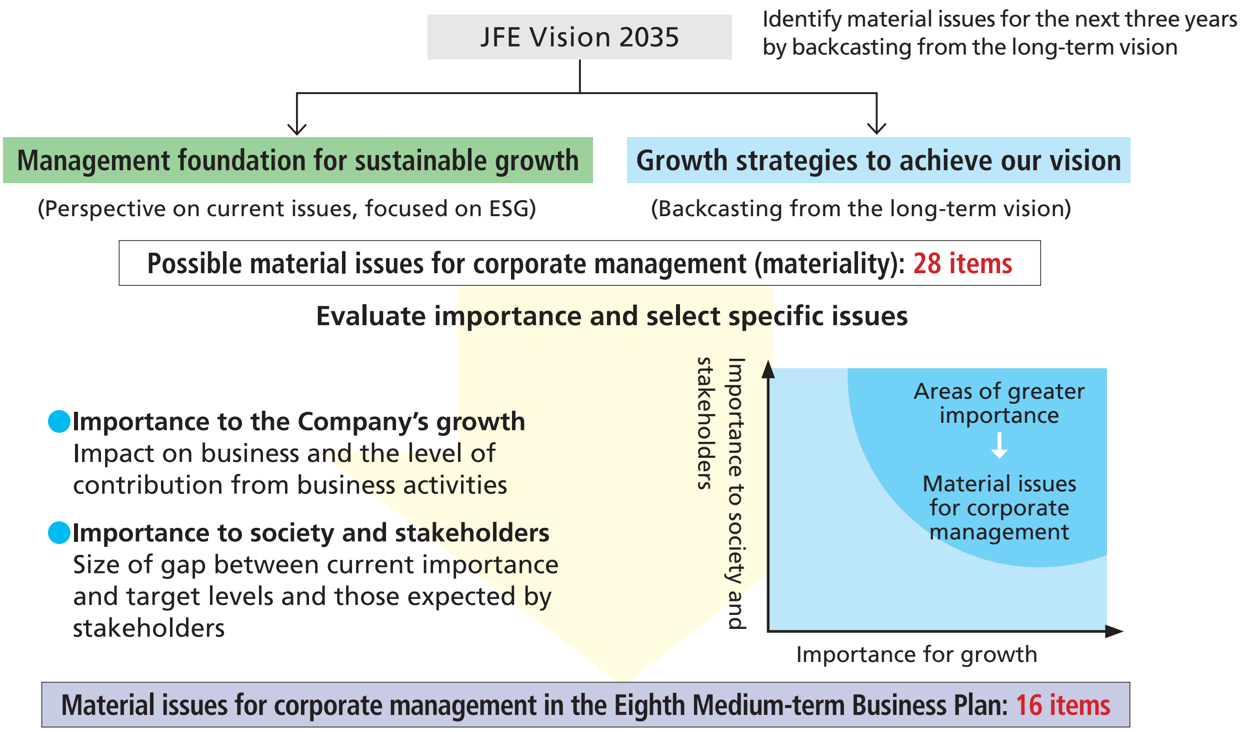
We evaluated the extracted issues in terms of their materiality to the JFE Group's growth and to society and stakeholders and identified the 16 material issues of corporate management under the Eighth Medium-Term Business Plan.

- Prevent workplace accidents
- Promote health and productivity management
- Respect the human rights of each person involved in our business
- Ensure adherence to corporate ethical standards and compliance
- Provide appropriate quality assurance
- Improve the level of information security
- Coexist with local communities, society, and nature
- Maintain a sound financial structure
- Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society
- Improve work engagement
- Promote diversity, equity and inclusion (DEI)
- Promote talent acquisition and development
- Promote initiatives for realizing a circular economy
- Steel Business: Improve sales and manufacturing capabilities, expand and advance business areas
- Engineering Business: Improve profitability and competitiveness, promote investment in growth areas
- Trading Business: Revitalize the management foundation, advance insider status in overseas growth markets

STEP 4 Determine aspirations and targets

We set the targets and aspirations for each identified material issue, together with KPIs as management indicators for achieving them. With regard to these material issues, we conduct an annual materiality assessment that includes reviewing the status of KPI achievement and performance, in addition to a reevaluation during the formulation of the medium-term business plan.

