

# 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.

## 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



### JFE Steel

## Basic Policy on Procurement

JFE Steel upholds its Basic Policy on Procurement to conduct purchasing activities with fairness and sincerity and thereby continue earning supplier trust as a good business partner. JFE Steel's basic purchasing and procurement policies are summarized below.

- ▶ [Basic Policy on Procurement](https://www.jfe-steel.co.jp/en/company/purchase_policy.html) (https://www.jfe-steel.co.jp/en/company/purchase\_policy.html)

As for material procurement, the company has established the Raw Material Purchasing Policy to develop and operate a sustainable procurement system for sourcing raw materials. Through the system, JFE Steel pays due consideration to human rights, including the prohibition of child labor and forced labor, as well as legal compliance and environmental protection. In addition, the company purchases raw materials after confirming that suppliers are not using conflict minerals. JFE Steel's Raw Material Purchasing Policy is summarized below.

- ▶ [Raw Material Purchasing Policy](https://www.jfe-steel.co.jp/en/company/purchase_policy.html#purchase_policy) (https://www.jfe-steel.co.jp/en/company/purchase\_policy.html#purchase\_policy)

## Requesting Suppliers to Promote CSR

JFE Steel believes that its social responsibility is to raise stakeholder satisfaction and enhance its corporate value. To that end, the company prioritizes efforts in areas such as environmental protection, safety, disaster prevention, and compliance, which are fundamental to its survival, and requests its suppliers to pursue their own CSR initiatives.

JFE Steel's CSR Procurement Guidelines are summarized below.

- ▶ [CSR Procurement Guidelines](https://www.jfe-steel.co.jp/en/company/purchase_policy.html#to-our-business-partners) (https://www.jfe-steel.co.jp/en/company/purchase\_policy.html#to-our-business-partners)

## Win-Win Relationships with Suppliers

JFE Steel establishes win-win relationships with our suppliers by leveraging their ideas for improving materials, designs, shapes, specifications and production methods. The company's value-analysis activities allow them to propose how to reduce costs, improve materials functions, and upgrade quality, safety and work efficiency. The company then strives to implement the ideas wherever possible.

### JFE Engineering

#### Fair and Sincere Procurement

JFE Engineering, viewing its suppliers as key partners in achieving mutual growth, strives to nurture mutual trust and reinforce partnership relationships. The company seeks to engage in procurement activities with integrity by complying with guidelines on fair procurement and codes of conduct for building sound and equitable relationships with suppliers and providing training for staff who are responsible for contracts.

The company collaborates with suppliers on CSR initiatives and upholds its Purchasing and Procurement Policies as a standard for fair and transparent procurement activities.

JFE Engineering's Purchasing and Procurement Policies are summarized below.

▶ [Purchasing and Procurement Policies \(Japanese Only\)](https://www.jfe-eng.co.jp/information/basic_policy.html)

([https://www.jfe-eng.co.jp/information/basic\\_policy.html](https://www.jfe-eng.co.jp/information/basic_policy.html))

JFE Engineering requests that suppliers implement the following measures.

#### Requests to Suppliers Regarding CSR Initiatives

- (1) Comply with laws, regulations and social norms
- (2) Implement thorough information management
- (3) Provide safe and competitive products and services
- (4) Observe human rights, work environments and occupational health and safety
- (5) Respect the global environment
- (6) Develop an organization for promoting CSR

### JFE Shoji

#### Ensuring a Safe, Fair Supply Chain

Corporate social responsibility (CSR) is a pivotal element in JFE Shoji's supply chain for the provision of products, functions, and services through its global business. Customer demand for CSR-based procurement is increasing every year. In addition to its initiatives for quality, stable supply, safety, and reasonable prices, the company will also further consider the global environment, human rights, and occupational safety and health in terms of its procurement.