External ESG Evaluations

JFE Holdings is highly regarded by ESG evaluation organizations in Japan and overseas.

FTSE JPX Blossom Japan Index (Invested in by the GPIF)

JFE Holdings has been selected as a constituent of the FTSE JPX Blossom Japan Index, an investment index provided by FTSE Russell. The index selects companies that demonstrate strong environmental, social, and governance (ESG) practices and is used in the creation or assessment of sustainable investment funds and other financial products.

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index (Invested in by the GPIF)

JFE Holdings is a constituent of the FTSE JPX Blossom Japan Sector Relative Index, an investment index provided by FTSE Russell. It refers to the ESG assessment made by FTSE Russell as a base and reflects management practices toward climate change risks and opportunities for some constituents that have high carbon intensity (GHG emissions per unit of revenue).

FTSE JPX Blossom Japan Sector Relative Index

FTSE4Good Index Series

JFE Holdings has been selected as a constituent of the FTSE4Good Index Series, an investment index provided by FTSE Russell. This comprehensive ESG index in general applies the same ESG assessment scheme as that used for the FTSE JPX Blossom Japan Index. Constituents have high absolute ESG ratings and are screened from major stocks around the world.

FTSE4Good

Note: FTSE Russell confirms that JFE Holdings, Inc. has been independently assessed according to the index criteria and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index, the FTSE JPX Blossom Japan Sector Relative Index, and FTSE4Good Index Series. Created by the global index and data provider FTSE Russell, they are designed to measure the performance of companies demonstrating specific environmental, social, and governance (ESG) practices. They are used by a wide variety of market participants to create and assess responsible investment funds and other products.

MSCI Nihonkabu ESG Select Leaders Index (Invested in by the GPIF)

JFE Holdings has been selected as a constituent of the MSCI Nihonkabu ESG Select Leaders Index, an investment index provided by MSCI Inc. The index is based on MSCI's ESG research, which is used by over 1,000 companies around the world. This comprehensive ESG index reflects ESG risks to the market portfolio and is comprised of constituents with relatively high ESG evaluation within the industry.

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Selection Indexes

JFE Holdings, Inc. is included in the MSCI Selection Indexes, provided by MSCI Inc. and targeting major global companies. Constituents are selected based on MSCI's ESG research to include companies with higher ESG ratings within their particular industry.

MSCI Selection Indexes Constituents 2026

Note: THE INCLUSION OF JFE Holdings, Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JFE Holdings, Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index (Invested in by the GPIF)

JFE Holdings has been selected as a constituent of the S&P/JPX Carbon Efficient Index, jointly developed by S&P Dow Jones Indices and the Japan Exchange Group. The weighting of constituents in the index is determined by the status of corporate disclosure for environmental information and the level of carbon efficiency, or carbon emissions per unit of revenue.

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index (Invested in by the GPIF)

JFE Holdings is a constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index provided by Morningstar, Inc. This index is based on the data and evaluation methods of Equileap and is designed to facilitate investment prioritizing companies that have established gender diversity policies embedded in their corporate culture and companies committed to providing equal opportunities for employees regardless of gender.

SOMPO Sustainability Index

JFE Holdings has been selected for 14 consecutive years as a constituent of the SOMPO Sustainability Index (former: SNAM Sustainability Index), which was launched by Sompo Asset Management Co., Ltd. The index, which comprises companies with highly regarded ESG ratings, contributes to investor asset formation by evaluating corporate value from a long-term perspective.

2026 Sompo Sustainability Index

Evaluation Based on CDP 2025

Established in Britain in 2000, the Carbon Disclosure Project (CDP) is a nongovernmental organization that conducts ESG evaluations. It calls on companies to disclose ESG-related information by responding to CDP questionnaires to facilitate ESG investment decisions by institutional investors. Currently, the CDP covers these environmental areas: climate change, water security, forests, plastics, biodiversity, and oceans, and companies are rated on an eight-point scale (from A to D–) for each. The volume of information collected by the CDP has become one of the largest in the world, with over 2,100 companies in Japan responding to the questionnaires in 2024, which are widely used in various indexes by institutional investors and for socially responsible investment. The JFE Group actively participates in CDP initiatives and responds to questionnaires on climate change and water security every year. Our high rating reflects our complete disclosure of appropriate information for the CDP 2025 questionnaire.