Material Issues for Corporate Management: Review Process



Initiatives to adress Material Issues of Corporate Management

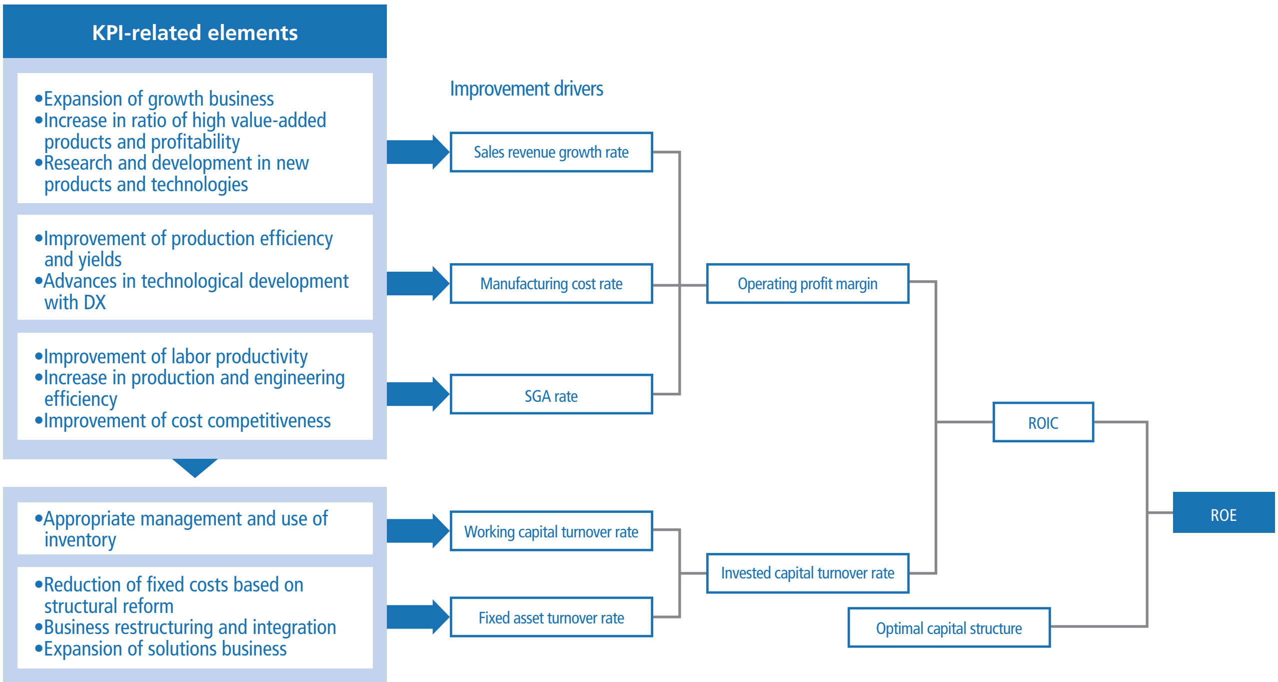
Performance Evaluation for FY2024 KPIs and Establishment of FY2025 KPIs

We assessed the performance of KPIs for FY2024 that were established to address material issues of corporate management identified in FY2021, and established KPIs for FY2025 that correspond to material issues under the Eighth Medium-Term Business Plan, identified through the above-mentioned process. FY2024 performance and KPIs for FY2025 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. Achieving the KPIs will fulfill our corporate social responsibility while also reducing risks that threaten the foundation of management, acquiring robust profitability, and attaining our financial targets.

> FY2024 KPI Results and FY2025 KPIs (P. 19)

Initiatives for Improving Financial Indicators

Achieving the financial targets will depend upon enhancing performance as measured by financial indicators that serve as drivers for improvement. intentionally linking each initiative to the financial targets will increase effectiveness and lead to raising medium- to long-term corporate value.



