



KOBELCO Group's ESG Initiatives

September 28, 2021
Kobe Steel, Ltd.

Today's Topics

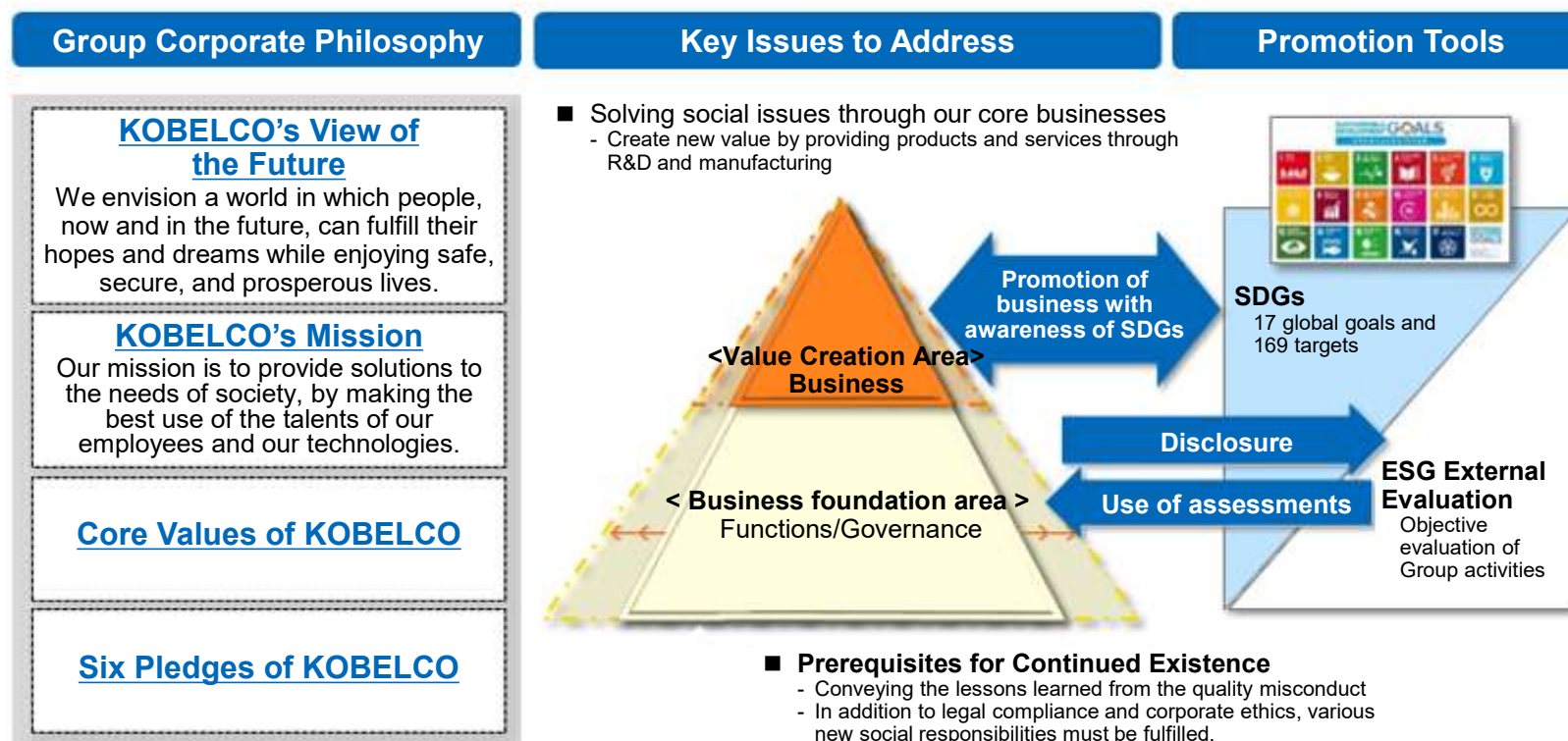
- 1. KOBELCO Group's Sustainability Management**
- 2. Key Points of Today's Presentation**
- 3. Environment**
- 4. Social**
- 5. Governance**
- 6. Sustainability Initiatives and External Evaluations**

Attachments: Reference Information

1. KOBELCO Group's Sustainability Management

KOBELCO Group's Sustainability Management

- Promote sustainability management based on the Group Corporate Philosophy under the framework as provided below.
- Address key issues in the value creation area and business foundation area to achieve sustainable growth and to raise corporate value.



