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 GX 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

From the perspective of preventing damage to the JFE Group's corporate value and enhancing it, the Group established the JFE Group Sustainability Council to oversee and direct the sustainability initiatives of the entire organization, including risk management. Chaired by the president of JFE Holdings, the council comprises Inside Directors, executive officers, and others, with the management of operating companies attending as needed. 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.

Among the items 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. In FY2025, the council reported at four of the meetings of the Board of Directors, and the Board provided supervision on sustainability policies, ongoing responses to the tasks at hand, and progress underway for achieving KPIs, while also deliberating on future tasks.

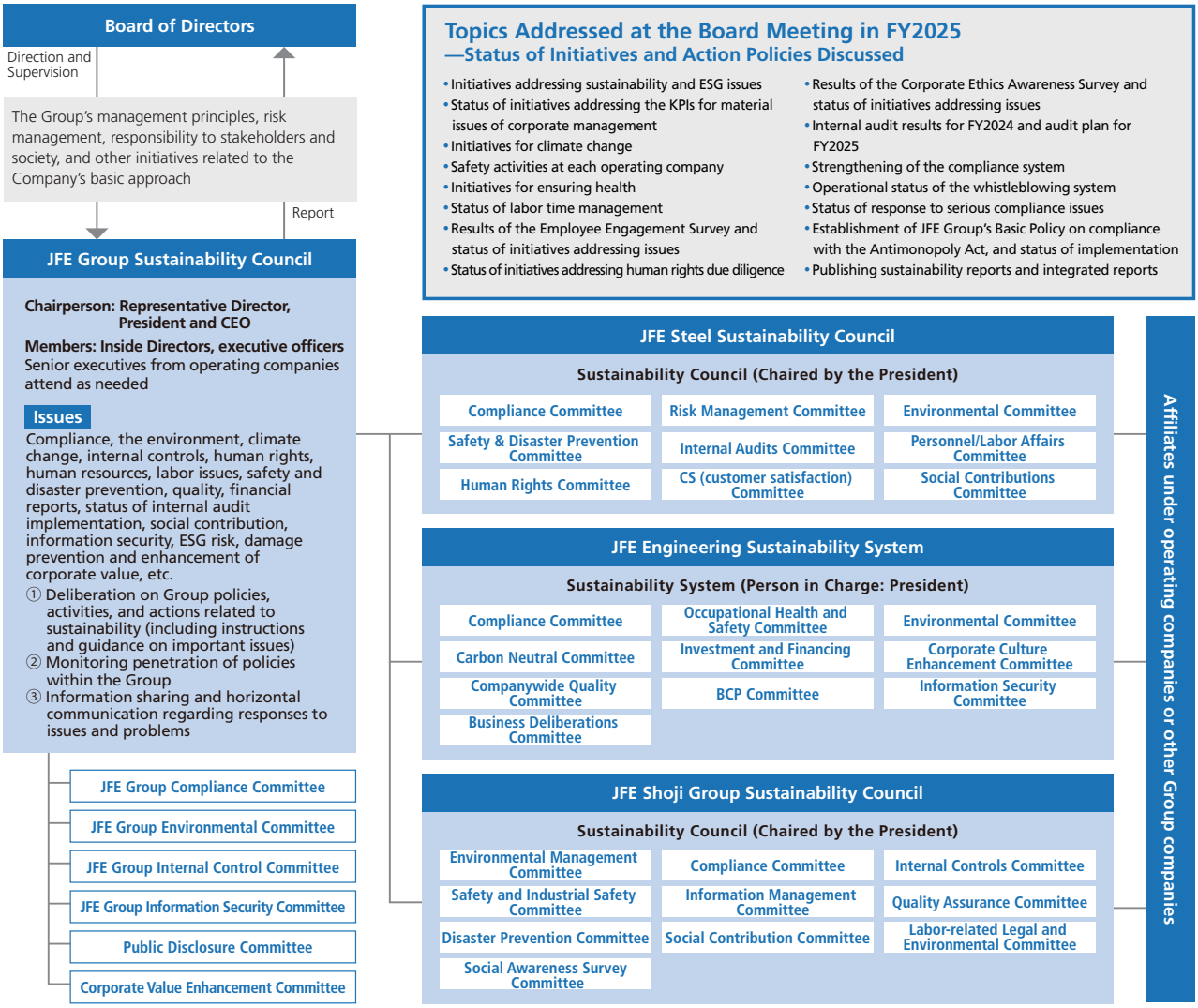
Activities of the Group Sustainability Council

The Group Sustainability Council meets approximately once every three months to discuss wide-ranging topics, including compliance with the Antimonopoly Act and laws and regulations for preventing corruption such as bribery involving public servants and other officials, the environment, climate change, internal controls, human rights, human resources, labor issues, safety, disaster prevention, quality, financial reports, status of audits, social contribution, ESG risks related to information security, and preventing damage to and enhancing corporate value. 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 various issues.

Cooperation with Operating Companies

The Operating Companies have also set up respective entities with subcommittees on compliance and the environment 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.

Diagram of System for Promoting Sustainability



Risk Management and Supervision Related to Corporate Ethics

The JFE Group conducts a Corporate Ethics Awareness Survey on a regular basis (twice a year starting in 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 FY2025, and each Group company has implemented specific initiatives for improvement under the supervision of the JFE Group Sustainability Council and Board of Directors. We will conduct a similar survey in FY2026 to review the status of improvement on outstanding issues and changes in employee awareness to incorporate them into future initiatives.

During the formulation of the Eighth Medium-term Business Plan, announced in May 2025, 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 since 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.

The business environment remained challenging in FY2025 as steel demand and market conditions fell short of expectations due to factors including the slowdown in the Chinese economy, the rise of protectionism such as U.S. tariffs, and heightened geopolitical risks caused by tensions in the Middle East. As a result, business profit remained slightly below the level assumed in the Plan. We nevertheless remain committed to the JFE Vision 2035 and Eighth Medium-term Business Plan and are working to steadily advance our growth strategy. Achieving progress toward the JFE Group's aspirations under this challenging environment will require 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 that includes 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 GHG emissions at JFE Steel and throughout society, while also developing technologies to address these challenges as opportunities 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 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/sustainability/sus_manage/manage/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) Promote talent acquisition and development
	(7) Promote diversity, equity, and inclusion (DEI)
	(8) Improve work engagement
Promote human capital management	(9) Prevent workplace accidents
	(10) Promote health and productivity management
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 position

Process for Identifying Material Issues of Corporate Management

During past updates to our medium-term business plans, we have 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.

For more on material issues of corporate management identified in FY2021, please refer to:

› **Process for Identifying Material Issues of Corporate Management (P. 16 of the JFE Group CSR Report 2021)**
(https://www.jfe-holdings.co.jp/en/common/pdf/sustainability/data/2021/csr2021e.pdf#page=19)

STEP 2 Extract candidates for material issues

We created a long-term vision with an eye to 2035 and selected 28 potential material issues from the perspectives of realizing a business foundation for sustainable growth as well as growth strategies to achieve our 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 GHG emissions and contribute to reducing GHG 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