Improving the Sales Revenue Growth Rate

We will seek to expand growth businesses including the "from the inside" model in overseas growth regions and those that contribute to advancing the circular economy. We will also promote activities for increasing sales revenue by designating KPIs that include increases in the ratio of high-value-added products and the number of new products and technologies developed in the steel business and improved project profitability in the engineering business.

Improving the Manufacturing Cost Rate

We will consistently work on enhancing production efficiency and yields to improve the manufacturing cost rate. To drive further improvement through DX, we will designate the number of advanced DX personnel trained as a KPI to bolster our human resources.

Improving the SGA Rate

To enhance labor productivity, we will advance operational efficiency and automation through measures such as core system upgrades in each business. In the steel business in particular, we will manage the initiatives by designating KPIs to measure the contribution to profits from rationalization and higher labor productivity due to core system upgrades, use of data science and automation as well as labor savings achieved in line with the decline in Japan's labor force and population.

Impact on the Working Capital Turnover Rate and Fixed Asset Turnover Rate

In addition to implementing the above-mentioned initiatives and undertaking appropriate management and use of inventory, we will seek to make improvements by constructing optimal domestic systems, restructuring and integrating businesses, and promoting the use of land owned in the Keihin district. We will also work to expand revenues from solutions services, primarily in the steel segment, drawing upon our accumulated knowledge and expertise as a KPI.

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		
Environmental Management (P. 46)	• Promotion of environmental management system • Environmental education • Reducing environmental impact	4 Quality Education, 12 Responsible Consumption and Production
Initiatives to Address Climate Change Issues (P. 53)	• Steel industry initiatives for achieving carbon neutrality • Reduction of CO_2 in the steel business • Contributing to reducing GHG emissions across society • Greater contribution to reducing CO_2 in society as a whole • Adapting to climate change (contribution to achieving societal resilience) • Reducing energy usage • Scenario analysis based on TCFD recommendations	7 Affordable and Clean Energy, 9 Industry, Innovation and Infrastructure, 12 Responsible Consumption and Production, 13 Climate Action
Initiatives to Transition to a Circular Economy (P. 124)	• Conversion of byproducts and waste into resources • Development of resource-efficient eco-products and eco-solution technologies • Expanded use and sales of recycled materials	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 14 Life Below Water
Biodiversity Conservation and Nature Positive (P. 151)	• Commitments to external initiatives • Assessment of relationship between engagement, business activities, and natural capital (based on the LEAP approach)	12 Responsible Consumption and Production, 14 Life Below Water, 15 Life on Land
Human Capital: Promoting Talent Acquisition and Development (P. 178)	• Human resource development	4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 10 Reduced Inequalities

	Activities	Related SDGs
Promoting Diversity, Equity and Inclusion (DEI) (P. 180)	• Promoting women's professional development • Promoting childcare leave taken by men • Employment of people with disabilities • Programs for employees over 60 years old • Creating an inclusive workplace • Securing diverse human resources	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES
Human Capital: Improving Work Engagement (P. 185)	• Making working conditions more pleasant and increasing work engagement • Operational reforms • Invigorating workplaces through small group activities	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES
Human Capital: Occupational Health and Safety (P. 191)	• Occupational health and safety • Employee health	3 GOOD HEALTH AND WELL-BEING
Human Rights (P. 200)	• Respecting human rights initiatives • Conducting human rights due diligence	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Providing Quality Products and Enhancing Customer Satisfaction (P. 214)	• Quality initiatives • Improving customer satisfaction • Ensuring stable supply	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Supply Chain Management (P. 220)	• Promoting green procurement • Procurement policy and initiatives for each business	10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Community (P. 222)	• Local activities • Support for external organizations • Support for youth development • JFE 21st Century Foundation	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Compliance (P. 246)	• Adherence to ethical standards, legal compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

FY2024 KPI Results

Evaluation criteria

Target attributes		○	△	×
Quantitative	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.