1. KOBELCO Group's Sustainability Management

KOBELCO Group's Materiality (Medium- to long-term important issues)

Materiality of the KOBELCO Group		Relevance to SDGs
Value Creation Area Business Foundation Area	<p>Contributing to a green society (*)</p> <p>Response to climate change</p> <p>Response to resource recycling</p>	
	<p>Ensuring safety and security in community development and manufacturing</p> <p>Supplying energy focused on on energy security, economic efficiency, environment, and safety (3E plus S)</p> <p>Providing materials and machinery that meet needs</p> <p>Improving safety and productivity</p>	
	<p>Providing solutions for the future connecting people and technology</p> <p>Reforms in manufacturing and operations through digital transformation</p> <p>Fusion and innovation of diverse intellectual assets</p>	
	<p>Promoting active participation of diverse human resources</p> <p>Diversity and inclusion</p> <p>Work style reforms</p> <p>Human resources development</p>	
	<p>Pursuing governance that supports sustainable growth</p> <p>Compliance and risk management</p> <p>Respect for human rights</p> <p>Safety and health</p> <p>Quality assurance</p> <p>Corporate governance</p>	

(*) A green society is not limited to the narrow meaning of a society merely using natural energy, but is defined as a society that deals with climate change issues and resource recycling

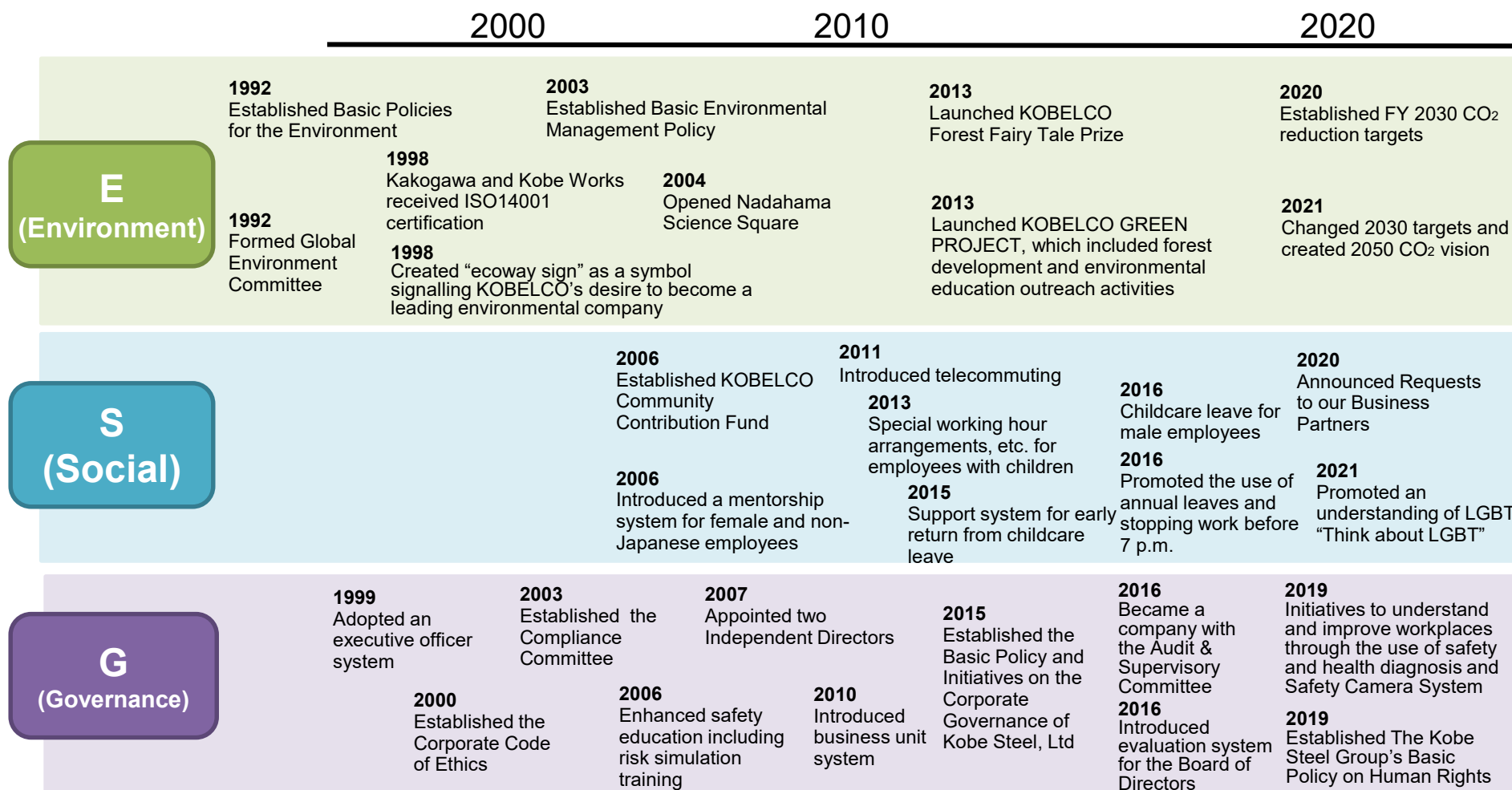
Today's Topics

1. KOBELCO Group's Sustainability Management
2. **Key Points of Today's Presentation**
3. Environment
4. Social
5. Governance
6. Sustainability Initiatives and External Evaluations

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2. Key Points of Today's Presentation

KOBELCO Group has been implementing various initiatives in the areas of Environment, Social, and Governance to achieve sustainability management. Going forward, we will further accelerate these initiatives.



2. Key Points of Today's Presentation

In today's presentation, we will introduce some of our initiatives on the Environment, Social, and Governance, which underpin the medium- to long-term improvement of our corporate value as part of sustainability management promoted by the KOBELCO Group.

For details, please see the KOBELCO Group Integrated Report 2021 on our corporate website.

