


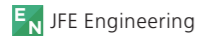

Material Issues of Corporate Management and KPIs







Evaluation criteria

Target attributes		○	△	×
Quantitative	Set for each fiscal year	Accomplished 100% or better	Accomplished 80%–99%	Accomplished 79% or less
	Set medium- to long-terms (in case of setting a multi-year target)	Final target accomplished 100% or better	Final target partly accomplished with some results (80% or better with linear interpolation).	Working toward the goal but no results yet (79% or less with linear interpolation).
Qualitative		Fully accomplished with significant results.	Partly accomplished with some results.	Working toward the goal but no results yet.

*1 In Groupwide evaluations, the lowest result among the companies is taken as the overall result.

*2 Prevention of occupational injuries evaluated as Groupwide (safety performance)

 JFE Steel  JFE Engineering  JFE Shoji

Areas of Focus	Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
Activity	Reduce the JFE Group's CO ₂ emissions		<ul style="list-style-type: none"> Achieve 50% of the CO₂ reduction target from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Complete the approval of investment plans for reducing CO₂ emissions by 90% cumulatively for CO₂ reduction targets from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Formulate a CO₂ reduction plan aimed at realizing the CO₂ reduction target for FY2030 (30% or more) with an eye on achieving carbon neutrality by 2050 	<ul style="list-style-type: none"> CO₂ reduction target: 58% achieved Total investment budget: 88% approved CO₂ reduction target: Set multiple targets that anticipate future changes in the environment 	<p>○</p> <p>△</p> <p>○</p>	<ul style="list-style-type: none"> Achieve 75% of the CO₂ reduction target from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Complete the approval of capital investment plans for reducing CO₂ emissions by 100% cumulatively for CO₂ reduction targets from energy conservation and technological development for the target of reducing CO₂ emissions by 18% from FY2013 levels by the end of FY2024 Obtain third-party certification, and build a green steel supply structure in the first half of FY2023
			<ul style="list-style-type: none"> Reduce CO₂ emissions in its own plants and offices FY2024: 40% reduction from FY2013 levels 	<ul style="list-style-type: none"> 48% reduction from FY2013 levels (FY2013: 15,600 tons, FY2022: 8,100 tons) 	○	<ul style="list-style-type: none"> Reduce CO₂ emissions in its own plants and offices FY2023: 40% reduction from FY2013 levels
			<ul style="list-style-type: none"> Reduce CO₂ emissions through the procurement of electricity derived from renewable energy FY2022 domestic CO₂ emissions: Reduce by 10% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024) 	<ul style="list-style-type: none"> 11.2% reduction from FY2019 levels 	○	<ul style="list-style-type: none"> Reduce CO₂ emissions through the procurement of electricity derived from renewable energy FY2023 domestic CO₂ emissions: Reduce by 15% from FY2019 levels (Reduce by 5% per year from FY2019 levels from FY2021 to FY2024)
	Contribute to reduction of CO ₂ across the society		<ul style="list-style-type: none"> Launch sales and implement eco-friendly products and technologies*: 15 or more cases in FY2022 (the cumulative total of 60 or more cases for the period from FY2021 to FY2024) * Products and technologies that contribute to saving energy and resources, reduce waste and environmentally hazardous substances, and do not require hazardous substances for manufacturing or use. 	<ul style="list-style-type: none"> FY2022: 16 (eco-friendly products: 7, technologies: 9) (FY2021–FY2024: 32) 	○	<ul style="list-style-type: none"> Launch sales and implement eco-friendly products and technologies: 15 or more cases in FY2022 (the cumulative total of 60 or more cases for the period from FY2022 to FY2024)
			<ul style="list-style-type: none"> Contribute to reduction of CO₂ in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastic, food, etc.) Contribute to reduction in CO₂ emissions (FY2022): 11 million tons per year 	<ul style="list-style-type: none"> CO₂ reduction contribution (FY2022): 11.14 million tons/year 	○	<ul style="list-style-type: none"> Contribute to reduction of CO₂ in society by providing renewable energy power generation facilities and expanding the basis of the recycling business (for plastic, food, etc.) Contribute to reduction in CO₂ emissions (FY2023): 11.5 million tons per year
			<ul style="list-style-type: none"> 1. Global resource recycling of steel scrap FY2022 scrap transactions: Above the transaction quantity for FY2020 (FY2024 target: +5% from FY2020) 	<ul style="list-style-type: none"> 1. Global resource recycling of steel scrap 14% reduction from FY2020 levels Domestic volume expanded to meet increasing electric arc furnace demand, but sales volume declined as overseas demand weakened 	×	<ul style="list-style-type: none"> 1. Global resource recycling of steel scrap FY2023 scrap transactions: Above the transaction quantity for FY2020 (FY2024 target: +5% from FY2020)
			<ul style="list-style-type: none"> 2. Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel FY2022 biomass fuel (palm kernel shells and wood pellets) transactions: Above the transaction quantity for FY2020 (FY2024 target: 100% increase from FY2020) Diversify supply sources to ensure stable supply 	<ul style="list-style-type: none"> 2. Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel Volume handled: +25% compared with FY2020 levels Diversify supply sources: Started transactions with three new suppliers 	○	<ul style="list-style-type: none"> 2. Increase transaction quantity of fuel for biomass power generation plants and create framework for reliable supply of fuel FY2023 biomass fuel (palm kernel shells and wood pellets) transactions: Above the transaction quantity for FY2020 (FY2024 target: 100% increase from FY2020) Diversify supply sources to ensure stable supply

