

Labor Standards (Recruit and Nurture Diverse Human Resources)

JFE Group's Basic Policy on Human Resource Management

1 Respect Human Rights and Facilitate Fair Management of Human Resources

The Group manages human resources fairly by respecting the human rights of all employees and nurturing employees who embrace the Group's corporate values and standards of business conduct.

2 Foster a Corporate Culture that Nurtures People and Promotes Satisfying Workplaces

The Group facilitates interactive communication among employees to cultivate a corporate culture that nurtures human resources and creates safe, attractive environments where everyone can enjoy working.

3 Diversify Human Resources

The Group ensures that diverse all people, including women, non-Japanese, the elderly and the disabled, can demonstrate their full potential.

4 Recruit and Steadily Nurture Excellent Human Resources

To survive in an increasingly complicated and diversified global environment, the Group steadily recruits diverse, high-quality skilled human resources, ensures that they receive the skills and knowledge necessary to continue strengthening the Group's technological capabilities, and nurtures their global capabilities.



Posters displayed at each workplace

Workstyle Reform

To ensure the sustainable development of the JFE Group, it is essential to fundamentally review past customs and develop workstyles that enable each employee to be highly productive in creating new value with pride and satisfaction in their work. We intend to realize a working environment that enables diverse personnel to fully demonstrate their abilities by pursuing flexible workstyles that cater to the needs of each employee.



Systems to Support Workstyle Reform

JFE Steel is accelerating its efforts to enhance productivity and respond to more diverse needs of employees in their workstyles to help drive initiatives such as strengthening its manufacturing base and expanding overseas. Specific initiatives have been implemented to improve employee awareness and cultivate an organizational climate in which everyone can maximize their abilities. These include designating days in which employees are encouraged to leave work on time, conducting programs in standardizing the number of hours between work shifts* and work-at-home systems, and encouraging employees to take paid leave.

JFE Steel also has a work-life-balance vacation program to support employees in taking vacations for personal life events, self-enlightenment, or participation in volunteer activities.

* A program to set a certain length of time between clocking out and clocking in on the next day to protect an employee's private life and sleeping hours.



Employees arrange their own schedules and choose the day when they will leave on time automatically.



JFE Engineering

Flexible Workstyle

JFE Engineering is striving to nurture a corporate culture of coming to work early and leaving early by designating 8:00 am to 4:45 pm as its standard working hours and in principle prohibiting work after 8 pm. Other initiatives include planning vacation schedules through discussions between employees and their supervisors and designating days when employees are encouraged to take paid leave or leave work on time. Telecommuting has been implemented to facilitate flexibility in workstyles. Now the working environment encompasses working from home or choosing one of the dozen shared offices around the country owned by a partner real-estate company.

JFE Engineering's next goals are to enhance workstyle reform by taking advantage of the findings from an employee satisfaction survey conducted in FY2018 and to realize a five-day workweek in its construction operations department in order to overcome the difficulty in taking days off, which has been a problem faced by the entire industry. The company is also encouraging employees to apply for the annual paid break program, which allows them to take five consecutive days off once construction work is completed.



JFE Shoji

Initiatives to Support Various Workstyles to Realize a Work-life-balance

As a measure to realize a work-life-balance, initiatives have been implemented to reduce work hours, such as designating Wednesdays as the day to encourage everyone to leave on time, prohibit all work after 10 pm, and also encourage taking paid leave.

To support more diverse workstyles, JFE Shoji changed its flexible working hour program in April 2016 by setting the core worktime between 11 am to 2 pm, and by introducing work-at-home systems for employees pressed for time due to childrearing or nursing duties. The Company also implemented a program called Challenge Days as a trial, in which employees can experience teleworking and shared offices, regardless of their time constraints.

Operational Reforms



JFE Steel

Promoting Operational Reforms that Leverage the Newest ICT

To reduce employee time spent on simple for repetitive tasks and free up more time for creative work, JFE Steel implemented robotic process automation (RPA), a software to facilitate the automation of human work done on terminal devices. In FY2019, RPA was deployed in over 200 types of operation, releasing over 30 thousand hours to be spent on other productive work. In FY2020, we will identify tasks to which RPA can be applied even amid the coronavirus pandemic.

JFE Steel is pushing ahead with a companywide project launched in FY2016 to upgrade mission-critical systems at each steelworks toward promoting operational reform as well.

The company will actively engage in operational reform by leveraging the newest ICT and use the time generated by the operational reform to improve customer service.