ST JFE Steel EN JFE Engineering SH JFE Shoji

Areas of Focus		Priority Issues	Operating Company	FY2024 KPIs	Initiatives and Results for FY2024	Assessment
Business activities	Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)	Reduce the JFE Group's CO_2 emissions	ST	• Achieve at least 18% of CO_2 reduction target by the end of FY2024 compared to FY2013 levels • Achieve 100% of the CO_2 reduction target of 3.06 million tonnes through energy conservation and technological development, as part of the 18% reduction in CO_2 emissions by the end of FY2024 compared to FY2013 levels • Expand adoption of JGreeX™ by stimulating demand for green steel	• Achieved 23% reduction in CO_2 emissions in FY2024 compared to FY2013 levels	○
					• Achieved 101% of the CO_2 reduction target of 3.06 million tonnes through energy conservation and technological development, as part of the 18% reduction in CO_2 emissions, by the end of FY2024 compared to FY2013 levels	○
					• Expanded adoption of JGreeX™ by stimulating demand for green steel, received orders in all areas	○
			EN	• Reduce CO_2 emissions in its own plants and offices FY2024: 40% reduction from FY2013 levels	• 63% reduction from FY2013 levels (FY2013: 15,600 tonnes, FY2024: 5,700 tonnes)	○
			SH	• Reduce CO_2 emissions through the procurement of electricity derived from renewable energy FY2024 domestic CO_2 emissions: Reduce by 20% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)	• 32.4% reduction from FY2019 levels	○
		Contribute to reduction of CO_2 across the society	ST	• 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.	• FY2024: 15 (eco-friendly products: 5, technologies: 10) (FY2021–FY2023: 63)	○
			EN	• Contribute to reduction of CO_2 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 CO_2 emissions (FY2024): 12 million tonnes per year	• Contribution to reduction in CO_2 emissions (FY2024): 12.0 million tonnes per year	○
			SH	1. Global resource recycling of steel scrap • FY2024 scrap transactions: +5% from FY2020	1. Global resource recycling of steel scrap • 6% increase from FY2020	○
				2. 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	2. Created system for expansion and reliable supply of fuel for biomass power plants • Handling volume: +120% compared with FY2020 • Expanded new suppliers	○

