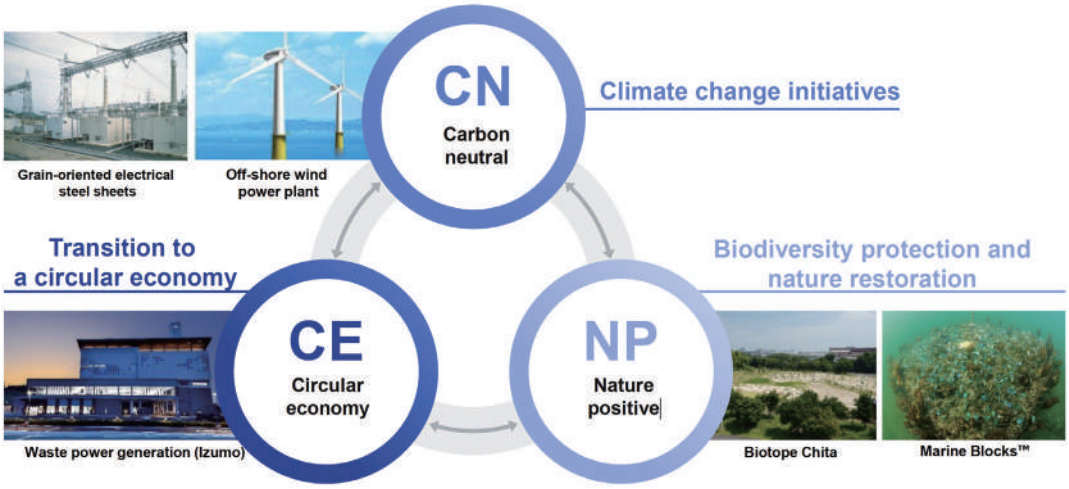
Environmental Management

Basic Policy

JFE Group companies are developing innovative technologies and international cooperation for the protection of the global environment by operating in harmony with the global environment, as well as protecting it, in accordance with the Group's environmental philosophy and policy.

Under the Eighth Medium-term Business Plan, we have positioned initiatives to address climate change, transitioning to a circular economy, and biodiversity conservation and nature positive as key issues. Since these issues are interconnected, we will address them in an integrated manner, taking into account both trade-offs and synergies. The JFE Group also views environmental issues as key management concerns that lead to new value creation and opportunities for sustainable growth beyond reducing risks. We aim to simultaneously resolve social issues and enhance corporate value by providing products and services that help reduce environmental impact, developing markets for products with environmental value, including GX steel, and expanding the use of circular resources. In advancing these initiatives, we will make appropriate investment decisions with emphasis on ensuring capital efficiency and economic viability based on the business environment and technological trends. At the same time, we will strive to provide highly transparent disclosure of environmental information and strengthen relationships of trust through constructive dialogue with stakeholders.



Based on the Ministry of the Environment's "State of the Environment, the Economy, and Society and Direction of Environmental Policies" (January 2023)

Environmental Philosophy

The JFE Group puts top priority on protecting and enhancing the global environment to maintain its business in harmony with the environment and ultimately for the prosperity of society as a whole.

Environmental Strategies

1. Reduce the environmental impact of all businesses
2. Contribute through technologies and products
3. Contribute through businesses for resource conservation and energy efficiency
4. Communicate with society
5. Facilitate international cooperation

Policy on Environment-related Information Disclosure

Environment-related risks and opportunities may have a significant impact on corporate finances and business activities over the medium to long term. The JFE Group has worked to enhance disclosure on environmental issues, including climate change, by disclosing climate-related information based on the TCFD recommendations and endorsing the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). Through disclosure aligned with these international disclosure frameworks, the Group seeks to enhance the transparency and reliability of its initiatives for stakeholders, including investors, customers, employees, and local communities.

In addition, the International Sustainability Standards Board (ISSB), established by the IFRS Foundation*, has built on the work of the TCFD and developed international standards for sustainability-related financial disclosures. In Japan, the Sustainability Standards Board of Japan (SSBJ) has formulated disclosure standards based on the ISSB standards, which were published in March 2025. The JFE Group is preparing to apply the standards from the fiscal year ending March 2028. Going forward, the JFE Group will continue to enhance its environment-related disclosure while ensuring alignment with international disclosure standards.

*A private, non-profit organization responsible for developing International Financial Reporting Standards (IFRS)

In May 2019, JFE Holdings announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in March 2025, it announced its endorsement of the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Taskforce on Nature-related Financial Disclosures

For the TCFD Content Index, please refer to the following.

