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.

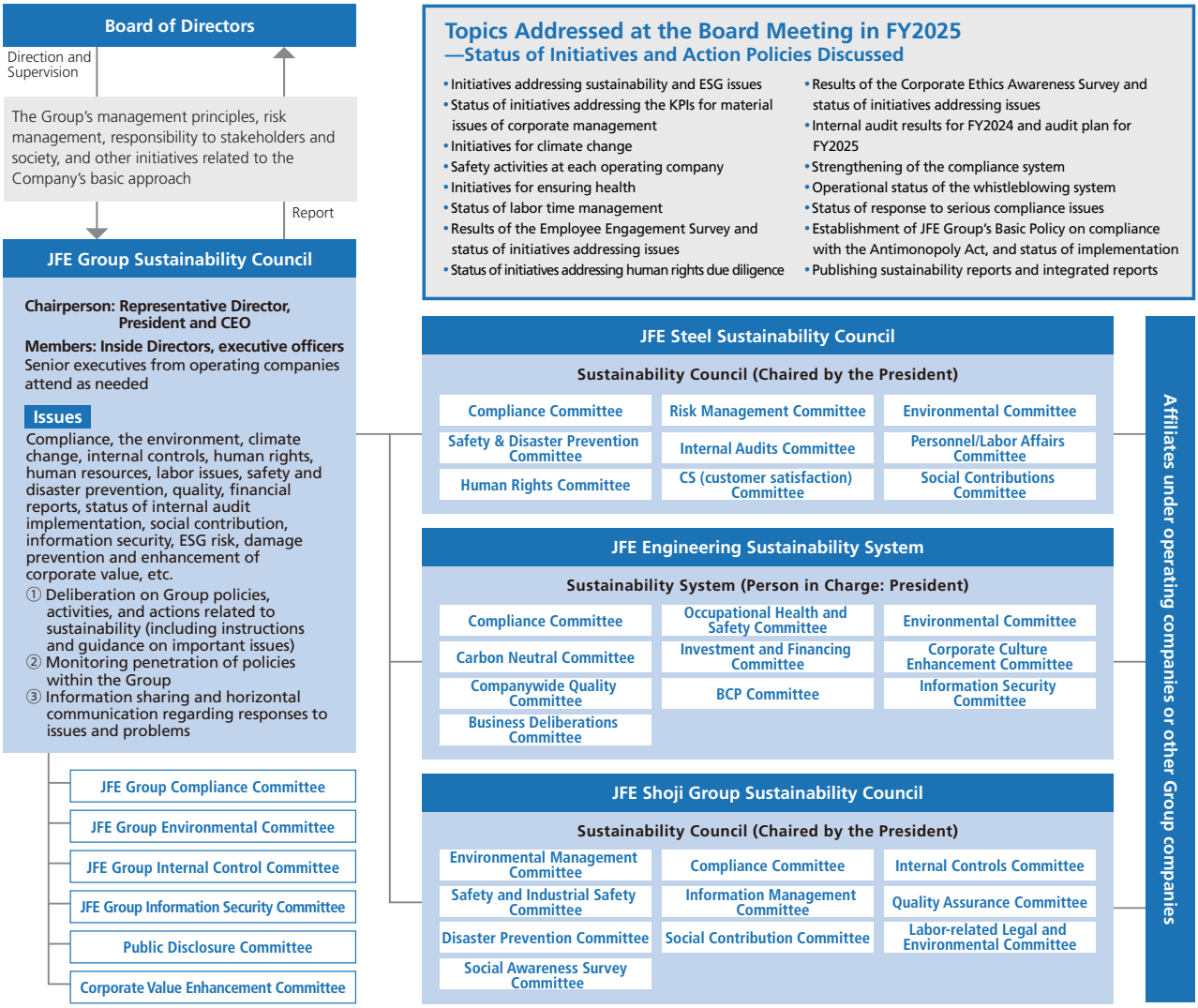
Activities of the Group Sustainability Council