Areas of Focus		Priority Issues	Operating Company	FY2024 KPIs	Initiatives and Results for FY2024	Assessment
Business activities	Ensure occupational safety and health	Prevent workplace accidents	Groupwide	Groupwide Workplace fatalities: Zero occurrences • Lost-workday injuries rate ST 0.10 or less EN 0.25 or less SH 0.15 or less	Groupwide Workplace fatalities: Zero • Lost-workday injuries rate ST 0.15 EN 0.22 SH 0.37 (Work-related accidents and frequency rates are tabulated on a calendar year basis.)	×
			ST	(Key measures) (1) Reinforce activities to prevent similar injuries • Horizontal Companywide deployment of measures, including for close calls (2) Strengthen efforts to promote essential safety • 100% installment of electromagnetic locks at secondary mill entrances versus plan by FY2024	(Key measures) (1) Reinforce activities to prevent similar injuries • Held monthly meetings to prevent similar accidents. Discussed and decided on the importance of horizontal Companywide deployment of measures for 210 cases including close calls and more serious incidents, and thoroughly followed up on progress until all measures decided at the meetings had been fully implemented. (2) Strengthen efforts to promote essential safety • Achieved 100% installment of electromagnetic locks at secondary mill entrances versus plan by FY2024	
			EN	(Key measures) (1) To eliminate serious injuries, conduct pre-operation checks of equipment in use, including work floors Decisive work plans (identify and prevent dangerous risks) 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 Implement 100% of the following: ▶ 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/enclose/ turn off 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 (2) Multifaceted management of occupational safety and health using IT ▶ Use remote monitoring and information communications systems ▶ Use safety management operations support system	(Key measures) (1) Ensured thorough dissemination of proper work instructions based on pre-operation checks and decisive work plans, and confirmed steady and thorough implementation of measures by conducting daily site inspections and patrols by site safety and health supervisors (2) Multifaceted management of occupational safety and health using IT • Used apps based on remote monitoring and information communications systems to instantly share problems, safety instructions, and status of corrective action Use of large outdoor waterproof LED monitors for disseminating information and conducting safety training Remote site monitoring of vast construction sites Remote monitoring by site safety and health supervisors through IP cameras and other means • Used safety management operations support system Active introduction of CCUS/Buidee (on-site construction management service)	
			SH	(Key measures) (1) 100% implementation of crane operation drills (once a year or more at each company) (2) Advance hardware measures (introduce interlocks for coil lifting equipment) Complete measures for 24 applicable machines in FY2024 (3) Reevaluate and update education system for new employees and reassigned employees	(Key measures) (1) Crane operation drills: 100% implementation at least once annually at each company (2) Hardware measures (introduce interlocks for coil lifting equipment): completed for 24 machines (3) Revision of rules on education for new employees and reassigned employees: Individually completed by each company	
		Ensure the health of employees and their families	Groupwide	1. Provision rates of healthcare guidance Groupwide 60%	1. Provision rates of healthcare guidance* ST 72.7% EN 41.3% SH 43.0% *FY2023 results for eligible individuals	×
				2. Reduce rates of smokers (ensuring employee health and preventing passive smoking) Groupwide 1.5% reduction per year (total for operating companies)	2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke) Groupwide 0.6% reduction per year (total for operating companies)	×
	Recruit and nurture diverse human resources	Pursue diversity and inclusion	Groupwide	1. Rates for female recruits ST Career-track (administrative position): Degree of gender parity Career-track (technical position): 10% or more Operational position: 10% or more EN Career-track (administrative position): Degree of gender parity Technical (career-track, production/construction position): 15% or more SH Administrative position: Degree of gender parity	1. Rates for female recruits ST Career-track (administrative position): 55% Career-track (technical position): 12% Operational position: 5% EN Career-track (administrative position): 31% Technical (career-track, production/construction position): 9% SH Administrative position: 48%	×
				2. Women in managerial positions 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)	2. Women in managerial positions Groupwide 4.3% in positions qualified as section manager or above. Of whom, 8.0% in management and sales departments (total for operating companies)	△
				3. Rate of male employees taking childcare leave or time off related to child-rearing Groupwide Aim for all male employees whose spouses have given birth to take such leave or time off	3. Rate of male employees taking childcare leave or time off related to child-rearing Groupwide 97.5% (total for operating companies)	△

Areas of Focus		Priority Issues	Operating Company	FY2024 KPIs	Initiatives and Results for FY2024	Assessment
Business activities	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	1. Training hours per person ST 45.2 hours per year EN 24.2 hours per year SH 25.2 hours per year	○
				2. Train DX personnel ST Number of internal data scientist trainees: Total of 660 as of end of FY2024 EN Number of employees who took internal data scientist training: Total of 210 as of end of FY2024	2. Trained DX personnel ST Cumulative total as of end of FY2024: 662 EN Cumulative total as of end of FY 2024: 207	△
		Create work environment that motivate employees	Groupwide	1. Groupwide Annual leave acquisition rate: 75% or higher (total for operating companies)	1. Groupwide Annual leave acquisition rate: 83% or higher (total for operating companies)	○
				2. Engagement survey Groupwide Affirmative response to questions about motivation: At least 75%	2. Affirmative response to questions about motivation in engagement survey ST 70% EN 81% SH 77%	△
	Reinforce resilience of production and engineering capabilities (realize worldclass earnings power through DX and other measures)	Increase efficiency and enhance cost competitiveness in production and engineering	ST	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	1. Improvement in labor productivity • Streamlined operations toward improving labor productivity by 20% by investing in automation and remote work, in addition to implementing structural reform (staff reduction rate: 19.3%; progress rate: 97%) • Effect of investments to improve labor productivity executed in FY2024 (including projected effects): Equivalent to 214 staff reductions (progress rate: 98%)	△
				2. Stabilize production with DS, improve yields through application of quality prediction technologies FY2024 yields: +2.0% compared to FY2020 *Adjusted for sales composition *DS: Data science	2. FY2024 yields: +1.1% compared to FY2020 (87.2%)	×
			EN	• Increase the efficiency of engineering operations by introducing DX technologies AI and big data analysis engineers utilizing Pla'cello*: 2,400 *Pla'cello: Proprietary data analysis platform using AI	• Launched a user community (Pla'cello Users' Group) and promoted expansion AI and big data analysis engineers utilizing Pla'cello*: Approximately 2,700	○
		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 among Group companies Targeting six companies: 83.5% introduction ratio in FY2024 (100% in FY2025)	1. Ensure quality • Maintained 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: 89.1% introduction ratio in FY2024 (100% in FY2025)	○
				2. Strengthen manufacturing infrastructure using DX Companywide CPS installation rate: 80% or more	2. Strengthened production infrastructure using DX Companywide CPS installation rate: 77%	△
			EN	1. Secure a stable number of certified managing engineers	1. Reliably secured certificated managing engineers amid high level of sales	○
				2. Enhance information sharing and verification functions by improving operation of quality management systems No major quality problem	2. Major quality issues: Zero	○
			SH	1. Make consistent investment in processing and distribution operations	1. Steady capital investment in the distribution and processing operations Selected and executed necessary investments to ensure stable supply of products in FY2024 Investment amount: ¥11.0 billion	○
				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%)	2. Conducted quality audits on Group companies Conducted quality audits at 36 companies (100% audit implementation rate)	○

