Supply Chain Management

Basic Policy

Through the adoption of the Sustainable Development Goals (SDGs) and the Paris Agreement, the international community has called on companies to actively engage in actions to resolve global issues toward realizing a sustainable society. Existing harmoniously with the global environment, respecting human rights, and providing challenging work environments are some of the JFE Group's commitments in the JFE Standards of Business Conduct and the Group promotes initiatives under these standards. In order to realize a sustainable society, we believe it is important to address these challenges within the Group itself as well as across the entire supply chain. We will continue to push forward with our initiatives supported by the understanding of our suppliers and other business partners.

For risks and opportunities as well as Grievance mechanisms across the JFE Group's value chain, please refer to:
› **JFE Value Chain** (P. 28)
› **Grievance Mechanisms** (P. 215)

Promoting Green Procurement

The JFE Group's procurement policies help to conserve resources and protect the environment by ensuring adherence not only to all laws and regulations but also to procurement principles stated in the Charter of Corporate Behavior developed by the Japan Business Federation. Going forward, the JFE Group expects to accelerate such efforts in its supply chains.

Procurement Policy and Initiatives by Each Business

ST JFE Steel Procurement Guidelines and Requests to Suppliers to Promote Sustainability

In pursuit of a sustainable society, JFE Steel established the JFE Steel Procurement Guidelines in accordance with the JFE Group Standards of Conduct and the JFE Group Basic Policy on Human Rights. Under these guidelines, the company procures raw materials and equipment with due consideration for human rights, including the prohibition of child labor and forced labor, compliance with applicable laws, and environmental protection. In addition, we purchase raw materials such as tin, tantalum, tungsten, gold, and cobalt only after confirming that they have not been mined in conflict-affected or high-risk areas. We share these guidelines with our business partners and promote sustainability initiatives throughout our supply chain.

For the JFE Steel Procurement Guidelines, please refer to:
› **JFE Steel Procurement Guidelines** (https://www.jfe-steel.co.jp/en/company/pdf/procurement-guidelines.pdf)

EN Basic Procurement Policy, and Requests to Suppliers to Promote CSR

Viewing its suppliers as key partners in achieving mutual growth, JFE Engineering strives to nurture mutual trust and reinforce partnership relationships.

The company established the Basic Procurement Policy to implement fair and transparent procurement activities. Under our Procurement Guidelines, we also make specific requests to business partners and request their compliance. To ascertain the status of suppliers' efforts based on the request for compliance, we conduct a questionnaire survey. After reviewing the results, we follow up with suppliers that particularly require improvement, provide support materials to assist their improvement programs, and request corrective action.

Through these efforts, the company is developing CSR activities with its suppliers to promote sustainable procurement.

For JFE Engineering's Procurement Policy and Procurement Guidelines, please refer to:

› **Basic Procurement Policy** (https://www.jfe-eng.co.jp/en/information/procurement_policy.html)

› **Procurement Guidelines** (https://www.jfe-eng.co.jp/en/information/procurement_policy.html)

SH Ensuring a Sustainable Supply Chain

The JFE Shoji Group strives to be a prominent company that sustainably grows and develops alongside its customers, the JFE Group, and all other stakeholders. Recognizing that the key for achieving this goal is to ensure sustainability across the supply chain, JFE Shoji established the Basic Policy on Sustainability in the Supply Chain to guide its efforts on such issues as human rights, labor issues, and the global environment.

We seek the understanding and cooperation of our suppliers and other business partners in complying with the policy and will work with them to establish a more sustainable supply chain.

For JFE Shoji's Basic Policy on Sustainability in the Supply Chain, please refer to:

› **Basic Policy on Sustainability in the Supply Chain** (https://en.jfe-shoji.co.jp/corporate/principle/#section03)