STEP 3 Narrow down material issues

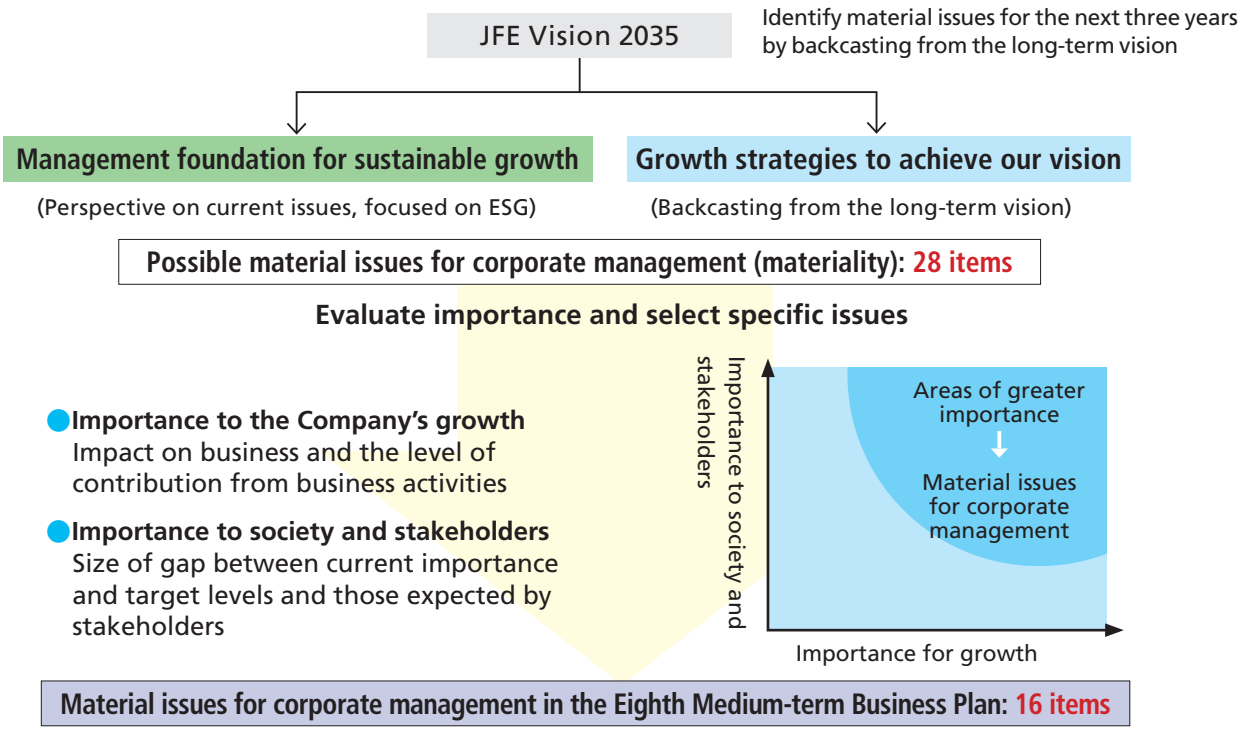
We assessed the importance of the identified issues to the Company's growth as well as to society and stakeholders, and identified 16 material issues for corporate management to be incorporated into the Eighth Medium-term Business Plan.

- 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 have established the aspirations and targets for the identified material issues for corporate management, as well as set KPIs to indicate management of activities for achieving such goals. In addition to reevaluating the material issues for corporate management during the formulation of the medium-term business plan, we are also conducting an annual assessment that includes a review of the status, performance, and importance of the KPIs.

Material Issues for Corporate Management: Review Process



Initiatives for Addressing Material Issues of Corporate Management

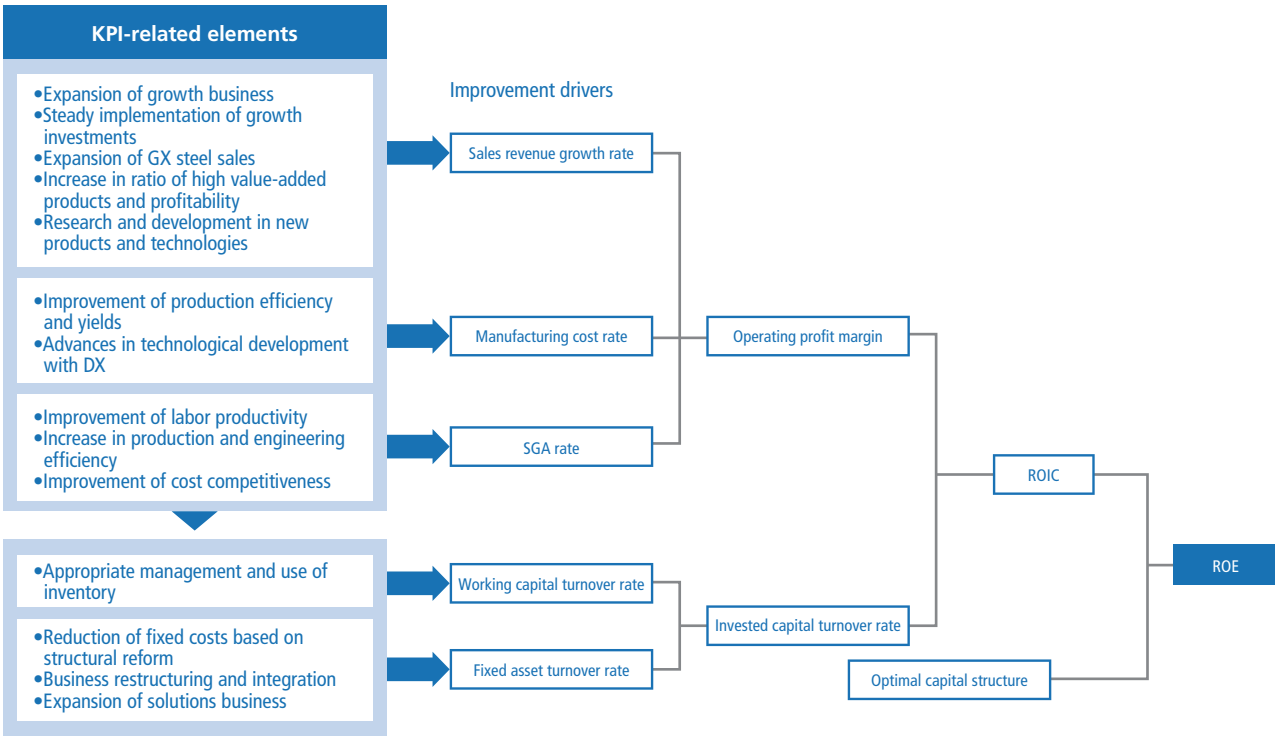
Performance Evaluation for FY2025 KPIs and Establishment of FY2026 KPIs

We assessed the performance of KPIs for FY2025 corresponding to material issues of corporate management under the Eighth Medium-term Business Plan, identified through the above-mentioned process. We also established KPIs for FY2026 based on the assessment results and third-party opinion. FY2025 performance and KPIs for FY2026 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.

› FY2025 KPI Results and FY2026 KPIs (P. 19)

Initiatives for Improving Financial Indicators

Achieving the financial targets will depend on 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		
Initiatives to Address Climate Change (P.49)	• Reduction of GHG in the steel business • Contributing to reducing GHG emissions across society • Reducing energy usage • Scenario analysis based on TCFD recommendations	
Initiatives to Transition to a Circular Economy (P. 126)	• Commitments to external initiatives • Conversion of byproducts and waste into resources • Development of resource-efficient eco-products and eco-solution technologies • Expanded use and sales of recycled materials	
Biodiversity Conservation and Nature Positive (P. 154)	• Commitments to external initiatives • Assessment of relationship between engagement, business activities, and natural capital (based on the LEAP approach)	
Environmental Management Activities (P. 180)	• Promotion of environmental management system • Environmental education • Reducing environmental impact	
Human Capital: Promoting Talent Acquisition and Development (P. 188)	• Human resource development	

Activities Related to SDGs		Related SDGs
Promoting Diversity, Equity, and Inclusion (DEI) (P. 190)	• 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	
Human Capital: Improving Work Engagement (P. 195)	• Making working conditions more pleasant and increasing work engagement • Operational reforms • Invigorating workplaces through small group activities	
Human Capital: Occupational Health and Safety (P. 202)	• Occupational health and safety • Employee health	
Human Rights (P. 212)	• Respecting human rights initiatives • Conducting human rights due diligence	
Providing Quality Products and Enhancing Customer Satisfaction (P. 226)	• Quality initiatives • Improving customer satisfaction • Ensuring stable supply	
Supply Chain Management (P. 233)	• Promoting green procurement • Procurement policy and initiatives for each business	
Community (P. 235)	• Local activities • Support for external organizations • Support for youth development • JFE 21st Century Foundation	
Compliance (P. 263)	• Adherence to ethical standards, legal compliance	

FY2025 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.