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

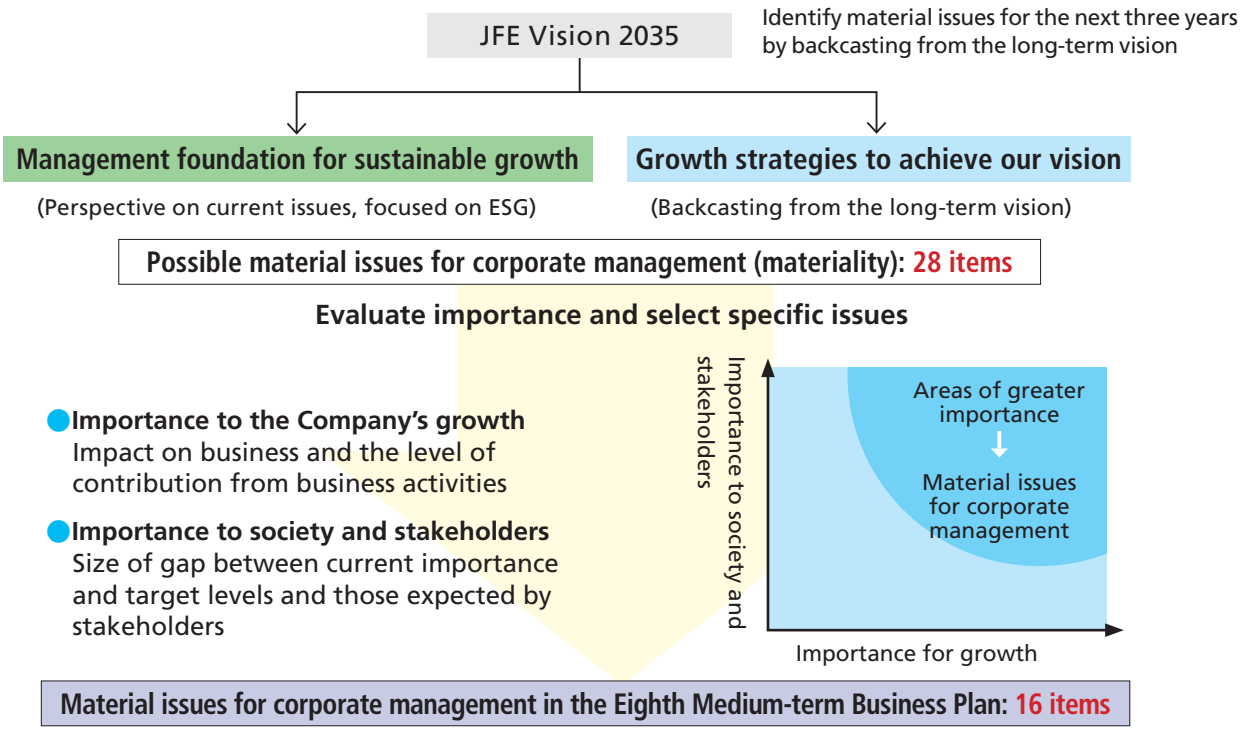
We assessed the importance of the identified issues to the Company's growth as well as to society and stakeholders, and identified 16 material issues for corporate management to be incorporated into the Eighth Medium-term Business Plan.

- 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

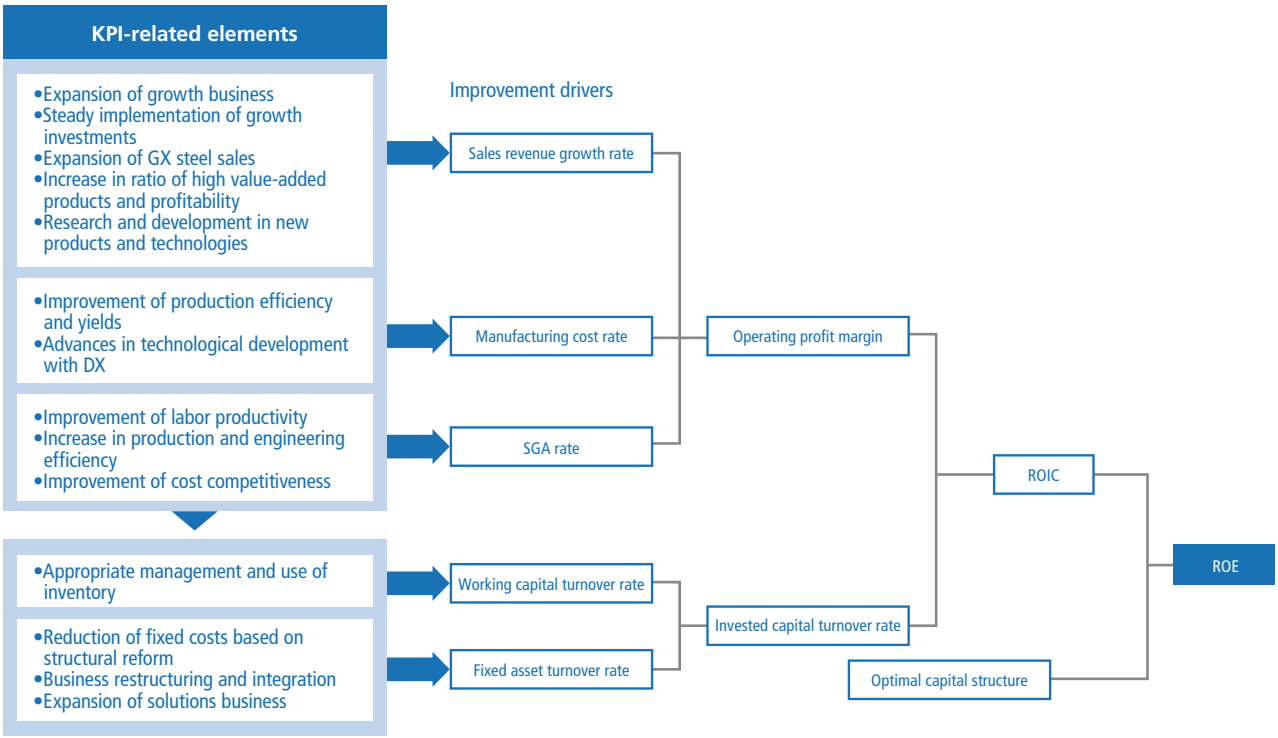
Performance Evaluation for FY2025 KPIs and Establishment of FY2026 KPIs

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%