2. Key Points of Today's Presentation

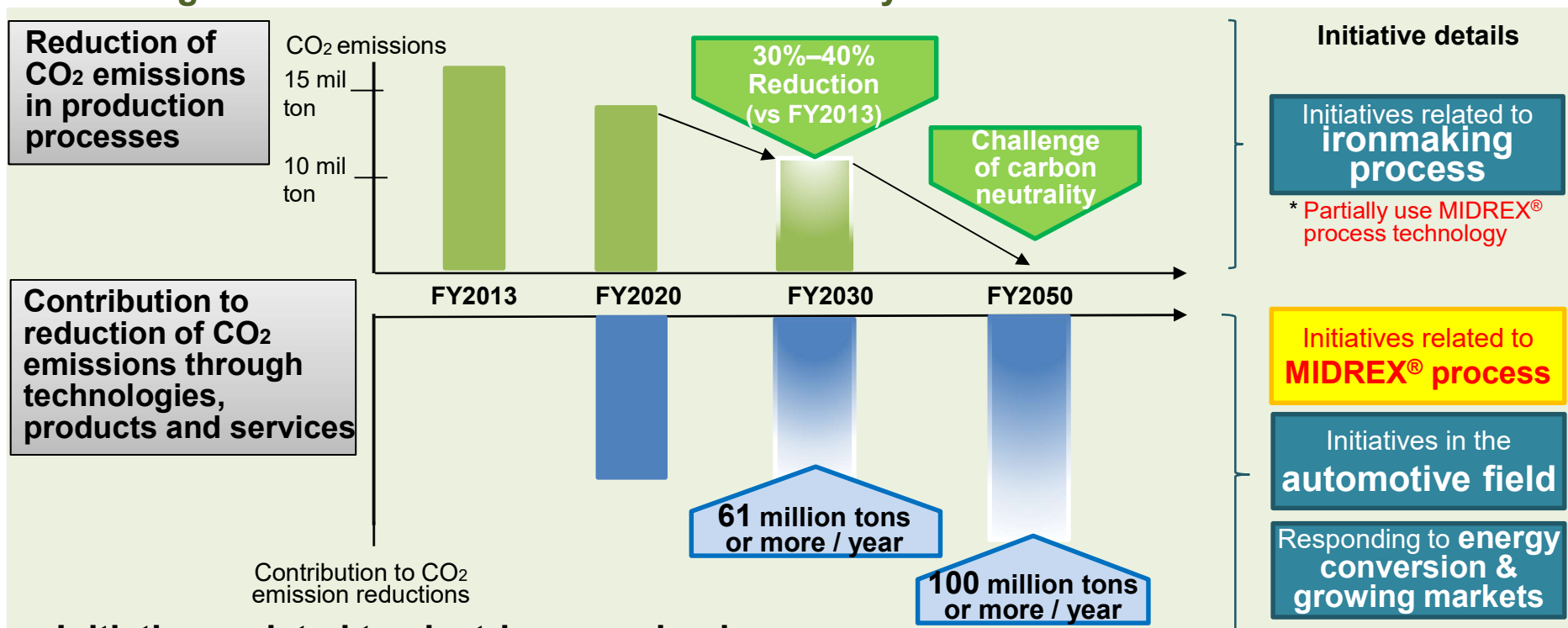


In the Medium-Term Management Plan announced in May 2021, the KOBELCO Group set forth its 2030 targets and 2050 vision for achieving carbon neutrality.



Today, we will explain **our unique technology, MIDREX® process**, which contributes to reduction of CO₂ emissions in production processes and contribution to reduction of CO₂ emissions through technologies, products and services

2030 Targets and 2050 Vision for Carbon Neutrality



Initiatives related to electric power business

In the electric power business, we are boldly working on improving energy use efficiency for the entire region using biomass technology and the adoption of outside innovative technologies using ammonia and other substances.

2. Key Points of Today's Presentation



- ◆ To fulfill its responsibilities to society as a company and to further increase its corporate value, the KOBELCO Group is committed to providing solutions to the needs of society by making the best use of its diverse employees and technologies.
- ◆ We will today explain our initiatives of: 1) Promoting active participation of diverse human resources; 2) building responsible supply chains; and 3) Social contribution activities.

Topics highlighted in today's presentation



Promoting active participation of diverse human resources
(Diversity & Inclusion, workstyle reforms, etc.)

Building responsible supply chains



Social contribution activities

2. Key Points of Today's Presentation

Governance (G)



- ◆ Governance is a precondition for the continuing existence of a company. Companies are required to not only observe laws, ordinances, and corporate ethics, but also fulfill new types of responsibilities to society which are emerging with changes in society.