*CDP 2025 score: climate change: B, water security: A–, supplier engagement: A

2026 Certified Health and Productivity Management Outstanding Organizations Recognition Program

JFE Holdings, JFE Steel, JFE Engineering, and JFE Shoji participate in Japan's Ministry of Economy, Trade and Industry's health management survey, designed to objectively assess initiatives to promote employee health. All four companies have also been certified as 2026 Outstanding Organizations in Health and Productivity Management in recognition of their health management practices in collaboration with health insurers.

DBJ Employees' Health Management Rated Loan Program

The DBJ Employees' Health Management Rated Loan Program is the world's first financing menu that bases loan conditions on DBJ's proprietary system for rating health management for the purpose of selecting and evaluating companies based on their performance in this area.

JFE Holdings' efforts in pursuing employee health management has been highly regarded, and it is rated as a top-ranking company under the program.

DBJ Environmentally Rated Loan Program

The Development Bank of Japan (DBJ) Environmentally Rated Loan Program uses a screening (rating) system developed by DBJ to evaluate environmental management and then assign a corresponding interest rate from three levels. This was the world's first loan program to incorporate environmental ratings in its financing menus. In March 2016, JFE Holdings was rated as a top-ranking company that pursues excellent and advanced environmental initiatives resulting in outstanding environmental-management performance, based on which the company secured a loan under the program.

Platinum Kurumin Certification

JFE Engineering was recognized as a company that excels in supporting childcare and obtained the Platinum Kurumin certification from Japan's Ministry of Health, Labour and Welfare on December 10, 2025.

External Evaluations of Non-ESG Areas

Noteworthy DX Company 2026

JFE Holdings was the only company in the iron and steel industry to be selected as a Noteworthy DX Company 2026, under the Digital Transformation Stock Selection (DX Stock) program organized by Japan's Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Innovation Platform Agency.

From about 3,800 companies listed on the Tokyo Stock Exchange, the program identifies those that continue to take on ambitious challenges to transform their business models and management practices based on digital technologies and have undertaken noteworthy initiatives, particularly in terms of their contribution to corporate value. These companies are recognized as Noteworthy DX Companies.

JFE Steel completed the large-scale migration of its core steelworks systems to an open platform by the end of FY2025 to establish its data utilization infrastructure. In addition, it is promoting initiatives to create new value by combining intangible assets, such as operational data and expertise accumulated through many years of business activities, with cutting-edge technologies including AI, IoT, and data science. Furthermore, the JFE Group has been highly regarded for its extensive DX initiatives across its companies, which include leveraging AI to enhance productivity and advance the technological sophistication of its operations, expanding its solutions business, and developing DX talent.

External Awards

Recognized as an Environmentally Sustainable Company at the 7th ESG Finance Awards Japan

JFE Holdings was selected as an Environmentally Sustainable Company* in the Environmentally Sustainable Companies Category in the 7th ESG Finance Awards Japan, presented by the Ministry of the Environment.

ESG Finance Awards Japan was founded to disseminate and expand ESG finance by commending and widely sharing the initiatives of institutional investors, financial institutions, intermediaries, and companies that have made an outstanding impact by proactively engaging in ESG finance as well as environmental and social projects. JFE Holdings received a special recognition at the second ESG Finance Awards Japan in FY2020 and was selected as an Environmentally Sustainable Company at the third, fourth, and sixth awards in FY2021, FY2022, and FY2024. It also received the Bronze Award as well as selection as an Environmentally Sustainable Company at the fifth awards in FY2023.

This year, we disclosed our newly formulated long-term vision JFE Vision 2035 and our initiatives on environmental sustainability under the Eighth Medium-term Business Plan, which is the growth strategy designed to achieve the vision. As part of this information, we highlighted our efforts to address climate change, including our financial impact assessment in the TCFD scenario analysis and our policy engagement, the transition to a circular economy, and our biodiversity conservation and nature-positive initiatives. We believe that recognition of these activities led to our selection.

*The Environment Sustainable Category provides investors and companies with concrete examples of businesses that incorporate significant environmental opportunities and risks into their management strategies to enhance corporate value and develop positive environmental benefits while creating that value. Those selected under the category as Environmentally Sustainable Companies meet specific standards for information disclosure.