Areas of Focus		Priority Issues	Operating Company	FY2024 KPIs	Initiatives and Results for FY2024	Assessment
Business activities	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	ST	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	1. Advanced strategic research and development in priority development fields* New products and technologies developed: 20 (7 new products, 13 new technologies) (Cumulative total from FY2021 to FY2024: 90) *Automobiles, energy, infrastructure construction materials, DX technology, and GX technology	○
			ST	2. Increase sales ratio of high-value-added products FY2024 high-value-added product sales ratio: 50%	2. FY2024 sales ratio of high-value-added products: 48%	△
			ST	3. Expand the solution business • Triple solution business revenue in FY2024 compared to FY2020 • Win three or more orders for new JFE Resolus™ brand products, lay the groundwork for significant growth in JFE Resolus® during the next medium-term plan	3. Expanded the solution business • Solution business revenue was ¥6.4 billion, double the ¥3.3 billion revenue in FY2020 but not high enough to achieve the target of tripling that amount • Target achieved with 7 orders received for new JFE Resolus™ brand products The product lineup is being expanded, and sales activities are underway to catch up with the target for the Eighth Medium-term Business Plan	△
			EN	1. 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	1. R&D expense ratio in the four priority fields: 75%	○
			EN	2. Number of patent applications: 80 or more annually	2. Number of patent applications: 84 per year	○
		Sales strategies for realizing sustainable growth	ST	• 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)	• Expanded earnings difference between high-value-added products (A-rank products) and commodity products FY2024: +¥9,400 per ton (achieved the goal of doubling the initial target of +¥4,000 per ton for FY2024)	○
			EN	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	• Sales of operating businesses: ¥282.8 billion • New bases: 3 bases (2 recycling businesses, 1 regional electricity retail new power business)	○
			SH	• Enhance the competitiveness of products and services by increasing added value in the supply chain through business expansion Make investments to improve value added in supply chain: 5 or more per year	• Investments to improve value added in supply chain: 7 per year	○
Basis of activity	Thoroughly enforce compliance	Ensure adherence to corporate ethical standards and compliance	Groupwide	1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)	1. Participation rate: 100% (rank-based compliance training, training on different laws and regulations, etc.)	○
			Groupwide	2. Affirmative response rate of 75% or higher to questions related to compliance awareness in the Corporate Ethics Awareness Survey	2. Survey question related to raising compliance awareness Affirmative response to the question: "Do you think your awareness of compliance has improved?" ST 97% EN 98% SH 98%	○
	Respect human rights	Respect human rights across the supply chain	Groupwide	1. Participation rate of targeted attendees in human rights awareness training: 100%	1. Participation rate: 100%	○
			Groupwide	2. Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: (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 (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	2. Conducted human rights due diligence Promoted the following initiatives to ensure respect for human rights throughout the supply chain: (Expand human rights due diligence to Group companies) ST Conducted human rights risk surveys and provided feedback to three Group companies in Thailand, Indonesia, and Brazil, which were prioritized based on investment ratios, company size, and other factors EN Conducted human rights risk surveys and provided feedback to three Group companies in the Philippines, India, and Thailand, which were prioritized based on their having bases in countries with high human rights risks, and other factors SH Conducted human rights risk surveys with 45 overseas consolidated companies ST EN SH Considered the deployment method and schedule for future supplier surveys of major Group companies in Japan (build a system for managing human rights risks of suppliers) ST EN SH Offered support to improve human rights due diligence at suppliers identified as requiring follow-up in the FY2023 survey, including sending a follow-up tool with explanations of key issues, concrete action plans, and reference cases SH Conducted a new human rights risk survey for 88 suppliers of raw materials for steel production, natural resources, and machinery	○