Areas of Focus	Material Issues	FY2025 KPIs	Initiatives and Results for FY2025	Assessment
Address climate change issues	**Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society**	Steel business 1. Approval rate for GX investment designed to reduce GHG emissions by 30% or more by FY2030: 95%	1. Approval rate for GX investment designed to reduce GHG emissions by 30% or more by FY2030: 90%	×
		2. GX steel sales: 100,000 tonnes per year	2. GX steel sales: FY2025 KPI achieved (over 100,000 tonnes)	○
		Engineering business Promote use of own renewable energy; non-fossil fuel electricity use: 90% or more	Promote use of own renewable energy; Non-fossil fuel electricity use: 90%	○
		Engineering business Contribute to reducing CO_2 emissions in society by providing renewable energy power generation facilities and expanding the power supply business: 12.5 million tonnes per year	Contribution to CO_2 emissions reduction: 12.91 million tonnes per year	○
		Trading business FY2025 domestic CO_2 emissions: reduce 22.5% (compared to FY2019)	Reduced domestic CO_2 emissions by 36.6% (compared to FY2019)	○
Contribute to the realization of a recycling-oriented society	**Promote initiatives for realizing a circular economy**	Steel business 1. Expand collection and use of collected "return scrap": 2.0 times (compared to average volume under the Seventh Mediumterm Business Plan)	1. Expand collection and use of collected "return scrap": 2.0 times or more (compared to average volume under the Seventh Mediumterm Business Plan)	○
		2. Recycle co-products generated in the Company (recycling rate of slag, dust, sludge, etc.): 99% or more	2. Recycle co-products generated in the Company (recycling rate of slag, dust, sludge, etc.): 99.6%	○
		3. Expand use of steel slag products for marine area use (cumulative total under the Eighth Medium-term Business Plan): 50,000 tonnes	3. Expand use of steel slag products for marine area use (cumulative total under the Eighth Medium-term Business Plan): 78,000 tonnes	○
		Engineering business Expand bases for recycling / new regional electricity / waste-to-energy power generation business, etc.: 3 sites or more	Expand bases for recycling/new regional electricity/waste-to-energy power generation business, etc.: 4 sites	○
		Trading business 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	Expand product lineup to contribute to a circular economy • Increased products handled by at least four 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**	1. Companywide OPY: +0.3% (compared to FY2024 results)	1. Companywide OPY: +0.3% (compared to FY2024 results)	○
		2. Develop new products and technologies: 20 per year	2. Develop new products and technologies: 23 per year	○
		3. Increase the percentage of total revenue from high-value-added products to 54%	3. Increase the percentage of total revenue from high-value-added products to 53%	△
		4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieved FY2027 target of 25%	4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieved FY2027 target of 28%	○
		5. Time saved by generative AI and low-code development: 3,000 hours per month	5. Time saved by generative AI and low-code development: 6,198 hours per month	○
		6. Labor-saving initiatives in response to declining labor force and population (Eighth Medium-term Business Plan): Reduced by more than 80 employees	6. Labor-saving initiatives in response to declining labor force and population (Eighth Medium-term Business Plan): Reduced by 163 employees	○
		1. Overseas steel business profit: ¥30 billion	1. Overseas steel business profit: ¥18.3 billion	×
		2. Domestic Group companies business profit: ¥80 billion	2. Domestic Group companies business profit: ¥90.6 billion	○
		3. Solutions business profit: ¥8 billion	3. Solutions business profit: ¥10.6 billion	○
		4. Increase in foreign patent applications: 109%	4. Increase in foreign patent applications: 107%	△

Areas of Focus	Material Issues	FY2025 KPIs	Initiatives and Results for FY2025	Assessment
Promote human capital management	Engineering business **Improve profitability and competitiveness, and promote investment in growth areas**	Improve project profitability Proportion of high-value-added and differentiated projects: Aim for over 50% by FY2027, and over 40% by FY2025	Improve project profitability Proportion of high-value-added and differentiated projects: Aim for over 50% by FY2027, and 45% by FY2025	○
		O&M business sales: over ¥290 billion	O&M business sales: over ¥333.5 billion	○
		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	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	○
		Accelerate the expansion of our sales channels by conducting a full revision of related measures and strengthening the framework for these efforts: Increase the number of new customers by 10% in FY2025 (compared to FY2024) and aim to achieve a 20% increase in FY2027	Accelerate the expansion of our sales channels by conducting a full revision of related measures and strengthening the framework for these efforts: Increase the number of new customers by 8% in FY2025 (compared to FY2024) and aim to achieve a 20% increase in FY2027	△
	Trading business **Revitalize the management foundation and advance insider status in overseas growth markets**	• Aim to complete core system overhaul by FY2027 • In FY2025, visualize current operations and complete workflow creation for over 75% of total	• Aim to complete core system overhaul by FY2027 • Completed visualization of current operations for all sales organizations 100%	○
		Implement growth investments to achieve profits: ¥85 billion over three years	FY2025 KPI target was not achieved	×
Ensure occupational safety and health for employees	**Promote talent acquisition and development**	Steel business 1. New international employees trained: +33 2. Advanced DX employees trained (cumulative): 800	Steel business 1. New international employees trained: +44 2. Advanced DX employees trained (cumulative): 831	○
		Engineering business 1. New international employees trained: +10 2. Advanced DX employees trained (cumulative): +30	Engineering business 1. New international employees trained: +7 2. Advanced DX employees trained (cumulative): +40	×
		Trading business New overseas secondments: +25	Trading business New overseas secondments: +23	△
	Promote diversity, equity and inclusion (DEI)	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	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 5.5% by April 2026	△
		2. Percentage of male employees taking childcare leave: 65% or more	2. Percentage of male employees taking childcare leave: 75.7%	○
	Improve work engagement	Engagement survey Affirmative response to questions about job satisfaction: Steel business 75% or more Engineering business 80% or more Trading business 80% or more	Engagement survey Affirmative response to questions about job satisfaction: Steel business 69% Engineering business 81% Trading business 79%	△
Minimize risks to the business foundation	**Prevent workplace accidents**	Serious injuries: 0 Lost-workday injuries: Steel business 0.10 or less Engineering business 0.25 or less Trading business 0.15 or less	Serious injuries: 0 Lost-workday injuries: Steel business 0.08 Engineering business 0.38 Trading business 0.75	×
	Promote health and productivity management	Proportion of employees who are physically and mentally healthy and working at an 80% or higher performance level (presenteeism below 20%): 67% or higher	Proportion of employees who are physically and mentally healthy and working at an 80% or higher performance level (presenteeism below 20%): Steel business 68.0% Engineering business 64.6% Trading business 72.2%	△
Minimize risks to the business foundation	**Respect the human rights of each person involved in our business**	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	1. Human rights awareness training participation rate among designated participants: 100% 2. Conduct human rights due diligence 【Expansion of human rights due diligence to Group companies】 Steel business Conducted assessments and provided feedback to three overseas Group companies (the Philippines, the United States, and Singapore). Engineering business Conducted assessments and provided feedback to three overseas Group companies (Indonesia, Malaysia, and Germany). Trading business Provided feedback on the FY2024 survey results to all 45 overseas Group companies. 【Establishment of a human rights risk management system for suppliers】 Steel business Conducted a second-round survey of 219 suppliers. Engineering business Conducted a second-round survey of 76 suppliers. In addition, started surveys for new suppliers at the commencement of transactions and for existing suppliers every three years. Trading business Provided feedback on the FY2024 survey results to 88 suppliers and conducted new surveys of 14 suppliers.	○
	Ensure adherence to corporate ethical standards and compliance	Compliance training participation rate: 100%	Participation rate in compliance training programs by employee level and legal topic: 100%	○

Areas of Focus	Material Issues	FY2025 KPIs	Initiatives and Results for FY2025	Assessment
Minimize risks to the business foundation	Promote appropriate quality assurance	1. Quality audit implementation at Group companies: 100% of planned number	1. Quality audit implementation at Group companies: 100% of planned number	○
		2. Quality assurance investment execution: 30%	2. Quality assurance investment execution: 33%	○
		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	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	○
		Major quality problems: 0	Major quality problems: 0	○
	Improve the level of information security	1. Thorough management of vulnerabilities 2. Improve resilience against cyberattacks	1.Conducted issue analysis and strengthened response measures 2.Conducted training programs and phishing email simulation exercises	–
	Coexist with local communities, society, and nature	Serious environmental or disaster accidents: 0	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	1. • Opened manufacturing sites to local communities and held festivals and other community events. • Conducted plant tours primarily for elementary and junior high school students living near business sites. 2. • Employees visited local elementary and junior high schools to deliver outreach classes on the steel manufacturing process and career development. • Organized various sporting events for local residents as well as elementary and junior high school students. • Held baseball clinics led by the East and West baseball teams and running clinics led by the track and field team for local children.	○
		New collaborative activities with local governments to improve blue carbon and marine area environments: +2 projects per year	New collaborative activities with local governments to improve blue carbon and marine area environments: +2 projects per year	○
		Conduct conservation activities (i.e., reforestation) and assess biodiversity impacts in the infrastructure construction sector	Conducted biodiversity impact evaluations in the infrastructure construction sector	○
	Maintain sound financial position	[Eighth Medium-term Business Plan Targets] 1. Debt/EBITDA ratio: Approx. 3 times 2. D/E ratio: Approx. 60%	1. Debt/EBITDA ratio: Approx. 4.8 times 2. D/E ratio: Approx. 59.4%	×