- ◆ Among many initiatives of the KOBELCO Group in areas such as compliance, risk management, and quality assurance, today we focus on three issues: 1) Human rights, 2) Safety and health, and 3) Corporate governance.

Issues highlighted in today's presentation



Human rights

Safety and health



Corporate governance



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3. Environment

Background

As the global trend is shifting to carbon neutrality (CN) and driving social transformation, there is a growing need to reduce CO₂ emissions worldwide in the steel industry, which emits a large amount of CO₂.

MIDREX[®] Process: Key Points of Today's Presentation

1. The MIDREX[®] process is a natural gas-based direct reduction ironmaking process. In comparison with the blast furnace method, in which coke is used to reduce iron ore, this method **can reduce CO₂ emissions better. The process has a large share in the global direct reduced iron market.**
2. The MIDREX[®] process **can offer CO₂ reduction solutions over the short-, medium-, and long-terms** as it increases demand for electric arc furnaces, provides CO₂ reduction solutions for blast furnaces, and has potential for hydrogen-based reduction iron making methods.

3. Environment: What Is MIDREX® Process?

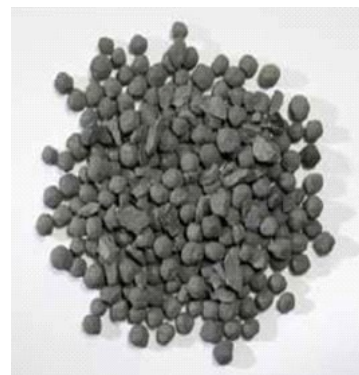
MIDREX® Process is a type of ironmaking process that produces **Direct Reduced Iron (DRI), a raw material for steel, by directly reducing iron ore with a reduction gas, obtained by reforming natural gas.**

***Reduction: Removal of oxygen from iron oxides (iron ore).**

DRI is a raw material for steel with an iron content of 80% or more, which is produced by reducing iron ore in a solid state.