Areas of Focus		Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs	
Activity	Ensure occupational safety and health	Prevent workplace accidents	Groupwide	<ul style="list-style-type: none"> Groupwide Workplace fatalities: Zero occurrences Lost-workday injuries rate ST 0.10 or less EN 0.25 or less SH 0.45 or less 	<ul style="list-style-type: none"> Groupwide Workplace fatalities: 1 occurrence Lost-workday injuries rate ST 0.18 EN 0.26 SH 0.25 	× *	<ul style="list-style-type: none"> Groupwide Workplace fatalities: Zero occurrences Lost-workday injuries rate ST 0.10 or less EN 0.25 or less SH 0.45 or less 	
			ST	[Key measures] (1) Enhance safety Install electromagnetic locks at the secondary mill entrances: 60% by FY2022, 100% by FY2024 (2) Restructure the safety and health management system ISO 45001 certification in all districts: 100% by FY2022	[Key measures] (1) Installed electromagnetic locks at the secondary mill entrances: 81% (2) ISO 45001 certification: 100%		[Key measures] (1) Reinforce activities to prevent similar injuries Horizontal Companywide deployment of measures, including for close calls, promote workplace activities so employees view past incidents as lessons to learn from (2) Enhance safety Install electromagnetic locks at the secondary mill entrances: 90% by FY2023, 100% by FY2024	
			EN	[Key measures] (1) Implement 100% of the following key points for eliminating falling and tumbling, getting wedged between or caught in machinery, and being struck by flying or falling objects <ul style="list-style-type: none"> Pre-operation checks (curing openings in high locations and edges of work floor, ensuring on-site understanding of work plans, and covering and enclosing/turning off of machinery) Strict adherence during operations (use of safety belts, no entry measures/allocation of worksite guides) (2) Multifaceted management of occupational safety and health using IT <ul style="list-style-type: none"> Complete development of an AI-based system for detecting intruders (plan) 	[Key measures] (1) Focused efforts on pre-operation checks of work plans and offering guidance, checking safety equipment, and preventing unsafe behavior through patrols in order to implement 100% of the following key points for eliminating falling and tumbling, getting wedged between or caught in machinery, and being struck by flying or falling objects (Workplace fatalities: 1 occurrence in FY2021→Zero occurrences in FY2022) (2) Multifaceted management of occupational safety and health using IT Finished development of AI-based system for detecting intruders (began operating a plant hardened system at Tsurumi Works in FY2023)		[Key measures] (1) Implement 100% of the following key measures to prevent injuries with decisive work plans and proper work instructions in order to eliminate serious injuries <ul style="list-style-type: none"> Pre-operation checks (curing openings in high locations and edges of work floor, ensuring on-site understanding of work plans, and covering and enclosing/turning off of machinery) Strict adherence during operations (use of safety belts, no entry measures/allocation of worksite guides) (2) Multifaceted management of occupational safety and health using IT <ul style="list-style-type: none"> Monitor worksites, use information communications systems Use safety management operations support system 	