Please see the following for further details.

> **JFE Group Selected as an Environmentally Sustainable Company at 7th ESG Finance Awards Japan (Japanese only)**
(https://www.jfe-holdings.co.jp/release/2026/0217/001864/)

World Steel Association 2026 Steel Sustainability Champions

JFE Steel was selected as the 2026 Steel Sustainability Champion by the World Steel Association.

Once a year, the association commends member companies for demonstrating leadership in developing a sustainable steel industry and society and achieving outstanding results in enhancing sustainability.

The JFE Group has been developing innovative technologies to mitigate environmental impact and published the JFE Group Environmental Vision for 2050. We inform stakeholders about our sustainability policies and achievements across a range of areas, including environment, human rights, health and safety, through publications such as the JFE Group Sustainability Report. These endeavors were recognized with the award for the sixth consecutive year.

Looking ahead, we plan to continue contributing to achieve the Sustainable Development Goals (SDGs) by strengthening our sustainability management practices and working to help resolve environmental and other issues in society through business.

Please see the following for further details.

> **JFE Steel Recognized as 2026 Steel Sustainability Champion (Japanese only)**
(https://www.jfe-steel.co.jp/release/2026/04/260423.html)

Dissemination and Exchange of Environmental Information

Awards for Technologies and Product Development (FY2025)

	Prize / Award	Project	Sponsor
JFE Steel	FY2025 Climate Change Action Minister of the Environment Award	Development of alkali-activated material (AAM) concrete that reduces CO_2 emissions while efficiently using resources	Ministry of the Environment
	FY2025 Energy Conservation Grand Prize Minister of Economy, Trade and Industry Grand Prize, Energy Conservation Best Practices Category	Energy conservation initiative through the development of highly thermally efficient, long-life radiant tube burners	Energy Conservation Center Japan
	60th Machinery Promotion Award Chairman's Prize	Robotic system capable of autonomously grinding out surface defects on steel pipes	Japan Society for the Promotion of Machine Industry
	3rd National Marine Restoration and Blue Infrastructure Awards Waterfront Vitalization and Environment Research Foundation Award	Project for creating a seaweed bed using recycled materials in areas around Shinto, Iwakuni City, Yamaguchi Prefecture (Koujiro Fisheries Cooperative, Iwakuni City, National Institute of Technology, Ube College, and JFE Steel)	Waterfront Vitalization and Environment Research Foundation
	FY2025 Otani Art Museum Award Award of Excellence	Development of Matt Dull (MD), a new stainless steel finish with a milky white color and matt luster that offers superior aesthetic qualities	Otani Art Museum Foundation
	72nd (FY2025) Okochi Memorial Technology Prize	Development of highly formable, high-strength alloyed hot-dip galvanized steel sheets that contribute to reducing automobile weight	Okochi Memorial Foundation
	10th Monodzukuri Nippon Grand Award Minister of Economy, Trade and Industry Award	Development of sour-resistant line pipes that meet ultra-strict specifications by reducing center segregation and hardness in the outermost layer	Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism; Ministry of Health, Labour and Welfare; Ministry of Education, Culture, Sports, Science and Technology
	FY2026 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology Science and Technology Award (Development Category)	Development of a new formula for calculating crack tip opening displacement (CTOD), a measure of fracture toughness, that contributes to ISO international standards	Ministry of Education, Culture, Sports, Science and Technology
JFE Engineering	Cogeneration Award 2025 Technology Development Category Award for Excellence	Commercialization of a 45 vol% hydrogen co-firing gas engine cogeneration system with the same output as a 100% city gas-fired system	Advanced Cogeneration and Energy Utilization Center Japan



FY2025 Climate Change Action, Minister of the Environment Award



FY2025 Energy Conservation Grand Prize, Energy Conservation Best Practices Category: Minister of Economy, Trade and Industry Award



60th Machinery Promotion Award, Chairman's Prize



3rd National Marine Restoration and Blue Infrastructure Awards, Waterfront Vitalization and Environment Research Foundation Award



FY2025 Otani Art Museum Award, Award of Excellence



72nd (FY2025) Okochi Memorial Technology Prize



10th Monodzukuri Nippon Grand Award, Minister of Economy, Trade and Industry Award