Qatar Steel No. 2 Plant (1.5 Mt/year)



DRI



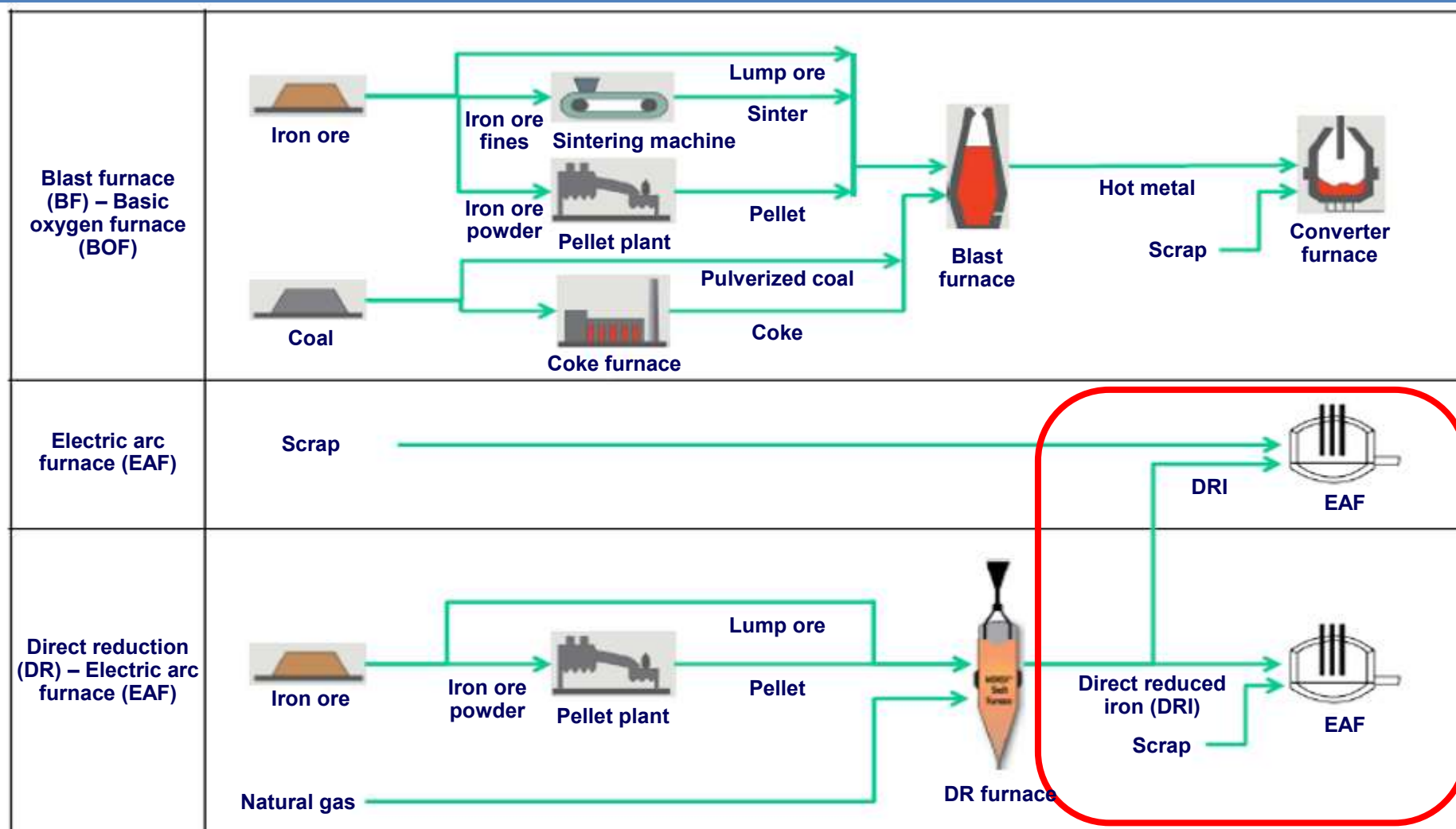
HBI

(Hot Briquetted Iron)

Solidified DRI made for the purpose of marine transportation, etc.

3. Environment: Use of Direct Reduction Iron

DRI, a clean source of iron with few impurities, is used as an alternative to high-grade scrap and pig iron, mainly for EAF (BF and BOF as well in recent years).