			SH	[Key measures] (1) Installation of safety fences, covers, etc. (100% of plan) (2) 100% implementation of crane operation drills (once a year or more at each company)	[Key measures] (1) Installation of safety fences and covers: Completed 100% of plan (2) Implementation of crane operation drills: Once a year or more at each company; Implemented 100% of drills		[Key measures] (1) 100% implementation of crane operation drills (once a year or more at each company) (2) Review of past incidents at the Company Finish formulating and executing measures for alternative proposals to address past incidents identified as requiring review	
	Ensure the health of employees and their families	Groupwide	1. Provision rates of healthcare guidance	<ul style="list-style-type: none"> Groupwide 60% (2023 target) 	1. Provision rates of healthcare guidance ST 72.2% EN 39.4% SH 52.1% *FY2021 results	×	1. Provision rates of healthcare guidance	
			2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)	<ul style="list-style-type: none"> Groupwide 1.5% reduction per year (total for operating companies) 	2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke) Groupwide 0.7% reduction per year (total for operating companies)	×	2. Reduce rates of smokers (ensure employee health and prevent exposure to passive smoke)	
	Recruit and nurture diverse human resources	Pursue diversity and inclusion	Groupwide	1. Rates for female recruits	<ul style="list-style-type: none"> ST Career-track (white-collar position): Degree of gender parity Career-track (technical position): 10% or more On-site position: 10% or more EN Career-track (white-collar position): Degree of gender parity Career-track (technical position): 15% or more Production/construction position: 10% or more (four-year average) SH Career-track position: Degree of gender parity 	1. Rates for female recruits ST Career-track (white-collar position): 24% Career-track (technical position): 6% On-site position: 6% EN Career-track (white-collar position): 47% Career-track (technical position): 18% Production/construction position: 4% (four-year average) SH Career-track position: 42%	×	1. Rates for female recruits
				2. Women in managerial positions	10% or more in the position qualified as section manager or above. Of whom, 20% or more to be in management and sales departments (FY2030 target)	2. Women in managerial positions 3.3% in the position qualified as section manager or above. Of whom, 6.1% in management and sales departments (total for operating companies)	△	2. Women in managerial positions
				3. Rate of male employees taking childcare leave or time off related to child rearing	Aim for all male employees whose spouses have given birth to take such leave or time off	3. Rate of male employees taking childcare leave or time off related to child rearing 93% (total for operating companies)	△	3. Rate of male employees taking childcare leave or time off related to child rearing
	Strengthen human resources development	Groupwide	Groupwide	<ul style="list-style-type: none"> Training hours per person ST 40 hours or more per year EN 20 hours or more per year SH 20 hours or more per year 	<ul style="list-style-type: none"> Training hours per person ST 45.2 hours per year EN 20.9 hours per year SH 20.1 hours per year 	○	<ul style="list-style-type: none"> Training hours per person ST 40 hours or more per year EN 20 hours or more per year SH 20 hours or more per year 	
<ul style="list-style-type: none"> Train DX personnel ST Number of internal data scientist trainees: Total of 600 as of the end of FY2023 EN Number of employees who took internal data scientist training: Total of 170 as of the end of FY2023 								