Fiscal 2026 KPIs

Areas of Focus	Material Issues	Aspirations	FY2026 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: 98% 2. GX steel sales: 200,000 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 emissions in society by providing renewable energy power generation facilities and expanding the power supply business: 13.0 million tonnes per year
		Trading business Domestic CO_2 emissions reduction rate (compared to FY2019) FY2027: –27.5%　FY2030: –35%	FY2026 domestic CO2 emissions: reduce 25% (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": 2.5 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 area use (cumulative total under the Eighth Medium-term Business Plan): 140,000 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. (cumulative total under the Eighth Medium-term Business Plan): 6 sites or more
		Trading business Expand products that contribute to a circular economy	Expand product lineup to contribute to a circular economy • Under the Eighth Medium-term Business Plan, increase the number of targeted product lines selling 6,000 tonnes per year or more by at least three
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: +0.6% (compared to FY2024 results) 2. Develop new products and technologies: 20 or more 3. Increase the percentage of total revenue from high-value-added products to 56% 4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieved FY2027 target of 50% 5. Time saved by generative AI and low-code development: 8,500 hours per month 6. Labor-saving initiatives in response to declining labor force and population (Eighth Medium-term Business Plan): Reduced by more than 200 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: ¥45 billion 2. Domestic Group companies business profit: ¥80 billion 3. Solutions business profit: ¥15 billion 4. Increase in foreign patent applications: 114%
	Engineering business **Improve profitability and competitiveness, promote investment in growth areas**	ROS: 6%	Improve project profitability Proportion of high-value-added and differentiated projects: Aim for over 50% by FY2027, and over 45% by FY2026
		Stabilize profits by expanding scale of O&M business	O&M business sales: Over ¥330 billion
		Improve labor productivity	Progress of operational reforms (to improve business efficiency by FY2035): Completed workflow analysis for specified departments in FY2026, aiming to complete optimization of all business processes in FY2027
		Expand DX solution revenue	Accelerate the expansion of our sales channels by conducting a full revision of related measures and strengthening the framework for these efforts Increase the number of new customers by 13% in FY2026 (compared to FY2024) and aim to achieve a 20% increase in FY2027
	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 • FY2026: Begin action on the 26 measures to overhaul Companywide operation processes and achieve a 100% implementation rate for the seven key measures
		Trade and business profit: ¥30 billion each	Implement growth investments to achieve profits (¥85 billion over 3 years)

Areas of Focus	Material Issues	Aspirations	FY2026 KPIs
Promote human capital management	Promote talent acquisition and development	Build a talent portfolio to realize business strategies	Steel business 1. New international employees trained (cumulative total for FY2025–2026): 66 or more 2. Advanced DX employees trained (cumulative): 1,000 Engineering business 1. New international employees trained (cumulative total for FY2025–2026): 25 2. Advanced DX employees trained (cumulative total for FY2025–2026): 90 Trading business New overseas secondments (cumulative total for FY2025–2026): 50
	Promote diversity, equity and inclusion	Realize an environment in which the experience, abilities, and individuality of diverse talent can be maximized	1. Women in managerial positions: Aim for at least 10% in positions qualified as section manager or above by 2030 (including at least 20% in management and sales departments), with a target of achieving 7.0% by April 2027 2. Percentage of male employees taking childcare leave: 70% or more
	Improve work engagement	Realize an environment in which every employee can maximize their potential	Engagement survey Affirmative response to questions about job satisfaction: Steel business 75% or more Engineering business 80% or more Trading business 80% or more
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 0.10 or less Engineering business 0.25 or less 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
Minimize 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	1. Compliance training participation rate: 100% 2. Percentage of positive responses to questions regarding the enhancement of compliance awareness in the awareness survey related to corporate ethics: 90% or more (once every two years)
	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 (cumulative): 63%
		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 the 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 and bolster 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	Implementation of biodiversity impact evaluations 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%

Progress under JFE Vision 2035 and the Eighth Medium-term Business Plan

The JFE Group has been pursuing initiatives for achieving sustainable growth and enhancing corporate value by pledging to take on the challenges of the most transformative period in the Group's history to ensure a prosperous future for the planet.

In FY2025, we addressed climate change as a top-priority business issue and worked toward meeting our FY2030 target of reducing GHG emissions in our steel business by at least 30% over FY2013. We are steadily promoting technological development and capital investment, including planning for the introduction of an innovative electric arc furnace*, while also laying the groundwork for our emissions reduction targets. As the business environment for our steel business continues to be challenging, we strived to improve profitability, including increasing the ratio of high-value-added products and reducing costs, with a certain level of success. However, due to such factors as raw material prices and market conditions, consolidated business profit for FY2025 fell short of expectations at 135.3 billion yen. To achieve the FY2027 segment profit target of 365.0 billion yen set out in our Eighth Medium-term Business Plan, we will steadily restructure our domestic production system and develop the "from the inside" business model in overseas growth markets to further improve profitability. Under these circumstances, we believe that two of the greatest concerns stakeholders have with regard to the JFE Group are: (1) its economic outlook, or whether it can achieve sustainable growth amid the changing environment of intensifying competition, and (2) its response to carbon neutrality, or whether it can meet the technological and financial challenges to achieving carbon neutrality. To address these issues, we will work to enhance our medium- to long-term corporate value under our long-term JFE Vision 2035 by restructuring our business portfolio, increasing the ratio of high-value-added products, and improving capital efficiency, while balancing environmental and economic values.

*A large, high-efficiency electric arc furnace capable of producing high-grade and high-function steel products

› JFE Group Long-term Vision "JFE Vision 2035" and Eighth Medium-term Business Plan (FY2025–FY2027)
(https://www.jfe-holdings.co.jp/en/investor/management/plan/)

JFE Group's Aspirations

Our Corporate Purpose

The JFE Group reexamined how each business should leverage its strengths to fulfill its role and contribute to society. And through extensive participation and discussion by employees in operating companies, we defined our corporate purpose as follows.

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

Corporate Vision Contributing to society with the world's most innovative technology

Corporate Values Challenging Spirit. Flexibility. Sincerity.

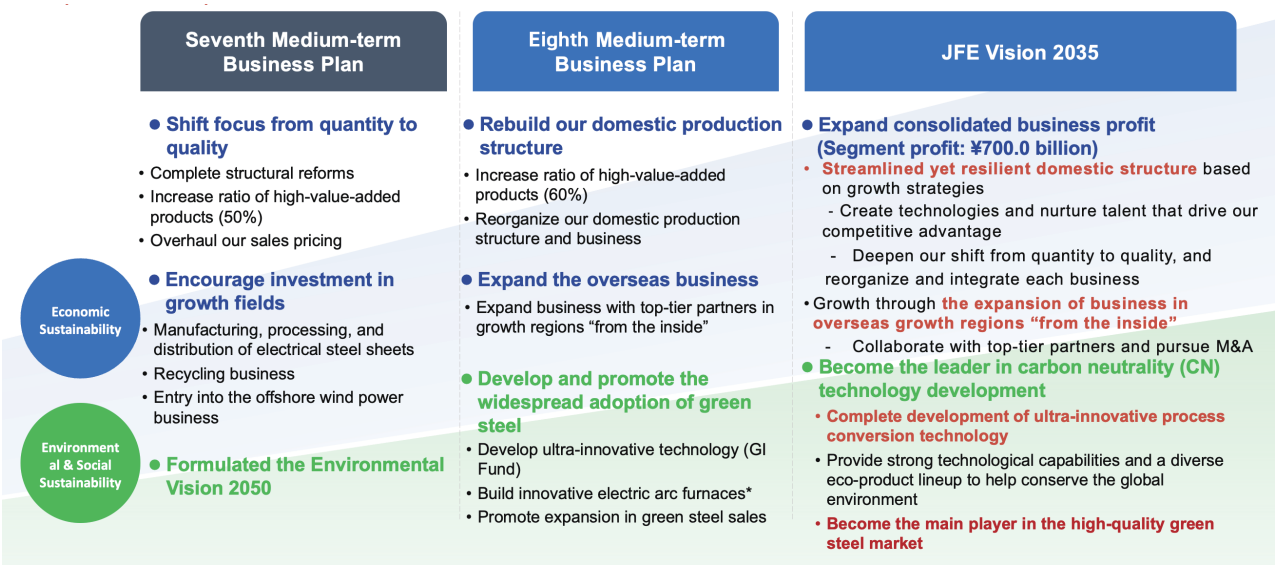
- We held extensive discussions of what role each business should play and how it can contribute to society by utilizing its strengths across our operating companies, based on which we formulated the following corporate-purpose statements.