Fiscal 2025 KPIs

Areas of Focus	Material Issues	Aspirations	FY2025 KPIs
Address climate change Issues	Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society	Steel business FY2030 GHG emissions reduction rate: 30% or more FY2027 GHG emissions reduction rate as a milestone: 24% or more (compared to FY2013)	1. Approval rate for GX investment designed to reduce GHG emissions by 30% or more by FY2030: 95% 2. Green steel sales: 100,000 tonnes per year
		Engineering business Reduction rate of CO_2 emissions in owned plants and offices: 40% or more (compared to FY2013)	Promote use of own renewable energy Non-fossil fuel electricity use: 90% or more
		Engineering business Contribution to reduction in CO_2 emissions : 13.5 million tonnes per year	Contribute to reduction of CO_2 emission in society by providing renewable energy power generation facilities and expanding the power supply business : 12.5 million tonnes per year
		Trading business Domestic CO_2 emissions reduction rate (compared to FY2019) FY2027: –27.5% FY2030: –35%	FY2025 domestic CO_2 emissions: 22.5% (compared to FY2019)
Contribute to the realization of a recycling-oriented society	Promote initiatives for realizing a circular economy	Steel business Improve resource recycling of iron sources, co-products, etc.	1. Expand collection and use of collected "return scrap": 2.0 times (compared to average volume under the Seventh Medium-term Business Plan) 2. Recycle co-products generated in the Company (recycling rate of slag, dust, sludge, etc.): 99% or more 3. Expand use of steel slag products for marine are use (cumulative total under the Eighth Medium-term Business Plan): 50,000 tonnes
		Engineering business Expand bases for business that contribute to a circular economy	Expand bases for recycling/new regional electricity/waste-to-energy power generation business, etc.: 3 sites or more
		Trading business Expand products that contribute to a circular economy	Expand product lineup to contribute to a circular economy • Increase products handled by at least three in addition to current products with over 3,000 tons in volume per year
Acquire robust Profitability	Steel business Improve sales and manufacturing capabilities, expand and advance business areas	Expand domestic steelmaking business profitability: \90 billion	1. Companywide OPY: +0.3% (compared to FY2024 results) 2. Develop new products and technologies : 20 or more 3. Increase revenue from high-value-added products (proportion, profitability index): 54% 4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieved FY2027 target of 25% 5. Time saved by generative AI and low-code development: 3,000 hours per month 6. Labor-saving initiatives in response to declining labor force and population: Reduced by more than 80 employees
		Expand profits in the overseas steel business, domestic Group companies business, and solutions business Overseas steel: \75 billion Domestic Group companies: \90 billion Solutions business: \15 billion	1. Overseas steel business profit: ¥30 billion 2. Domestic Group companies business profit: ¥80 billion 3. Solutions business profit: ¥8 billion 4. Increase in foreign patent applications: 109%
	Engineering business Improve profitability and competitiveness, and promote investment in growth areas	ROS: 6%	Improve project profitability Proportion of high-value-added and differentiated across projects: Aim for over 50% by FY2027, and over 40% by FY2025
		Stabilize profits by expanding scale of O&M business	O&M business sales: Over ¥290 billion
		Improve labor productivity	Progress of operational reforms (to improve business efficiency by FY2035): Completed workflow analysis for specified departments in FY2025, aiming to complete optimization of all business processes in FY2027
		Expand DX solution revenue	Progress of external sales activities for DX solutions: Aim for 20% more new customers in FY2027, and 10% more in FY2025 (compared to FY2024)

