

	Changes in Society and Response		Stakeholder Expectations and Concerns for the JFE Group	Results of Assessment
<p>2°C Scenario</p> <p>Key Factor 1 Decarbonization of Iron and Steelmaking Process</p>	<p>Increasing social demand for decarbonized iron and steelmaking process</p>	<p>Implement innovative technology to realize decarbonation at a large scale</p> <p>Introduce carbon price</p>	<ul style="list-style-type: none"> Significantly contribute through innovative technologies Increase in investment to implement innovative technologies Increase in operating costs due to introduction of carbon pricing 	<p>Opportunity ↗ Develop and put into practical use innovative technologies in addition to existing ones</p> <p>Risk → Investment on implementing innovative technologies is feasible</p> <p>→ The Group's cost competitiveness will be maintained through implementation of a uniform carbon price across all countries</p>
<p>2°C Scenario</p> <p>Key Factor 2 Increased Needs for Effective Utilization of Steel Scrap</p>	<p>Increasing interest for electric furnace method for its lower CO₂ emissions</p>	<p>Increasing expectations for electric furnace steel</p> <p>Increasing volume of scraps generated</p>	<ul style="list-style-type: none"> Electric furnace as an alternative to converter furnace Expanding electric furnace steelmaking within the JFE Group 	<p>Opportunity ↗ Converter furnace steelmaking is increasing due to constraint on the supply of scrap</p> <p>↗ Expansion in electric furnace steelmaking and electric furnace engineering</p> <p>↗ Expansion in scrap logistics business</p>
<p>2°C Scenario</p> <p>Key Factor 3 Change in Demand for Automotive Steel</p>	<p>Shift in demand for automobiles</p> <p>Increasing demand for eco-friendly materials</p>	<p>Increasing demand for EV motors</p> <p>Decreasing demand for internal-combustion engines</p> <p>Cars are lighter in weight and use multi-materials</p> <p>Demand for decarbonization and high recyclability</p>	<ul style="list-style-type: none"> Increase in demand for electrical steel sheets for EV motors Decrease in demand for special steel due to decreased demand for internal-combustion engines Alternative steel material for automobiles to meet the trend of using multi-materials Demand to improve decarbonization and recyclability of steel 	<p>Opportunity ↗ Increase in demand for electrical steel sheets due to increase in electric vehicles</p> <p>↗ Increase in demand for special steel due to increased car sales</p> <p>↗ Increase in demand for high tensile strength automotive steel sheets</p> <p>↗ Recyclability of steel is gaining attention again</p> <p>Risk → Effect of trend to use multi-materials is limited</p>
<p>2°C Scenario</p> <p>Key Factor 4 Increase in Demand for Solutions to Enhance Decarbonization</p>	<p>Transition to decarbonized society</p>	<p>Increasing demand for solutions to promote the transition</p> <p>Overseas expansion of energy-saving technologies</p>	<ul style="list-style-type: none"> Renewable energy power generation plant Promote low-carbon business, or eco solutions, in developing countries using best available technologies (BAT) developed and put into practical use in Japan 	<p>Opportunity ↗ Entire construction and operation of renewable energy plants (biomass, geothermal, and solar power generation)</p> <p>↗ Entire construction and operation of incinerators and plastic recycling plants</p> <p>↗ Entire construction of CCU/CCS facilities</p> <p>↗ Overseas expansion of low-carbon business</p>
<p>4°C Scenario</p> <p>Key Factor 5 Unstable Raw Materials Procurement due to Increased Occurrence of Climatic Hazards</p>	<p>Increasingly devastating climate hazards caused by temperature rise</p>	<p>Raw materials procurement becomes unstable</p>	<ul style="list-style-type: none"> Raw material procurement becomes unstable 	<p>Risk → Ongoing specific measures: - Diversify supply sources</p>
<p>4°C Scenario</p> <p>Key Factor 6 Damage to Production Bases and Offices Caused by Climatic Hazards</p>	<p>Increasingly devastating climate hazards caused by temperature rise</p>		<ul style="list-style-type: none"> Increase in damage caused by typhoons and heavy rain Increase in damage caused by drought Flooding caused by sea level rise 	<p>Risk → Measures against flood and drought are already in progress</p> <p>→ Impact of flooding caused by sea level rise can be addressed with current countermeasures</p>
<p>4°C Scenario</p> <p>Key Factor 7 National Resilience</p>	<p>Increasingly devastating climate hazards caused by temperature rise</p>	<p>Increasing the importance of enhancing infrastructure</p> <p>Increasing demand for disaster mitigation products</p>	<ul style="list-style-type: none"> Contribute to reinforcing infrastructure with steel and other relevant products 	<p>Opportunity ↗ Reinforce infrastructure with steel and other relevant products</p>