Areas of Focus		Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
Activity	Recruit and nurture diverse human resources	Create workplaces that motivate employees	Groupwide	Groupwide Annual leave acquisition rate of 75% or more (total for operating companies)	1. Groupwide Annual leave acquisition rate: 82% (total for operating companies)	○	1. Groupwide Annual leave acquisition rate of 75% or more (total for operating companies)
				<ul style="list-style-type: none"> Engagement survey Groupwide Affirmative response to questions about motivation: 75% or more Note: Set as a Groupwide target from FY2022	Affirmative response to questions about motivation ST 72% EN 79% SH 78%	△	2. Engagement survey Groupwide Affirmative response to questions about motivation: At least 75%
	Reinforce resilience of production and engineering capabilities (realize worldclass earnings power through DX and other measures)	Increase efficiency and enhance cost competitiveness in production and engineering	ST	1. Improve labor productivity Toward improving labor productivity by 20% by the end of FY2024 <ul style="list-style-type: none"> Steadily implement FY2022 milestones for improving labor productivity and enhance the accuracy of plans for FY2023 and FY2024 Approve and implement FY2022 investments for improving labor productivity, such as automation and remote operation Steadily consolidate the steel sheet manufacturing line for cans in Chiba 	<ul style="list-style-type: none"> Set milestones and number of personnel for each fiscal year Implementing measures to improve labor productivity by 20% (48% progress toward 50% target with linear interpolation) Approved 4.8 billion yen for 38 projects as planned for investments to improve labor productivity through automation and remote operations in FY2022 Relocated facilities as planned in line with stoppage of can steel sheet manufacturing line at Chiba in September 2022 	△	1. Improvement in labor productivity Toward improving labor productivity by 20% by the end of FY2024 <ul style="list-style-type: none"> Steadily implement FY2024 milestones each fiscal year for improving labor productivity by 20% Approve and implement FY2023 investments for improving labor productivity, such as automation and remote operation Steadily relocate facilities in accordance with structural reforms in Keihin
				2. Improve yields with DS* activities Achieve stable quality and enhance yields through measures including introduction of quality prediction technology based on integrated data encompassing the entire process from steelmaking to final processing using DS Improve yields by 1.0% in FY2022 from FY2020 levels to achieve 2.0% by FY2024 (based on figures after adjustments to the sales mix) * Data science	Improve yields with DS activities FY2022 yield: 86.5% (up 0.4 point from FY2020)	×	2. Improve yields through DS activities Stabilize production with DS, improve yields through application of quality prediction Improve yields by 1.5% in FY2023 from FY2020 levels to achieve 2.0% by FY2024 (based on figures after adjustments to the sales mix)
				<ul style="list-style-type: none"> Increase the efficiency of engineering operations by introducing DX technologies Engineers for big data analysis utilizing Pla'cello*: 1,800 * Pla'cello: Proprietary data analysis platform using AI	<ul style="list-style-type: none"> About 1,950 employees (FY2021: About 1,500 employees) 	○	<ul style="list-style-type: none"> Increase the efficiency of engineering operations by introducing DX technologies Engineers for big data analysis utilizing Pla'cello*: 2,200 * Pla'cello: Proprietary data analysis platform using AI
				1. Ensure quality <ul style="list-style-type: none"> Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system Establish automated technology for testing and inspections (impact test fracture rate, hole expansion, etc.) other than the four priority items (tensile test, molten steel analysis, thickness measurement for hot and cold rolled steel sheets, and coating weight measurement) to improve the level of quality assurance and product testing 	<ul style="list-style-type: none"> Took steps as planned to improve awareness of quality and compliance among JFE and Group company employees Finished automation of four priority items in FY2021 In testing and inspections of areas other than four priority items, successfully measured impact test fracture rate in FY2022 	○	1. Ensure quality <ul style="list-style-type: none"> Continue implementing activities for raising awareness of quality compliance for the Company and Group companies in accordance with the Japan Iron and Steel Federation's guidelines for strengthening the quality assurance system Promote automated transmission of tensile test results at Group companies Targeting six companies: 67% introduction ratio in FY2023 (100% in FY2025)
				2. Strengthen the manufacturing infrastructures using DX Achieve CPS* installation rate of 36% or more on a companywide basis in FY2022 to implement CPS in all production processes by the end of FY2024. * CPS: Cyber-Physical System	<ul style="list-style-type: none"> Companywide CPS installation rate: 35% 	△	2. Strengthen the manufacturing infrastructures using DX Achieve CPS installation rate of 60% or more on a companywide basis in FY2023 to implement CPS in all production processes
				1. Secure a stable number of certificated managing engineers	1. Reliably secured certificated managing engineers amid high level of sales	○	1. Secure a stable number of certificated managing engineers
	2. No major quality problems	2. Major quality problems: One incident	×	2. No major quality problems			
	Raise quality of products and services and ensure reliable supply	SH	1. Make consistent investment in processing and distribution operations	1. Made necessary investments during the fiscal year to ensure reliable supply of products [Investment amount (approved amount)] <ul style="list-style-type: none"> Reinforcement: 11.3 billion yen Renewal and safety: 3.1 billion yen Systems: 1.6 billion yen Total: 16.0 billion yen 	○	1. Make consistent investment in processing and distribution operations	
			2. Conduct quality audits at Group companies Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan (expand the scope from the FY2021 level) and overseas (audit completed: 100%)	Conducted 36 quality audits (100% audit completion rate) <ul style="list-style-type: none"> 18 domestic Group companies (zero remote audits) 18 overseas Group companies (five remote audits) 	○	2. Conduct quality audits at Group companies Continue conducting quality audits at 36 Group manufacturing affiliate companies in Japan (same as the FY2022 level) and overseas (audit completed: 100%)	

