Message from the CEO



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Yoshihisa Kitano
Representative Director, President and CEO
JFE Holdings, Inc.

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

JFE Group's Aspiration

The business environment is becoming increasingly complex, affected by global concerns such as the intensifying effects of climate change, declining biodiversity, and growing constraints on resources and energy. While Japan's demand structure continues to change, we must urgently address geopolitical risks overseas, including the spread of protectionism and instability in the Middle East.

Meeting these social challenges is at the heart of the JFE Group's mission. We must place top priority on addressing climate change and other environmental issues, as well as strengthening our human capital. While the steel industry supplies essential materials for the development of society, it also emits significant volumes of greenhouse gases. We believe, however, that our role in this industry positions us to advance decarbonization worldwide. By decarbonizing the steel industry and providing the high-performance materials and solutions that support the decarbonization of every sector, including automotive, construction, energy, and infrastructure, we will fulfill our mission to drive green transformation (GX) across society.

The JFE Group is making progress toward realizing its JFE Vision 2035, centered on the world's most innovative technology. We will spearhead the development of innovative technologies, such as innovative electric arc furnaces, hydrogen-based direct

reduction ironmaking, and carbon-recycling blast furnaces, to achieve carbon neutrality by 2050 and be at the forefront of efforts to realize a carbon-neutral society. Advancing initiatives to achieve carbon neutrality while balancing our environmental investments and financial soundness is essential for creating both environmental and economic value.

We will generate new value unique to the JFE Group by strengthening our environmental initiatives together with the human capital, technological development, and governance that support them. Specific efforts include strengthening our governance and technological development by transitioning to a company with an Audit & Supervisory Committee and appointing a CFO and CTO. We will also pursue operational reform and enhance management decision-making through digital transformation (DX) and the use of AI, thereby reinforcing the competitiveness of the entire Group. Moreover, we will create both environmental and economic value by addressing social issues while achieving sustainable growth, with the aspiration of playing an indispensable role in supporting people's daily lives, driving sustainable development, and ensuring safe, comfortable lives for all.

Driving Evolution of Our Sustainability Initiatives

Addressing the environmental challenges identified as key priorities under our Eighth Medium-term Business Plan, including climate change, the transition to a circular economy, biodiversity conservation, and nature-positive initiatives, goes beyond simply responding to public expectations. This work is the very foundation of our future business and a key management strategy for sustainable growth and enhancing corporate value.

We recognize carbon neutrality as an irreversible long-term trend, although there are signs of a slowdown in the near term, particularly in Europe and the United States. Regardless of short-term fluctuations, we will pursue the development of ultra-innovative technologies from a long-term perspective. We are making steady progress in developing multiple technologies, such as innovative electric arc furnaces, hydrogen-based direct reduction ironmaking, and carbon-recycling blast furnaces, while also working to establish a mass-supply system for high-quality, high-function GX steel. In particular, the installation of an innovative electric arc furnace in the Kurashiki district is more than a process conversion; it is a crucial initiative for simultaneously strengthening our competitiveness and improving profitability in a carbon-neutral era.

At the same time, achieving carbon neutrality requires technical feasibility as well as economic viability and broad societal acceptance. The widespread adoption of GX steel depends on developing a mechanism that ensures its environmental value is appropriately recognized by society, in addition to opening new markets and establishing systems. The JFE Group is actively working with the government to develop institutions and formulate international rules for making the value of carbon neutrality more transparent. Creating an environment in which the market value of GX steel is fairly recognized is also crucial for securing our competitive advantage. We view the transition to carbon neutrality as a growth opportunity for creating new demand, not simply as a cost, and intend to turn environmental value into economic value. Furthermore, we will closely monitor the progress of market development to make timely and appropriate investment decisions for the commercial implementation of decarbonization technologies.

We are also leveraging the Group's strengths to advance initiatives for transitioning to a circular economy as one means of addressing resource and energy constraints. Our steel business is promoting resource recycling by increasing the use of scrap and developing high-value-added products, while our engineering business is expanding operations in the waste-to-resource and recycling fields. In addition to our traditional engineering, procurement, and construction (EPC) business, we are enhancing our revenue model by combining it with high-value-added services such as operation and maintenance (O&M) utilizing DX. Businesses that support society's transition to a circular economy, such as waste-to-energy power generation, plastic recycling, and food recycling, enable us to simultaneously address environmental challenges and seize growth opportunities. Alongside developing our own technologies, we will collaborate with local governments and other companies to establish collection networks and recycling supply chains to broaden the distribution of recycled resources and eco-friendly products as we transition to a circular economy.