› **Guidelines Content Index** (P. 310)

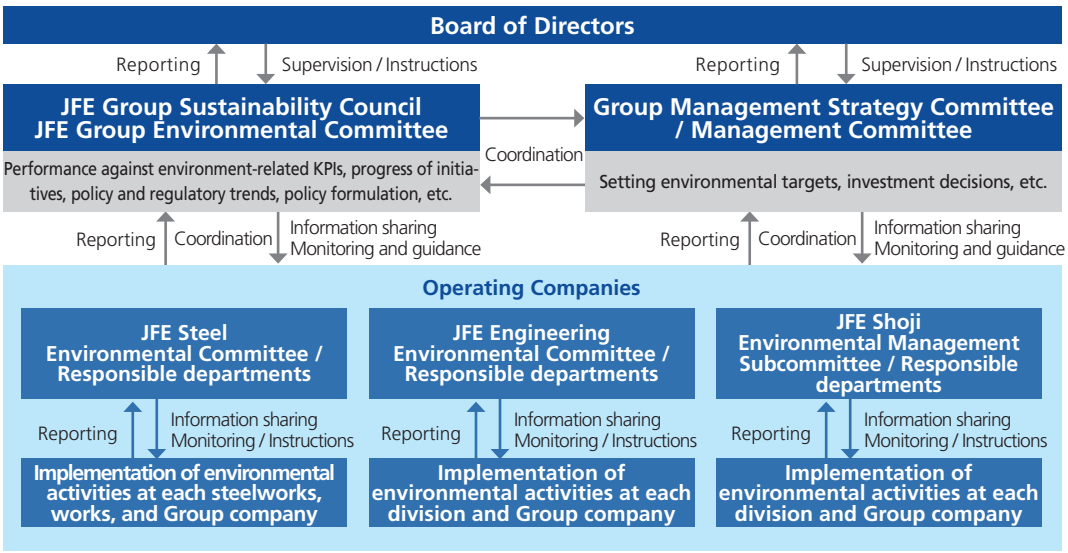
Governance

The JFE Group Environmental Committee, chaired by the president of JFE Holdings and operating under the JFE Group Sustainability Council, advances the Group's response to environmental issues. The Group Management Strategy Committee and Management Committee serve as forums for discussing and deliberating material environmental issues from a strategic perspective and, as appropriate, set targets for environmental issues, including climate change, and make decisions on environment-related investments. The JFE Group Environmental Committee serves as a forum for sharing and managing information on performance against environmental KPIs, progress on initiatives, policy trends in Japan and overseas, and changes in the business environment. It meets twice a year to improve the Group's overall environmental performance and strengthen its response to environmental issues. These matters are reported to the Board of Directors at least twice a year, and the Board fulfills its supervisory function through these discussions.

Furthermore, each JFE Group operating company and other Group company has also established specialized environmental committees and promotes environmental management activities tailored to their business characteristics, thus creating an integrated Groupwide environmental management framework.

For further details, please refer to:
- **System for Promoting Sustainability** (P. 10)
- **Progress under JFE Vision 2035 and the Eighth Medium-term Business Plan** (P. 24)
- **JFE Group Environmental Vision for 2050** (P. 49)

Environment-related Governance Structure



Examples of Environmental Items Reported to or Decided by the Board of Directors

- Reports on KPI targets and performance for material items (environment)
- Information disclosure consistent with TCFD recommendations (scenario analysis, financial impact, and other information)
- Formulation of the JFE Group Environmental Vision for 2050
- Use of climate-related metrics to determine executive remuneration
- Formulation of GHG emissions reduction targets and contribution targets under the Eighth Medium-term Business Plan
- Decision-making on capital investment for GHG emissions reduction (including the introduction of innovative electric arc furnaces)
- Status of initiatives to prepare for the SSBJ standards
- Status of initiatives for environment-related disclosure through CDP and other channels
- Status of initiatives for the transition to a circular economy, biodiversity conservation, and nature positive

Risk Management

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Policy for Building Internal Control Systems.

Environment-related risks and opportunities are identified, assessed, and reviewed on an ongoing basis at the corporate level, using methods such as scenario analysis for material issues, including climate change. The results of these analyses are appropriately reported in accordance with the aforementioned governance framework. Key factors affecting business are selected, and detailed analysis of their impacts is used in formulating business strategies, including medium-term business plans.

In addition, each operating company works to identify and reduce risks through environmental management systems, routine environmental management activities, and training. This information is compiled by JFE Holdings, thereby establishing an integrated environmental risk management framework across the JFE Group.

› **Environmental Management Activities** (P. 180)

Monitoring Method for Risks

The JFE Group continuously monitors environment-related risks and opportunities through the JFE Group Environmental Committee, Group Management Strategy Committee, and Management Committee. Monitoring methods include scenario analysis, progress management for various KPIs, and tracking changes in the business environment and regulatory trends to periodically assess changes in risks and opportunities. These monitoring results are used to review response policies and measures as necessary to reduce risks and maximize opportunities. Particularly important matters are promptly reported to management under the governance framework and reflected in management decisions. In addition, the JFE Group Environmental Committee consolidates information related to risks, strengthens management systems, and strives to reduce the frequency and impact of risks. Moreover, the JFE Group promotes initiatives to maximize climate-related opportunities. These initiatives are reported to and overseen by the Board of Directors at least twice a year.

Each operating company also continuously implements improvement measures for issues identified through environmental management activities and verifies their effectiveness, thereby strengthening its ability to address environmental risks.

Countermeasures Based on Monitoring

1. Groupwide deliberations
2. Monitoring penetration of policies within the Group
3. Information sharing and horizontal communication regarding responses to issues and problems

› **System for Promoting Sustainability** (P. 10)
› **Risk Management** (P. 269)
› **Environmental Management Activities** (P. 180)