Purpose

JFE Steel	JFE Engineering	JFE Shoji
Dream for your Future, Steel takes you Further.	Foundations of Life — Just For the Earth —	Steel and More: Bridging Global Progress

Envisioning the JFE Group in 2035 with the JFE Vision 2035

In accordance with the JFE Group's Corporate Vision and Standards of Business Conduct and the corporate purpose formulated by each operating company, we have defined the JFE Group aspiration as "becoming the leader in carbon neutrality (CN) technology development." We also set the target of 700 billion yen in consolidated business profit as the level of profit necessary for developing technologies and making capital investments to achieve CN by 2050. Furthermore, we have formulated the Eighth Medium-term Business Plan (FY2025–2027) to promote growth strategies for realizing the JFE Group's aspirations in the face of a challenging business environment.



Sustainability Initiatives of the Eighth Medium-term Business Plan

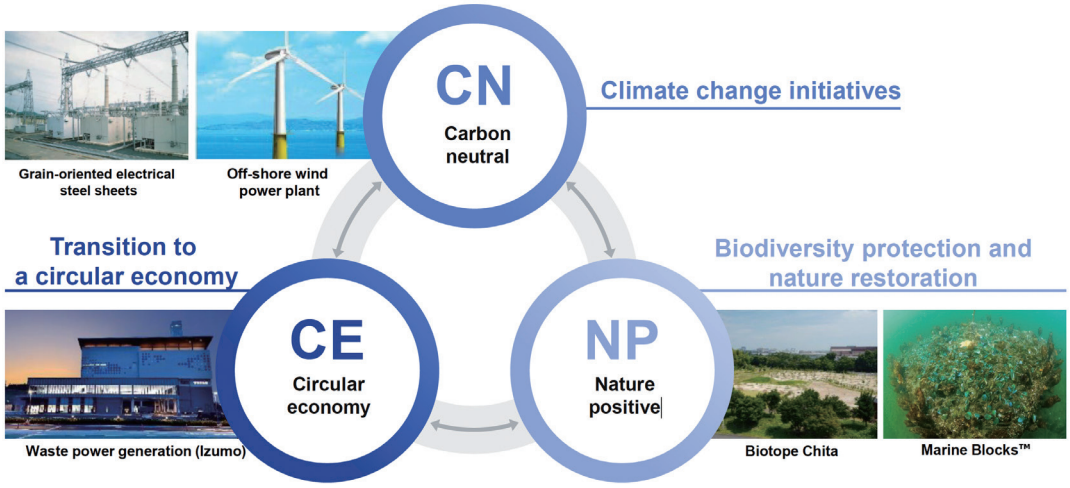
Following the formulation of our Eighth Medium-term Business Plan, we reviewed our material issues of corporate management and KPIs. We extracted and scrutinized the necessary initiatives for the JFE Group to achieve sustainable growth by backcasting from our past initiatives on environmental and social issues and long-term vision and identified 16 material issues.

› Process for Identifying Material Issues of Corporate Management (P. 14)
› KPIs for FY2026 (P. 22)

Initiatives for Environmental Sustainability

In addition to climate change, a top-priority business issue under the previous medium-term business plan, we will proactively strive Groupwide to drive the transition to a circular economy and engage in biodiversity conservation and nature-positive initiatives under the current medium-term business plan.

- **The entire JFE Group will contribute greatly to the global environment and society by working proactively on the transition to a circular economy, biodiversity conservation, and nature positivity, with a focus on the climate change problem.**



Adapted based on "Status of the Environment, Economy, and Society, and Direction of Environmental Measures" published by Japan's Ministry of the Environment in January 2023.

Initiatives to Address Climate Change Issues

We will further promote initiatives for achieving carbon neutrality by 2050, guided by the JFE Group Environmental Vision for 2050, formulated in 2021. In the steel business, we will position the current medium-term business plan period as a preparatory phase toward achieving the FY2030 target of reducing GHG emissions by at least 30% compared to levels in FY2013 and completing as scheduled the development of ultra-innovative technologies in FY2035. Accordingly, we will continue working to roll out the innovative electric arc furnace in the Kurashiki district of the West Japan Works in Okayama Prefecture and develop ultra-innovative technologies. In the engineering business, we will work to achieve the FY2030 target of reducing GHG emissions across society by 20 million tonnes by capturing the demand for offshore wind power while also seeking to win EPC* orders and participate in projects in the hydrogen, ammonia, and carbon capture and storage areas, where social implementation is expected to advance in the years ahead.

*Projects in which the engineering, procurement, and construction processes are undertaken as a single package.

› **Initiatives to Address Climate Change** (P. 49)
› **JFE Group Environmental Vision for 2050** (P. 49)

Initiatives to Realize a Circular Economy

The JFE Group is focusing on the priority issues of expanded the use and sales of recycled materials, development of resource-efficient eco-products and eco-solution technologies, and conversion of byproducts and waste into resources, and it will promote initiatives that leverage the strengths of each operating company and Group synergies.

› **Initiatives to Transition to a Circular Economy** (P. 126)

Initiatives to Promote Biodiversity Conservation and Nature Positive

By deepening our awareness that the JFE Group's business activities depend on and impact biodiversity and natural capital, we will promote initiatives to mitigate the associated risks. At the same time, we will not only develop processes, products, and technologies that contribute to these initiatives but also advance activities through diverse approaches, including collaborating with local communities and the supply chain. The JFE Group also endorses the TNFD* recommendations and will disclose information in line with the TNFD framework to share information with society at large.

*Taskforce on Nature-related Financial Disclosure

› **Biodiversity Conservation and Nature Positive** (P. 154)

Promoting Our Human Resources Strategy and Human Capital Management

The JFE Group believes that human resources are the driving force for corporate growth in times of transformation. In executing and realizing our management strategies, we formulated our human resources strategy from a long-term perspective with the understanding that the Company's sustainable growth must be actively linked with the personal growth of employees. This strategy focuses on securing skilled resources to build our talent portfolio, advancing DEI to maximize individual capabilities, and enhancing work engagement.

› **Human Capital** (P. 186)

Corporate Governance

We transitioned to being a company with an Audit & Supervisory Committee with the aim of swiftly responding to rapid and major changes in the environment surrounding the Company, such as carbon neutrality and DX. We will further advance initiatives undertaken in the previous medium-term business plan for enhancing the effectiveness of the Board of Directors and strengthening its supervisory functions. By doing so, we will strive to accelerate management decision-making, enrich Board member discussions on management policies and strategies, and further strengthen the Board's supervisory role. We will also introduce new indicators to calculate ESG remuneration for directors.

› **Corporate Governance** (P. 248)

Major Performance and Profitability Targets, Shareholder Returns Policy

Major performance and profitability targets for the current medium-term business plan are listed below. We consider returning profit to shareholders as one of the top management priorities. We will proactively distribute dividends while striving to ensure the entire Group's sustainable corporate structure. While we intend to maintain a dividend payout ratio of around 30%, our policy is to set a minimum of 80 yen per share from the perspective of conducting stable dividends.

FY2025 Results and FY2026 Estimates for Groupwide Performance and Profitability Targets and Shareholder Returns Policy

			Eighth Medium-term Business Plan FY2027	FY2025 Results	FY2026 Estimates
JFE Group	Consolidated business profit		400.0 billion yen	135.3 billion yen	215.0 billion yen/year
	ROE		10% or more	2.7%	About 6%
	Debt/EBITDA		About 3 times	4.8 times	4.8 times
	D/E		About 60%	59.4%	66.6%
Operating Companies	Steel business	Segment profit	260.0 billion yen	38.0 billion yen	100.0 billion yen/year
	Engineering business	Segment profit	42.0 billion yen	23.9 billion yen	25.0 billion yen/year
	Trading business	Segment profit	60.0 billion yen	40.2 billion yen	45.0 billion yen/year
Shareholder Returns	Dividend Policy		Payout ratio of around 30% with minimum set at 80 yen per share	72.5%	33.9%

For measures of each operating company, refer to JFE GROUP REPORT 2026 (Integrated Report)