Cogeneration Award 2025, Award for Excellence in the Technology Development Category

Third-Party Comments

Yoshinao Kozuma

Emeritus Professor
Sophia University

1. Sustainable Corporate Growth Model



This report explains the status of progress on the Company's JFE Vision 2035 and Eighth Medium-term Business Plan, which makes it all too clear that the essence of environmental challenges, such as achieving carbon neutrality by 2050, transitioning to a circular economy, and conserving biodiversity and restoring nature, involves more than physically decarbonizing business activities, promoting resource circulation, and coexisting with natural capital. It lies in transitioning to a sustainable corporate growth model suited to such a society. In climate change countermeasures alone, the Company makes it abundantly clear that it is addressing environmental challenges as an integral part of its business strategy. This can be seen in its multi-track approach of promoting innovative electric arc furnaces, hydrogen-based direct reduction technology, and carbon-recycling blast furnaces while following a clearly defined policy of balancing environmental and economic value in their implementation, introducing internal carbon pricing as a tool for evaluating the economic rationality of its GX investments, and advancing policy engagement to expand and develop the GX steel market. This creates a strong impression that all these activities are closely linked to the JFE Group's growth strategy within a sustainable economy and represents a major environmental achievement for FY2025.

2. Raising the Targets for Building a Talent Portfolio

On the social front, the Company has addressed its goal of establishing a talent portfolio for achieving management strategies, as proposed in its Eighth Medium-term Business Plan, by significantly raising the FY2026 targets for developing talent capable of supporting key strategies, such as overseas operations and promotion of DX. The FY2026 target for the percentage of male employees taking paternity leave has also been raised to promote DEI. The changes made to these targets indicate a strengthening of KPI management related to talent portfolio development and are commendable aspects of the Company's initiatives in FY2025.

3. Changes in Corporate Governance Structure and Governance Reforms

In terms of governance, significant changes have been made to the corporate governance structure. JFE Holdings has transitioned to a company with an Audit & Supervisory Committee, with the aim of strengthening, in an integrated manner, human capital, technological development, and governance, which constitute the infrastructure for addressing environmental challenges. Furthermore, in response to this transition and to expedite management decision-making, the Company also revised the criteria for submitting matters to the Board of Directors along with the board's operational procedures. Additionally, chief compliance officers were appointed at the holding company and operating companies, and chief financial officers and chief technology officers were appointed at the operating companies, significantly strengthening the governance system. This was another achievement for FY2025.

4. Future Challenges

Unlike the Company's environmental data, for which the scope of aggregation is being expanded and adjusted, much of its social data is still aggregated on a non-consolidated basis, which remains an issue to be rectified. The Company must align the reporting boundaries for financial and non-financial data at an early stage to clarify how sustainability risks and opportunities are linked to the financial statements and ensure proper disclosure of the actual process of long-term value creation. Moreover, with regard to workplace accidents, which are also a human rights issue, the lost-time injury frequency rate (KPI) has consistently failed to meet some of the targets over the years; more effective countermeasures should therefore be considered.

Mariko Kawaguchi

Specially appointed professor of the Graduate School of Social Design Studies, Rikkyo University



This is the tenth year I have been invited to provide a third-party opinion. Much can change in ten years, and this period has coincided with a transformative decade in which sustainability issues have been integrated into the global economy and business management. The JFE Group has played a leading role throughout this period. Starting with its pioneering TCFD disclosures, the Group laid out its Environmental Vision 2050 as an ultra-long-term goal for achieving carbon neutrality, followed by JFE Vision 2035, which outlines the strategy of becoming the top runner in carbon neutrality technology development, and the medium-term business plans that serve as the tactical framework for integrating the Group's initiatives into daily operations.

By effectively leveraging this three-tiered structure of goals, strategies, and tactics, the JFE Group has steadfastly advanced decarbonization and the transition to a circular economy in its steel business as well as in various social infrastructures. Initially, I was not entirely convinced of the feasibility of these "moonshot" targets. However, the Company has been investing steadily to advance the development of highly challenging technologies such as innovative electric arc furnaces, hydrogen-based ironmaking, and carbon-recycling blast furnaces, and it has built a track record of reducing GHG emissions at a pace that exceeds the targets set in its medium-term business plans toward achieving JFE Vision 2035. It is also reassuring to see that, as in its decarbonization efforts, the Company's performance in resource recovery and recycling is generally progressing smoothly.