JFE Engineering

Smart-Work Project

JFE Engineering has been actively working on workstyle reforms since August 2014 and set up “Office of Smart-Work Promotion” in April 2018 to further expand this effort.

By leveraging various IT tools and systems, and creating an unconventional working style in terms of time, location and method, the company aims to achieve both work-life-balance and improved productivity while maximizing overall output.



JFE Shoji

J-SLIM Activities

JFE Shoji will continue to drive its J-SLIM activities, which is an operational reform aimed at increasing work efficiency and performance. We have been raising productivity by actively implementing cutting-edge IT tools, and the number of organizations using RPA has been rising since FY2018, when the implementation project took off. It has provided numerous advantages such as significantly reducing time spent on certain jobs through automation as well as expediting the provision of services. At the J-SLIM presentation for 2019, 22 teams chosen from JFE Shoji and its group companies reported on the improvements attained through activities addressing various issues. JFE Shoji will continue with its effort to think outside of the box and flexibly address change to create a corporate culture that encourages continuous innovation.

Invigorating Workplaces through Small Group Activities



JFE Steel

JFE Steel has approximately 1,500 small groups that carry out J1 Activities* for quality and work improvement. In addition, the JFE Family Result Reporting Conference, which includes participation from domestic and overseas Group companies, is held twice a year. Also, groups selected through competition are given opportunities to go overseas as incentives.

* Designed to turn JFE into an excellent company and propel it to the number one position in its industry (called JE1 Activities at JFE Engineering and J1 Activities at JFE Steel and JFE Shoji).



JFE Engineering

JFE Engineering has about 180 teams and 1,500 employees, including those of group companies worldwide, involved in JE1 Activities. The results of these activities are showcased at a company-wide competition held at the end of the fiscal year. Activities focused on topics such as quality, efficiency, safety or costs contribute significantly to workplace vitality and corporate performance.



JFE Shoji

Since 2012, JFE Shoji has been conducting J1 Activities in production divisions of its group companies in Japan as a means of improving their problem-solving skills in areas such as safety, quality, cost, operations and delivery target. The company holds annual competitions in which about 20 teams from the east and west districts report their activity results and compete against each other. Awards are given to the highest achieving teams. The company will continue to promote J1 Activities to improve workplace vitality and performance and share survey results among Group companies.

Workforce Diversity

By designating workforce diversity as a key business objective and to address the ever-evolving business environment, the JFE Group is promoting efforts to maximize the potential of employees regardless of gender, nationality, creed or lifestyle.

Moreover, in the face of the recent trends of a declining birthrate and aging population as well as a decreasing labor force, diversity has become increasingly important for reliably securing excellent human resources.

Company Policy Explained by the President

The president of JFE Holdings has endorsed the Declaration on Action that was introduced by a group of male leaders in Japan who intend to create “A Society in which Women Shine” with the support of the government’s Gender Equality Bureau Cabinet Office. He also announced additional measures to support the professional development of female personnel, thereby communicating both inside and outside the company that women can play active roles at JFE. For more on this, please refer to the following information.

▶ [Declaration of Action by a Group of Male Leaders Who Will Create a Society in Which Women Shine](http://www.gender.go.jp/policy/sokushin/male_leaders/pdf/declaration_body_en.pdf)
(http://www.gender.go.jp/policy/sokushin/male_leaders/pdf/declaration_body_en.pdf)

Supporting Women in Professional Development

The JFE Group is implementing a broad range of initiatives to support female employees, such as increased hiring, enhanced childcare-support programs that significantly exceed statutory requirements, and training and education.

In April 2019, the Group tripled the number of women in managerial positions from August 2014, far ahead of the targeted year of 2020. We have already set a new target of raising the number of women in managerial positions fivefold from August 2014 by year 2025, and we remain committed to appointing women to managerial positions.

The JFE Group formulated an action plan to support women in their professional development in compliance with the Act on Promotion of Women’s Participation and Advancement in the Workplace (enforced in April 2016), based on which the company discloses relevant information. In recognition of its efforts to encourage the empowerment of women, JFE Holdings was selected three times as a Nadeshiko Brand* since FY2013.

* The Nadeshiko Brand represents a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. It recognizes exemplary efforts by companies to encourage women to play active roles and continue working long-term. A single company is selected for each business sector represented in the TSE first section.

For more on this, please refer to the following information.

▶ [Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace](#) (P. 134)

Activities by Diversity Promotion Sections

To ensure the consistent promotion of diversity, each operating company has a Diversity Promotion Section to organize educational activities, such as rank-based training and women's exchange meetings, and to share and implement best practices across the Group.