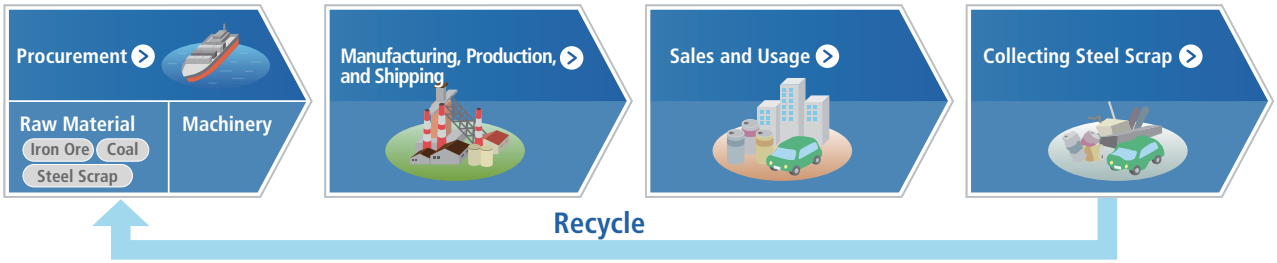
› **JFE GROUP REPORT 2026 (Integrated Report)** (https://www.jfe-holdings.co.jp/en/investor/library/group-report/)

JFE Group Value Chain

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



Overview of the Value Chain



Procurement

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

Manufacturing, Production, and Shipping

The JFE Group is one of the world's largest steelmakers, with cutting-edge technologies for the efficient production and stable supply of high-quality steel products used in products indispensable to daily life, including automobiles, infrastructure, and home appliances. We also promote resource recycling by repurposing iron and steel slag generated in the process of producing steel into such products as cement and other construction materials. In addition, we are planning to use such slag in environment recovery materials such as "Marine Stone™," which works effectively as a base for the adhesion of organisms and for improving the marine environment.

Sales and Usage

We pay due consideration for the global environment in our own steel production processes as well as by developing eco-products and solution technologies that contribute to the reduction of GHG emissions across society. Furthermore, we work at the frontier of production by responding to the diverse needs of different industries through research and development and by improving production technologies.

Collecting Steel Scrap

We collect steel scrap generated by customers after processing and use, as well as scrap from the market, and repurpose it as raw material for steelmaking.

Risks and Opportunities in the Value Chain

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal/ Steel Scrap	Machinery			
Address Climate Change Issues					
The JFE Group views climate change as a critical managerial concern from the perspective of business continuity, and it considers achieving carbon neutrality by 2050 a top priority. By designating climate change issue as a material issue of corporate management, we are actively tackling the challenge to resolve this issue.					
Risks • Increased instability in raw material procurement • Decline in production caused by typhoons, heavy rains, or droughts at manufacturing sites • Burden of investment required for introducing new technologies to realize large-scale decarbonization • Introduction of carbon pricing • Intensified competition and surge in the price of cold iron sources (scrap and reduced iron) • Increased demand for electricity due to a transition from blast furnaces to electric arc furnaces • Decline in the sales volume of steel products due to a reduction in internal combustion engines caused by the spread of EVs, and the shift to alternative materials caused by multi-material manufacturing	●	●	●	●	●
Opportunities • Increased demand for steel products with high environmental value for achieving decarbonization • Growth in demand for products used in EVs caused by expanded production of EVs	●	●	●	●	●

Key Initiatives

› Initiatives to Address Climate Change (P. 49)

Related Pages

› Policy Engagement (P. 89) › Identification and Assessment of Risks and Opportunities (TCFD Scenario Analysis) (P. 113)
› Supply Chain Management (P. 233) › Environmental Data (P. 273)

Contribute to the Realization of a Recycling-Oriented Society					
Recognizing that the transition to a circular economy is essential for realizing a circular society, we will advance this initiative beyond the scope of the JFE Group through collaboration with our value chain partners. We will work to convert byproducts and waste into resources, develop resource-efficient eco-products and solution technologies, and expand the use and sale of recycled resources.					
Risks • Resource depletion • Shortage of disposal sites for waste generated • Declining in the grade, rising price, and difficulty of obtaining obsolete scrap	●	●	●		●

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal/ Steel Scrap	Machinery			
Opportunities • Renewed interest in recyclability of steel products • Increased demand for eco-products and solutions • Expanded use and sales of steel slag products and steel scrap • Increased demand for recycled materials	●		●	●	●

Key Initiatives

> **Initiatives to Transition to a Circular Economy** (P. 126)

Related Pages

> **Environmental Data** (P. 273)

Acquire Robust Profitability

To achieve the JFE Vision 2035, the JFE Group's Aspirations for 2035, we will strive to construct a streamlined yet resilient domestic structure based on growth strategies and realize growth through the expansion of business in overseas growth regions "from the inside."

Risks • Decline in domestic demand • Difficulty in securing human resources due to the contraction of Japan's labor force • Stagnation in the drive for decarbonization • Expansion in markets for low-priced products from overseas and other competitors • Tighter tariff policies and the rise of protectionism in various countries • Improvement in technological capabilities of overseas competitors			●	●	●
Opportunities • Increased demand for eco-products that contribute to reducing CO_2 emissions (steel sheets, high-strength steel sheets, etc.) • Increased demand for GX steel and steel products used for new energy applications • Progress in the development of a circular economy • Capture demand in overseas growth markets			●	●	●

Key Initiatives

> **Initiatives to Address Climate Change** (P. 49) > **Initiatives to Transition to a Circular Economy** (P. 124)

> **Human Capital** (P. 186)

Related Pages

> **JFE Group Report** (https://www.jfe-holdings.co.jp/en/investor/library/group-report/)

> **JFE Group Long-term Vision "JFE Vision 2035" and the Eighth Medium-term Business Plan (FY2025-FY2027)** (https://www.jfe-holdings.co.jp/en/investor/management/plan/)

> **DX REPORT** (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/)

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal/ Steel Scrap	Machinery			
Ensure Occupational Safety and Health for Employees					
Ensuring the occupational safety and health of employees is a basic corporate requirement for manufacturers and is fundamental to the continued existence of any company. The JFE Group adheres to the philosophy of safety first, and, together with its Group companies and partner companies (including contractors), is promoting safety and health activities to create safe and healthy workplaces where all employees remain physically and mentally fit as they continue working for many years.					
Risks • Occurrence of accidents, including occupational injuries • Talent drain			●	●	
Opportunities • Stable recruitment of human resources and improvement in labor productivity			●	●	
Key Initiatives › **Occupational Health and Safety** (P. 202) **Related Pages** › **Social Data** (P. 286)					
Promote Human Capital Management					
The JFE Group believes that human resources are the driving force for corporate growth in times of transformation. In executing and realizing our management strategies, we formulated our human resources strategy from a long-term perspective with the understanding that the Company's sustainable growth must be actively linked with the personal growth of employees. This strategy focuses on securing skilled resources to build our talent portfolio, advancing DEI to maximize individual capabilities, and enhancing work engagement.					
Risks • Labor shortage • Talent drain • Culture of passing down technical skills is dying out	●	●	●	●	●
Opportunities • Acquisition of diverse talent for promoting the Company's growth strategies • Improvement in employee engagement • Improvement in labor productivity			●	●	
Key Initiatives › **Human Capital** (P. 186) › **Promoting Diversity, Equity and Inclusion (DEI)** (P. 190) › **Promoting Talent Acquisition and Development** (P. 188) › **Improving Work Engagement** (P. 195) **Related Pages** › **Supply Chain Management** (P. 233) › **Social Data** (P. 286)					

Challenges in the Value Chain	Procurement		Manufacturing, Production, and Shipping	Sales and Usage	Collecting Steel Scrap
	Raw Material Iron Ore/Coal/ Steel Scrap	Machinery			
Minimize Risks to the Business Foundation					
To achieve the JFE Group's sustainable growth and enhance corporate value, we will promote the establishment and operation of a risk management system to accurately identify and appropriately address risks across the Group.					
Risks • Occurrence of human rights issues and violation of laws and regulations, etc. • Information leaks and system failures caused by cyber-attacks or improper system use • Production and quality issues, decline in customer trust • Deterioration in relationship with local communities • Lack of adequate responses to stricter environmental regulations • Contamination of a drainage destination • Difficulty in fund procurement	●	●	●	●	●
Opportunities • Expansion in sustainable procurement and construction of a stable procurement system • Competitive advantage based on stable production and quality • Diversification in fund procurement	●	●	●	●	●

Key Initiatives

› **Biodiversity Conservation and Nature Positive** (P. 154) › **Compliance** (P. 263) › **Risk Management** (P. 269)