Areas of Focus	Material Issues	Aspirations	FY2025 KPIs
Acquire robust Profitability	Trading business Revitalize the management foundation and advance insider status in overseas growth markets	Overhaul core systems	• Aim to complete core system overhaul by FY2027 • In FY2025, visualize current operations and complete workflow creation for over 75% of total
		Trade and business profit: ¥30 billion each	Implement growth investments to achieve profits (\85 billion over 3 years)
Ensure occupational safety and health for employees	Prevent workplace accidents	Establish safe work environment to achieve zero accidents	Serious injuries: 0 Lost-workday injuries : Steel business Steel business: 0.10 or less Engineering business Engineering business: 0.25 or less Trading business Trading business: 0.15 or less
	Promote health and productivity management	Realize a workplace in which everyone can work with good physical and mental health for a long time	Proportion of employees who are physically and mentally healthy and working at an 80% or higher performance level (presenteeism below 20%): 67% or higher
Promote human capital management	Improve work engagement	Realize a environment in which every employee can maximize their potential	Engagement survey Affirmative response to questions about job satisfaction : Steel business Steel business: 75% or more Engineering business Engineering business: 80% or more Trading business Trading business: 80% or more
	Promote diversity, equity and inclusion	Realize a environment in which the experience, abilities, and individuality of diverse talent can be maximized	1. Women in managerial positions : Aim for at least 10% by April 2030 (including at least 20% in management and sales departments), with a target of achieving 5.7% by April 2026 2. Percentage of male employees taking childcare leave: 65% or more
	Promote talent acquisition and development	Build a talent portfolio to realize business strategies	Steel business 1. New international employees trained: +33 2. Advanced DX employees trained (cumulative): 800
			Engineering business 1. New international employees trained: +10 2. Advanced DX employees trained (cumulative): +30
			Trading business New overseas secondments: +25
Minimizing risks to the business foundation	Respect the human rights of each person involved in our business	Identify, prevent, and mitigate adverse impacts on human rights in the supply chain	1. 100% attendance from the target audience for human rights awareness training 2. Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: • Continue conducting human rights due diligence at both the Company and Group companies • Build a system for managing human rights risks of suppliers
	Ensure adherence to corporate ethical standards and compliance	Raise awareness of compliance	Compliance training participation rate: 100%
	Promote appropriate quality assurance	Steel business Zero serious quality assurance issues	1. Quality audit implementation at Group companies: 100% of planned number 2. Quality assurance investment execution: 30%
		Engineering business Zero quality compliance violations	1. Strengthen quality check functions through third-party audits of product departments, including at Group companies: 10 departments 2. Permeate quality compliance awareness e-learning participation rate: 100% of planned participants
		Trading business Consistently deliver products that satisfy quality requirements	Major quality problems: 0
	Improve level of information security	Continue zero serious security incidents (Level 3 incidents that impact the business foundation)	1. Thorough management of vulnerabilities 2. Improve resilience against cyberattacks
	Coexist with local communities, society, and nature	Steel business Ensure that steelworks and other plants are trusted by their local communities	Serious environmental or disaster accidents: 0
			1. Continue improving efforts towards more transparency in steelworks 2. Create opportunities for communication with local communities at business sites and conduct social contribution activities tailored to local needs
		Steel business Expand contributions to biodiversity	New collaborative activities with local governments to improve blue carbon and marine area environments: +2 projects per year
		Engineering business Advance efforts to biodiversity conservation	Conduct conservation activities (i.e., reforestation) and assess biodiversity impacts in the infrastructure construction sector
	Maintain sound financial structure	R&I rating: AA	Eighth Medium-term Business Plan Targets: 1. Debt/EBITDA ratio: Approx. 3 times 2. D/E ratio: Approx. 60%