Furthermore, in this year's Message from the CEO, President Kitano clearly stated that meeting social challenges is at the heart of the JFE Group's mission, and that addressing environmental challenges, such as decarbonization, the transition to a circular economy, and biodiversity conservation and nature-positive initiatives, is the very foundation of the JFE Group's future business and a key management strategy for sustainable growth and enhancing corporate value. If so, developing businesses that directly contribute to corporate value will become crucial. I believe this is underscored by the inclusion of initiatives for three key areas in the new medium-term business plan, and the appointment of chief technology officers at the operating companies to strengthen technological development.

This report provides detailed information for each operating company on specific risks and opportunities related to climate change and biodiversity along the value chain based on the TCFD and TNFD frameworks, which helps readers grasp both the big picture and specific initiatives. Furthermore, the disclosure of the use of short- and long-term internal carbon pricing suggests that environmental constraints are actually being integrated into the Company's business management. For investors, this provides insight into business risks and opportunities, while for employees it serves as a guide that shows them how their daily work is linked to environmental management, which at times can seem quite abstract, and I hope it will boost motivation.

With regard to initiatives on biodiversity, the Company has recognized water-related risks as a key issue and has clarified its commitment to addressing the urgent need to prepare for increasingly severe natural disasters and to develop nature-positive technologies. The fact that each business site is steadily implementing diverse activities for biodiversity conservation tailored to the characteristics of its region and operations is further evidence that biodiversity is being internalized as a personal concern at each worksite.

Compared to a year ago, we are seeing a significant increase in the severity of climate-related disasters such as the massive flooding in Nepal this summer caused by melting glaciers and frequent torrential rains causing disasters across Japan, as well as resource constraints arising from geopolitical risks such as the closure of the Strait of Hormuz. From the perspective of national energy and resource security, there are growing expectations for societal decarbonization and resource-recycling businesses, and the Company's efforts to realize its long-term vision have become aligned with the pressing needs of society. And while disaster prevention, as a means of adapting to climate change, is expected to become even more urgent than mitigation, the Earth itself demands an absolute reduction in carbon emissions rather than enhancements in carbon productivity.

Therefore, my hope is that the JFE Group will accelerate its decarbonization initiatives and further integrate its efforts on climate change, resource recycling, and biodiversity. I envisage the development of a comprehensive green infrastructure system that integrates GX steel, recycled resources such as plastics, and natural capital including forests and wetlands. This would establish a resilient infrastructure that draws on the wisdom of indigenous peoples and our ancestors to combine the strengths of iron, a mineral resource, with biological resources such as wood and plants.

Even the assessments of environmental risks and opportunities rated as medium or low in this report may change as environmental conditions continue to deteriorate, with particular concern that risks may increase. This will require a flexible approach, including a review of the carbon pricing disclosed by the Company.

The stakeholder engagement section of this report outlines the initiatives undertaken for each stakeholder group. For the supply chain, it describes initiatives involving direct business partners. In addition, the Company conducts human rights training for suppliers and has begun collaborating with external organizations on mechanisms for human rights remediation. Given this situation, why not incorporate the workers, local residents, and Indigenous peoples upstream in the supply chain into the list of supply chain stakeholders and comprehensively address their concerns?

In the human capital disclosures, the Company is implementing improvement measures based on an analysis of the results of its employee engagement survey. A variety of measures have been proposed, ranging from those that can be addressed through revisions to personnel systems to long-term initiatives focused on changing the employee mindset and corporate culture. I hope the Company will take a long-term perspective and proceed steadily with these initiatives.

Last year I wrote, "I hope that many employees will emerge who understand both sustainability considerations and corporate value enhancement and can translate that understanding into their work." This year, the examples of technology and biodiversity projects presented in this report offer a vivid picture of on-site staff working with enthusiasm and ingenuity. I look forward to seeing everyone from top management to on-site staff continue to work toward building a safe, secure, and sustainable social infrastructure that is in harmony with the Earth, treating this as their own mission.