Related Pages

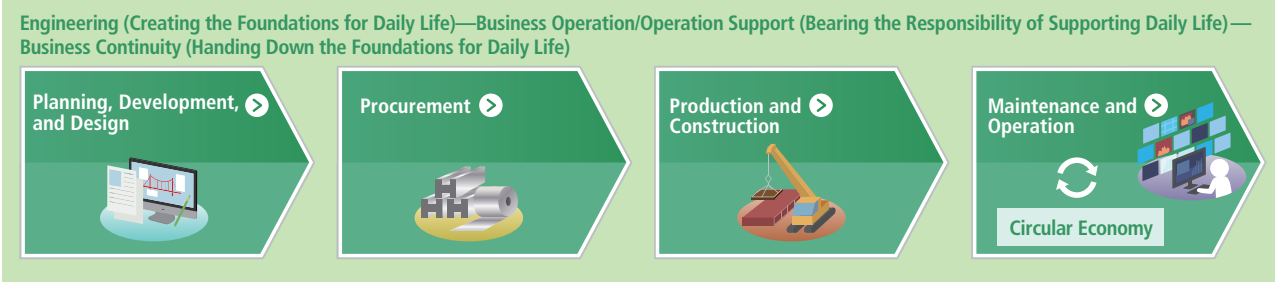
› **Environmental Data** (P. 273) › **Supply Chain Management** (P. 233) › **Governance Data** (P. 292)

› **DX REPORT** (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/)

Engineering Business



Overview of the Value Chain



Engineering (Creating the Foundations for Daily Life)

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

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

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

Business Continuity (Handing Down the Foundations for Daily Life)

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

Risks and Opportunities in the Value Chain

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Address Climate Change Issues				
The JFE Group strives to reduce CO_2 emissions in society through its eco-friendly products and technologies, including renewable energy technologies and energy-saving products in its engineering business. The Group designates climate change as a material issue of corporate management and is tackling the challenge to resolve this issue.				
Risks • Damages incurred by typhoons, heavy rains, or drought at its manufacturing and construction sites	●	●	●	●
Opportunities • Growing demand for strengthening infrastructure and addressing disasters • Greater opportunities for decarbonization and solution businesses	●	●	●	●

Key Initiatives

› Initiatives to Address Climate Change (P. 49)

Related Pages

› Policy Engagement (P. 89) › Identification and Assessment of Risks and Opportunities (TCFD Scenario Analysis) (P. 113)
› Supply Chain Management (P. 233) › Environmental Data (P. 273)

Contribute to the Realization of a Recycling-Oriented Society				
Recognizing that the transition to a circular economy is essential for realizing a circular society, we will advance this initiative beyond the scope of the JFE Group through collaboration with our value chain partners. We will work to convert byproducts and waste into resources, develop resource-efficient eco-products and solution technologies, and expand the use and sale of recycled resources.				
Risks • Lack of disposal sites for waste generated • Depletion of resources		●	●	●
Opportunities • Increased demand for waste-to-resource technologies (plastics recycling, food waste power generation) • Growing demand for more resilient, longer-lasting infrastructure • Growing need for improving operational efficiency and reducing environmental impact	●	●	●	●

Key Initiatives

› Initiatives to Transition to a Circular Economy (P. 126)

Related Pages

› Environmental Data (P. 273)

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Acquire Robust Profitability				
To achieve the JFE Vision 2035, we will strengthen our earnings base by leveraging our diverse business portfolio, while expanding our business operations by transitioning to a circular economy.				
Risks • Decline in domestic demand • Difficulty in securing human resources due to the decrease in Japan's labor force • Stagnation in the drive for decarbonization	●	●	●	●
Opportunities • Increased demand for carbon neutral plants, growing need for renewable energy • Capture demand in overseas growth markets	●	●	●	●

Key Initiatives

› **Initiatives to Address Climate Change** (P. 49) › **Initiatives to Transition to a Circular Economy** (P. 126)
› **Human Capital** (P. 186)

Related Pages

› **JFE Group Report** (https://www.jfe-holdings.co.jp/en/investor/library/group-report/)
› **JFE Group Long-term Vision "JFE Vision 2035" and the Eighth Medium-term Business Plan (FY2025-FY2027)** (https://www.jfe-holdings.co.jp/en/investor/management/plan/)
› **DX REPORT** (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/)

Ensure Occupational Safety and Health for Employees				
Ensuring the occupational safety and health of employees is a basic corporate requirement for manufacturers and is fundamental to the continued existence of any company. The JFE Group adheres to the philosophy of safety first, and, together with its Group companies and partner companies (including contractors), is promoting safety and health activities to create safe and healthy workplaces where all employees remain physically and mentally fit as they continue working for many years.				
Risks • Occurrence of accidents, including occupational injuries • Talent drain	●		●	●
Opportunities • Stable recruitment of human resources • Improvement in labor productivity	●		●	●

Key Initiatives

› **Occupational Health and Safety** (P. 202)

Related Pages

› **Social Data** (P. 286)

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Promote Human Capital Management				
The JFE Group believes that human resources are the driving force for corporate growth in times of transformation. In executing and realizing our management strategies, we formulated our human resources strategy from a long-term perspective with the understanding that the Company's sustainable growth must be actively linked with the personal growth of employees. This strategy focuses on securing skilled resources to build our talent portfolio, advancing DEI to maximize individual capabilities, and enhancing work engagement.				
Risks • Labor shortage • Talent drain • Culture of passing down technical skills is dying out	●	●	●	●
Opportunities • Acquisition of diverse talent for promoting the Company's growth strategies • Improvement in employee engagement • Improvement in labor productivity	●	●	●	●

Key Initiatives

› **Human Capital** (P. 186) › **Promoting Diversity, Equity and Inclusion (DEI)** (P. 190)
› **Promoting Talent Acquisition and Development** (P. 188) › **Improving Work Engagement** (P. 195)

Related Pages

› **Supply Chain Management** (P. 233) › **Social Data** (P. 286)

Challenges in the Value Chain	Planning, Development, and Design	Procurement	Production and Construction	Maintenance and Operations
Minimize Risks to the Business Foundation				
To achieve the JFE Group's sustainable growth and enhance corporate value, we will promote the establishment and operation of a risk management system to accurately identify and appropriately address risks across the Group.				
Risks • Occurrence of human rights issues and violation of laws and regulations, etc. • Information leaks and system failures caused by cyber-attacks or improper system use • Production and quality issues, decline in customer trust • Deterioration in relationship with local communities • Lack of adequate responses to stricter environmental regulations • Contamination of a drainage destination • Difficulty in fund procurement	●	●	●	●
Opportunities • Expansion in sustainable procurement and construction of a stable procurement system • Competitive advantage based on stable production and quality • Diversification in fund procurement	●	●	●	●

Key Initiatives

› **Biodiversity Conservation and Nature Positive** (P. 154) › **Compliance** (P. 263) › **Risk Management** (P. 269)

Related Pages

› **Environmental Data** (P. 273) › **Supply Chain Management** (P. 233) › **Governance Data** (P. 292)
› **DX REPORT** (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/)

Stakeholder Engagement

To achieve sustainable growth and enhance corporate value over the medium to long term, the JFE Group endeavors to maintain agreeable and favorable relationships with stakeholders by paying due consideration to the impact of its business on all stakeholders, including shareholders, customers, clients, employees, and local communities.

JFE Group Standards of Business Conduct

2 Be open to society

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

Engagement with Major Stakeholders

Engagement with Major Stakeholders in FY2025

ST JFE Steel EN JFE Engineering SH JFE Shoji

Major Stakeholders	Methods of Engagement	FY2025 Results	
Shareholders and Investors	Ordinary General Meeting of Shareholders	Once	Approx. 310,000 shareholders (number of unit shareholders)
	Individual meetings, primarily with institutional investors and securities analysts	In Japan: 64 companies (200 meetings) Overseas: 97 companies (232 meetings)	
	Meetings with shareholders, primarily ESG managers or those with voting rights at institutional investors	In Japan: 23 companies (42 meetings) Overseas: 18 companies (15 meetings)	
	Investor meetings and individual briefings on business strategy for analysts and persons responsible for ESG	8 times	Approx. 1,300 persons in total
	In-person and online business site and plant tours primarily for individual shareholders	16 times	Approx. 2,700 persons in total
	Various reports, including the JFE GROUP REPORT and JFE Group Sustainability Reports*1	Once	Approx. 21,000 copies
	Information via websites, etc., for shareholders and investors	As needed	
Customers	Communication through sales activities and sales support for quality assurance	Conducted at each operating company	
	Interviews and questionnaires, such as those related to customer satisfaction	Conducted at each operating company	
	Information via websites (product information), etc.	As needed	
Suppliers	Communication through purchasing activities	Conducted at each operating company	
	Interviews and questionnaires	Conducted at each operating company	
	Briefings and exchanges of opinion	Conducted at each operating company	
	Information disclosure and other communication through the website	As needed	