Areas of Focus		Material Issues	Operating Company	FY2022 KPIs	Initiatives and Results for FY2022	Assessment	FY2023 KPIs
Activity	Strengthen competitiveness of products and services (promote the growth strategy by providing high-value-added solutions)	Expand business by increasing value added in products and services with advanced technologies	ST	1. Pursue strategic research and development focusing on priority development fields* Develop new products and technologies FY2022: 20 or more cases (80 or more cases in total from FY2021 to FY2024) * Automobiles, energy, infrastructure construction materials, DX technology, and green transformation (GX) technology	FY2022: 22 cases (10 new products, 12 new technologies) (Total for FY2021 to FY2024: 43 cases)	○	Pursue strategic research and development focusing on priority development fields* Develop new products and technologies FY2023: 20 or more cases (80 or more cases in total from FY2021 to FY2024) * Automobiles, energy, infrastructure construction materials, DX technology, and GX technology
				2. Increase sales ratio of high-value-added products* to 50% by FY2024 (Sell 10.9 million tons of these products, or 50% of total sales volume, excluding semi-finished products, in FY2024) Sales of high-value-added products: 10.3 million tons (sales ratio of 47%) (up 2.5 million tons from FY2020) * Products that offer technological advantages and are recognized by customers for their added value while having greater earnings power than commodity products.	Sales ratio for high-value-added products in FY2022: 47%	○	High-value-added product sales volume ratio in FY2023: 48%
				3. As a step toward triple earnings in the solution business by FY2024 from the FY2020 level • Continuing from FY2021, focus efforts on activities for receiving orders for the new solutions model; In particular, along with concluding a contract for the first project providing DS utilization technologies via the cloud, build a platform that provides services on a subscription basis • In the existing solutions business, expand product offerings and develop new customers while increasing revenue in FY2022 by 50% from FY2020 levels by steadily executing projects	<ul style="list-style-type: none"> Created a platform for offering subscription-based services for using DS technologies, connected with customers online in inaugural project Surpassed target for 50% growth compared with FY2020 	○	Aiming to triple solution business revenue by FY2024 compared with FY2020 levels • Develop new products that feature DS technology, facility diagnosis technology and safety technology, launch sales activities to customers • Double revenue in solutions business by FY2023 compared with FY2020 levels
			EN	<ul style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX, and 65% or more of R&D expenses on these four fields Number of patent applications: 80 or more per year 	<ul style="list-style-type: none"> Ratio of R&D spending in four priority fields: 72% Number of patent applications: 88 	○	<ul style="list-style-type: none"> Develop technologies in four priority fields of waste to resources, carbon neutrality, combined utility services, and DX, and 70% or more of R&D expenses on these four fields. Number of patent applications: 80 or more per year
	Sales strategies for realizing sustainable growth	ST	<ul style="list-style-type: none"> Expand the earnings difference between high-value-added products (A-rank products) and commodity products to 4,000 yen per tons by FY2024 (revise evaluation method eliminating the impact of market fluctuations and product mix differences) <FY2022 KPI> Aim for 50% of target 	<ul style="list-style-type: none"> Expanded the earnings difference between high-value-added products (A-rank products) and commodity products to 6,000 yen per ton in FY2022 (achieving 150% of FY2024 target) 	○	<ul style="list-style-type: none"> Expand the earnings difference between high-value-added products (A-rank products) and commodity products to 6,000 yen per ton (Achieve 150% of FY2024 target) 	
		EN	<ul style="list-style-type: none"> Expand the stable earnings base Expand the operating businesses Sales: 255 billion yen Expand bases: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.), regional electricity retail new power business, waste processing business, and water and sewage operations business 	<ul style="list-style-type: none"> Sales of operating businesses: 272.5 billion yen New bases: 3 bases 1 regional electricity retail new power business base, 1 waste recycling base, 1 wastewater processing base 	○	<ul style="list-style-type: none"> Expand the stable earnings base Expand the operating businesses Sales: 260 billion yen Expand bases: 3 or more bases Recycling business (food, plastics, electronic appliances, etc.), regional electricity retail new power business, and waste processing business 	
		SH	<ul style="list-style-type: none"> Increase competitiveness of products and services by improving value added in supply chain management through business expansion Make investments to improve value added in supply chain: 5 or more per year 	<ul style="list-style-type: none"> Investments to improve value added in supply chain: 5 per year 	○	<ul style="list-style-type: none"> Increase competitiveness of products and services by improving value added in supply chain management through business expansion Make investments to improve value added in supply chain: 5 or more per year 	
Basis of Activity	Thoroughly enforce compliance	Ensure adherence to corporate ethical standards and compliance	Groupwide	1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)	1. 100% attendance (rank-based compliance training, training on different laws and regulations, etc.)	○	1. Steady execution of training to foster and maintain a sense of compliance (100% attendance from the target audience)
				2. Improve employee awareness of ethics reflected in the Corporate Ethics Awareness Survey (100% attendance from the target audience)	2. Conducted Corporate Ethics Awareness Survey of all employees, survey results verified improvement in employee awareness	○	2. Improve employee awareness of ethics reflected in the Corporate Ethics Awareness Survey
	Respect human rights	Respect human rights across the supply chain		1. 100% attendance from the target audience for human rights awareness training	1. 100% participation rate	○	1. 100% attendance from the target audience for human rights awareness training
				2. Implement human rights due diligence	2. Implemented the following initiatives: • Revised the JFE Group Human Rights Basic Stance • Expanded human rights due diligence to Group companies • Inspected and made necessary changes to procurement guidelines of each operating company	○	2. Implement human rights due diligence