Key Initiatives at Each Operating Company

JFE Steel

JFE Steel provides career support and management training for managers and other employees to cultivate a culture in which diverse human resources can demonstrate their full potential. About 400 women currently work on-site at the steelworks. The company also supports employees who are using childcare and nursing care by providing workplace nurseries and holding nursing care seminars. In April 2019, workplace nurseries opened in all districts of our east and west steelworks. Moreover, the company has recently been actively hiring foreign nationals to secure human resources to meet the company's globalization strategy. Various measures have been implemented to support comfortable work environments for non-Japanese employees such as a training program for supervisors who will be working with them.

JFE Engineering

JFE Engineering actively hires personnel with diverse characteristics and values, as well as people from other business sectors. Around 70 people are hired each year as mid-career placements. The head office regularly receives about 80 regional employees from overseas group companies and provides training through daily operations to cultivate mutual understanding and transcend differences in culture and customs. In addition, the company is striving to provide opportunities for management to improve awareness of diversity as well as providing leadership training and seminars for female employees.

JFE Shoji

JFE Shoji is expanding opportunities for female employees by promoting them to managerial positions and dispatching them on overseas assignments. It is also supporting career development through the introduction of a mentor program and enhanced training programs.

Management training in Japan is provided for employees hired overseas to promote global personnel development and increased interaction.

The company is creating increasingly sound and flexible working environments by introducing a work-at-home systems, rehiring former employees, expanding nursing care support, encouraging employees to take paid leaves, and other efforts.

Employment of People with Disabilities

The JFE Group has three special subsidiaries, JFE Apple East Corporation, JFE Apple West Corporation and Mie Data Craft Co., Ltd., to employ people with disabilities and create enjoyable workplace environments for them.

For more on the employment of people with disabilities, please refer to the following data.

▶ [ESG Data: Social Data](#) (P. 187)

Reemploying Retirees

The JFE Group reemploys people after mandatory retirement at age 60, largely to ensure that the skills and experience of veteran employees are handed down.

In the spirit of Japan's Act on Stabilization of Employment of Elderly Persons, the Group has created a system for all employees to work until the age of 65.

As of April 2020, 904 elderly employees, about 4% of the total, are working at JFE Steel, JFE Engineering, and JEF Shoji.



JFE Steel

For an enhanced work-life-balance, JFE Steel employees can choose full-time employment or shorter workweeks after reaching their retirement age.



JFE Engineering

JFE Engineering created the Skilled Partner Program to rehire employees who want to continue working after mandatory retirement at age 60.



JFE Shoji

For an enhanced work-life-balance, JFE Shoji employees who reach retirement age may choose from a variety of working arrangements, including full-time employment, shortened workweeks, and shortened daily work hours.

Respect for Sexual Minorities (LGBTQ)

The JFE Group is creating a workplace that does not discriminate on the basis of gender, sexual orientation or gender identity by conducting internal human rights seminars and position-specific curriculums. LGBTQ concerns have also been incorporated into the Group's compliance guidebook, which is distributed to all employees and used as a common textbook during the annual Compliance Month of October toward nurturing greater understanding. At JFE Steel, LGBTQ study groups are held for human resources representatives in each district of its business locations.

Securing Diverse Human Resources

Sixth Medium-term Business Plan : Around **1,040** people per year
(FY2018–FY2020)

FY2020 Results : **1,248** people (three operating companies,
excluding their subsidiaries)

- Women in positions with prospects for promotion : 12% (58 out of 475)
- Of the above, those in white-collar positions : 24% (37 out of 157)
- Mid-career and year-round recruits : 24% (304 out of 1,248)
- Of the above, recruits in positions with prospects for promotion : 25% (121 out of 475)
- Of the above, recruits in on-site positions at steelworks : 24% (183 out of 758)

To ensure sustainable growth, the JFE Group steadfastly recruits from a diverse pool of applicants and actively hires women, foreign nationals and midcareer personnel, and recruits year-round.