Major Stakeholders	Methods of Engagement	FY2025 Results	
Employees	Communications through daily operations and in the workplace		As needed
	Internal newsletters and intranet		As needed
	Various labor-management committees	2 to 4 times	Management and labor unions at each operating company
	Cases handled by the Corporate Ethics Hotline and the harassment consultation desk	As needed	JFE Holdings and operating companies: 159 cases (146 cases at Group companies)
	Position-specific training on compliance and human rights	As needed	Conducted at each operating company
	Family days (visits by employee families, lunch at employees' cafeteria), etc.	ST 6 times EN 2 times SH 2 times	Conducted at each operating company
	Corporate Ethics Awareness Survey	Every other year	JFE Holdings and operating companies
	Engagement Survey*2	Once	JFE Holdings and operating Companies
	Management feedback*3	Once	JFE Holdings, JFE Steel, and JFE Engineering
Local Communities	Communication through local residents' association, events, etc.		As needed
	Events at manufacturing bases (festivals, etc.)	Once per region	Approx. 150,000 persons per year
	Plant tours	As needed	Approx. 90,000 persons per year
	Cleanup activities in the vicinity of manufacturing bases and local regions		As needed
	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)		As needed
	Dispatch of lecturers to elementary schools, craft workshops, workplace experience events		ST 34 times EN 20 times SH 5 times
	Information via websites (environmental info, etc.)		As needed
	Social contribution through JFE 21st Century Foundation (http://www.jfe-21st-cf.or.jp/eng/index.html) (various research support, regional activity support, etc.)		As needed

*1 Number of issues published is for the JFE GROUP REPORT, and the JFE Group Sustainability Report is only posted online.
*2 Questionnaire targeting all employees for surveying the level of satisfaction and applying results to initiatives and operations.
*3 Corporate officers and managers are evaluated by co-workers and subordinates and receive feedback.

Engaging Our Shareholders and Investors

We work to disclose information accurately, fairly, and in a timely and appropriate manner as well as strive for active communication. We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and to promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.

Policy on Constructive Dialogue with Shareholders and Investors

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

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

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

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

- **Investor information** (https://www.jfe-holdings.co.jp/en/investor/index.html)
- **Plant tours (special benefit for shareholders) (Japanese only)** (https://www.jfe-holdings.co.jp/investor/stock/factory_tour/index.html)
- **Disclosure policy** (https://www.jfe-holdings.co.jp/en/investor/management/disclosure-policy/index.html)

General Meetings of Shareholders

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

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

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

Engaging Our Customers

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

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

For more on this, please refer to the following information.
› **Provide Quality Products and Enhance Customer Satisfaction** (P. 226)

Engaging Our Suppliers

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

For more on this, please refer to the following information.
› **Supply Chain Management** (P. 233)

Engaging Our Employees

Recognizing that human resources are the driving force behind corporate growth, top management has formulated human resources strategies aligned with our management strategies. It has also established the JFE Group's Basic Policy on Human Resource Management and the JFE Group Health Declaration to promote initiatives that maximize the talents and vitality of our human resources through aggressive investment in human capital.

For more on this, please refer to the following information.
› **Human Capital** (P. 186)

Engaging the Local Community

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

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

For more on this, please refer to the following information.
› **Community** (P. 235)

Environmental Communication

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

Disclosing Environmental Data

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



Environmental data display in the Keihin district

Dissemination of Environmental Information and Public Outreach

Commercial Video and Special Website about JFE

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

> Special website "Sus-tetsu-nable!" (Japanese only) (https://www.jfe-holdings.co.jp/sus-tetsu-nable/)

ecobeing Environmental Website

The JFE Group provides support to ecobeing, a web magazine operated by KLEE INC., which disseminates information on the environment under the slogan "Let's talk more with the Earth!" The website series "ecopeople" has featured people from a variety of fields and also introduced JFE Group employees and initiatives. To date, the magazine has covered JFE Steel's BETTER RECYCLE Shonan, featuring the project for addressing plastic pollution by increasing the application of steel sheets for can-making, the JFE Dragonfly Path in the Tsurumi Works of JFE Engineering, and the "Public-Private Partnership for Creating a Rich Marine Environment" with Yokohama City. In 2025, we introduced our biogas power generation project, conducted in partnership with the restaurant industry, which has a low recycling rate for food waste. The project collects food waste from restaurants to produce biogas through fermentation to generate electricity that is then supplied to partner shops. Many other activities and initiatives undertaken outside the JFE Group are also featured. By supporting this web magazine, the JFE Group seeks to help stimulate public discussion and awareness about ESG and the SDGs from an objective standpoint.

For further details, please refer to:

- **ecobeing (Japanese only)** (https://www.ecobeing.net/)
- **Collaboration on Biogas Power Generation for the Effective Use of Food Waste (Japanese only)** (https://www.ecobeing.net/ecotopics/#ecotopicsBI_3)
- **JFE Steel's steel slag products** (https://www.jfe-steel.co.jp/en/products/slag/index.html)

Sponsoring Midori no Komichi Environmental Diary

The JFE Group sponsors the Midori no Komichi (Green Trail) environmental diary project, an environmental education program hosted by Green Cross Japan to raise environmental awareness among elementary school children. Through writing diaries on environmental themes, children are encouraged to think about the global environment in relation to their daily lives, consider what they can do, discuss their ideas, and take action. By supporting this initiative, the JFE Group promotes independent learning and actions by children who will shape the next generation and thereby contribute to realizing a sustainable society.

Please see the following for further details.

- **Midori no Komichi Environmental Diary (Japanese only)** (https://www.midorinokomichi.net/)

Participation in Environmental Exhibitions Such as EcoPro 2025 and Tokyo Bay Festival 2025

The JFE Group showcases how its business activities address environmental issues by participating in various environmental exhibitions.

EcoPro 2025, one of the largest environmental exhibitions in Japan, was held in December 2025 at Tokyo Big Sight, and the JFE Group participated under the theme "Sus-tetsu-nable! Let's create an environmentally friendly loop for the future!" The JFE Group develops technologies and products that efficiently use limited resources without generating waste. At our booth, we explained the high recyclability of steel and showcased technologies such as environmentally friendly steel products, food recycling, horizontal recycling of PET bottles, reuse of iron and steel slag, and construction of infrastructure with longer service life so that visitors could learn about a circular society through JFE's business activities. In addition, we creatively enhanced our interactive exhibits including a VR-based factory tour. We welcomed many visitors, ranging from students, mainly from elementary and junior high schools, to working adults, providing opportunities to deepen their understanding of the JFE Group's environmental initiatives.



The JFE Group's booth at EcoPro 2025


Interactive exhibit

The JFE Group's eight companies jointly participated in the WIND EXPO at Tokyo Big Sight in March 2026. The WIND EXPO is one of the Smart Energy Week expos, a set of simultaneous expositions about seven new energy fields, and Japan's largest wind energy exposition that draws participants from around the world. We promoted our initiatives under categories such as foundational structures, construction, O&M, and the supply chain. We introduced how we became the first Japanese company to win an order for monopiles for a large-scale offshore wind power project in a general sea area and the start of operations at JFE Engineering's monopile manufacturing plant in Kasaoka, Okayama Prefecture, as well as the sales expansion of JFE Steel's high-quality large and heavy steel plate "J-TerraPlate™" and green steel product "JGreeX™." We also provided information on our plans to enter the monopile foundation manufacturing business for floating offshore wind power generation.

The JFE Group has positioned its offshore wind power business as a key initiative. Our strength lies in the diverse range of businesses within the Group, which can collaborate to generate synergies and create new value. We will continue to leverage the Group's comprehensive capabilities to play our role in developing Japan's domestic supply chain for the industry.



JFE Group's booth at the WIND EXPO

The JFE Group participated as a panelist in the NIKKEI Blue Ocean Forum, sponsored by The Nihon Keizai Shimbun and Nikkei BP and held in May and December 2024. We introduced our project using steel slag products to create seaweed beds and our "blue carbon" initiative to calculate the amount of carbon absorbed and fixed by marine life.

In September 2025, JFE Steel took part in Tokyo Bay Festival 2025, an event held in Yokohama City to celebrate the bounty of Tokyo Bay, and presented the company's involvement in the regeneration of the marine environment and contribution to biodiversity through its steel slag products. The event offered a great opportunity for the company to showcase to the many visitors how its products contribute to the SDGs.



JFE Steel's booth at Tokyo Bay Festival 2025