Our biodiversity conservation and nature-positive initiatives begin with recognizing that the JFE Group's business activities simultaneously depend on and affect natural capital. By identifying nature-related risks and opportunities, we will strive to mitigate any business-associated impacts and develop processes, products, and technologies that contribute to biodiversity conservation and nature-positive initiatives. In collaboration with a range of stakeholders, including local communities and our supply chain, we will promote effective initiatives with due consideration for their linkages to carbon neutrality and the circular economy. Biodiversity must be viewed in relation to carbon neutrality and the circular economy, rather than as an isolated environmental issue. We will pursue integrated initiatives and disclose information based on an understanding of the

interconnections, as well as the synergies and trade-offs, among these environmental issues.

Furthermore, we have been contributing solutions to environmental issues as a key aspect of the Group's major business transformation projects, such as the utilization of our land in the Keihin district. In utilizing land in the Keihin Waterfront Area, we are exploring and developing business opportunities that support the transition to carbon neutrality and a circular economy, such as power generation, data centers, and a used plastic recycling plant. These initiatives go beyond simply utilizing our assets; they create new value based on a vision for the future of local communities and industrial infrastructure. We view the resolution of environmental issues as an opportunity for growth, and by integrating the Group's technology, talent, and business foundation, we hope to simultaneously address social issues and enhance corporate value.

The JFE Group also regards contributing to the realization of a society in which the human rights of each and every individual are respected and protected as not only a corporate social responsibility but also a foundational principle of management. As part of our efforts to respect human rights and strengthen supply chain-wide risk management, we will conduct human rights due diligence across our Group companies and supply chain to identify human rights risks and promote responsible procurement.

Dialogue with stakeholders is essential for ensuring that our sustainability initiatives enhance corporate value. We will sincerely address the expectations, requests, and concerns expressed by society to clarify the appropriate role of the JFE Group and strengthen the effectiveness of our initiatives. No single company can effectively address climate change, the transition to a circular economy, and biodiversity conservation and nature-positive initiatives on its own. We will collaborate with customers, government authorities, local governments, financial institutions, investors, local communities, and members of our supply chain to contribute to the realization of a sustainable society.

Human Capital Initiatives

The power of the JFE Group's people is essential for achieving its goals of sustainable growth and value creation. The challenges facing the Group are increasingly complex, extending beyond environmental issues such as climate change, the transition to a circular economy, and biodiversity conservation and nature-positive initiatives to include the expansion of overseas operations and the utilization of DX and AI. These challenges cannot be addressed through a single area of expertise. I believe our future competitiveness will come from enabling employees with diverse experiences and values to apply their respective talents and generate fresh ideas.

To this end, we are steadfastly focusing on human resource development, strengthening employee engagement, investing in health and safety, and promoting diversity, equity, and inclusion (DEI). Safety takes precedence above all else, and it is management's responsibility to create workplace environments where every employee can confidently perform to the best of their ability. We are also prioritizing the development of international talent to expand our overseas operations, highly skilled DX personnel capable of improving productivity, and transforming business processes, and individuals with "captaincy," the ability to lead change by uniting diverse talent, in addition to their specialized expertise.

Moreover, we are reinforcing dialogue between management and employees as well as programs that support personal career development. By establishing an environment in which every employee can experience personal growth and proudly take on challenges with a sense of fulfillment, we will generate a virtuous cycle that connects the growth of each employee with that of the Company as a whole, leading to the sustainable enhancement of corporate value.

To Our Stakeholders

The JFE Group has grown on the foundation of society's trust. We will continue to address key issues such as climate change, the transition to a circular economy, biodiversity conservation and nature-positive initiatives, human rights, safety, and DEI through a concerted Group effort.

Sustainability Report 2026 presents a comprehensive overview of the JFE Group's initiatives for achieving sustainable growth and enhancing corporate value. We hope it will deepen understanding of the JFE Group.

We will continue to pursue sustainable growth while addressing social challenges as a corporate group that earns the trust of all our stakeholders, including shareholders, and plays an indispensable role for society.