■ Recruitment Results (Three Operating Companies, Excluding their Subsidiaries) in FY2020

| Category | Career-track Positions | | | On-site and Clerical Positions | Total |
|--------------------|------------------------|-----------|-------|--------------------------------|-------|
| | White-collar | Technical | Total | | |
| Male | 120 | 297 | 417 | 703 | 1,120 |
| Female | 37 | 21 | 58 | 70 | 128 |
| Total | 157 | 318 | 475 | 773 | 1,248 |
| Ratio of women (%) | 23.6 | 6.6 | 12.2 | 9.1 | 10.3 |

■ Target Ratios for Female Recruits

| | Position | Target |
|-----------------|---|--------------|
| JFE Steel | Career-track white-collar positions | At least 35% |
| | Career-track technical positions | At least 10% |
| | On-site positions for regular recruitment | At least 10% |
| JFE Engineering | Career-track position | At least 20% |
| | Production/construction positions (technical) | At least 5% |
| JFE Shoji | Career-track position | At least 25% |

For more on employees, please refer to the following data.

➤ [ESG Data: Social Data](#) (P. 187)

Human Resource Development

The JFE Group collectively carries out human resource development with an emphasis on nurturing the capacities of each employee and cultivating global human resources to support the expansion of our overseas business.



Utilizing Skill Data for Training Programs

The company utilizes an evaluation system at manufacturing sites to quantitatively analyze the skill level of each employee. By focusing on infrequent or irregular tasks involving relatively high skill levels, the training program is linked organically to accumulated skill data, backed by practical guidance from full-time instructors (technical experts) who possess advanced skills.



JFE Engineering

Training Programs to Support Independent Learning

To enhance the knowledge of underlying technologies that represent a technological foundation for an engineering enterprise, the Company's leading expert lectures over 30 different courses on basic technology for younger employees and mid-career hires.

A web-based learning curriculum launched in FY2018 offers employees opportunities to acquire business skills that cater to each job responsibility, including accounting and marketing.



JFE Shoji

Training and Measures to Maximize Employee Potential

In order to unlock the potential of employees with diverse backgrounds and exploit their maximum abilities, JFE Shoji offers female employees a variety of training opportunities, including next-generation female leader training for increasing their active participation in business. JFE Shoji also invites regional employees hired at overseas offices that require a high level of competency to Japan for training in order to increase their skills and motivation, and the company offers training for newly hired midcareer employees as well. In addition, we provide training aimed at developing the basic skills required of trading company personnel, such as those for negotiation, finance and strategic thinking, to those above the level of young, career-track employees.

Developing Global Personnel

In addition to hiring and developing non-Japanese for career-track positions in Japan and hiring more local personnel overseas, the JFE Group is enhancing programs for Japanese employees to gain overseas study and training. The company is also developing younger employees through practical experience by dispatching them on overseas assignments.

■ Global Personnel Development Programs

| | JFE Steel | JFE Engineering | JFE Shoji |
|---|-----------|-----------------|-----------|
| Study abroad | ○ | ○ | ○ |
| Short-term overseas language training | ○ | — | ○ |
| Overseas assignments for younger employees | ○ | ○ | ○ |
| Dispatching engineers to international conferences | ○ | — | — |
| Training for regional employees of overseas offices | ○ | ○ | ○ |
| On-the-job training in Japan for regional employees of overseas offices | — | ○ | — |
| Internship for international students | ○ | ○ | — |

Developing Dynamic Working Environments

The JFE Group is developing dynamic working environments through sincere discussions with labor unions and conducting employee satisfaction surveys.

We also seek to reflect the results of the corporate ethics survey, conducted every three years, to create employee-friendly working environments.

JFE Steel

Recognizing that labor-management cooperation is essential for the company to fully tackle its business challenges, JFE Steel has established a strong relationship with its labor union based on understanding and trust. The company convenes its Labor-Management Business Discussion Committee four times a year to bring the president and other executives together with labor representatives for the purpose of exchanging ideas on business challenges. The two sides also share views on working conditions and workplaces and hold joint consultations whenever the labor system is revised.

JFE Engineering

JFE Engineering strives to ensure sound labor-management relations. In addition to Central Labor-management Committees, which are regularly convened for the company's president and other executives to share views with representatives of its labor union, a labor-management committee on work-life-balance helps to maintain friendly working environments.

JFE Shoji

JFE Shoji management and labor regularly exchange opinions and share information. The company president and other executives exchange views with representatives of its labor union during semiannual Management Committee meetings.

Promoting Satisfying Work Environments

In addition to meeting legal requirements for the minimum wage, upper limits for overtime, and other mandates, the JFE Group establishes challenging and satisfying work environments by providing our employees with one of the top levels of employment conditions in the industry as well as performance-based bonuses linked to company profits.

Furthermore, the Group offers generous welfare benefits, including dormitories and company housing in order to provide a stable environment for our employees and encourage them to remain with the company for many years.