3. Environment: MIDREX[®] Plant Photo



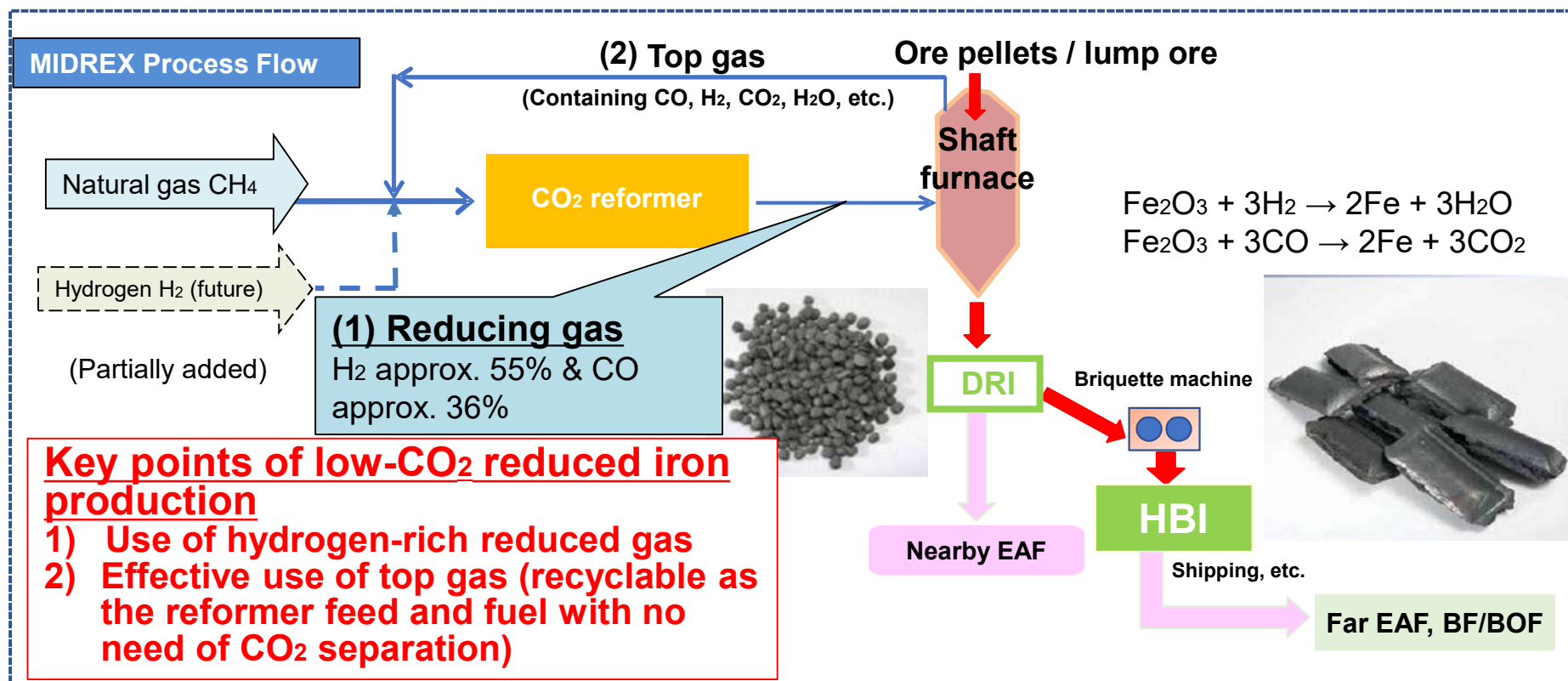
“Go West” Plant, voestalpine (U.S.A.) (2 Mt/year)

3. Environment: Features of MIDREX® Process

MIDREX® process: Produces direct reduced iron (DRI) by directly reducing iron ore with reducing gas (containing a large amount of hydrogen) obtained by reforming natural gas

CO₂ reduction: 20–40% (EAF using DRI vs. BF/BOF)

Leading market share : Over 80 MIDREX modules worldwide, producing **80%** of the world's DRI*; *Natural gas based DRI/HBI



(Source: "KOBELCO Group's CO₂ Reduction Solution for Blast Furnace Ironmaking" announced on February 16, 2021, by Kobe Steel, Ltd.)

3. Environment: Features of MIDREX® Process

Capable of achieving CN with no major facility updates if hydrogen becomes available economically and on a large scale.

Use of Hydrogen as Reductant

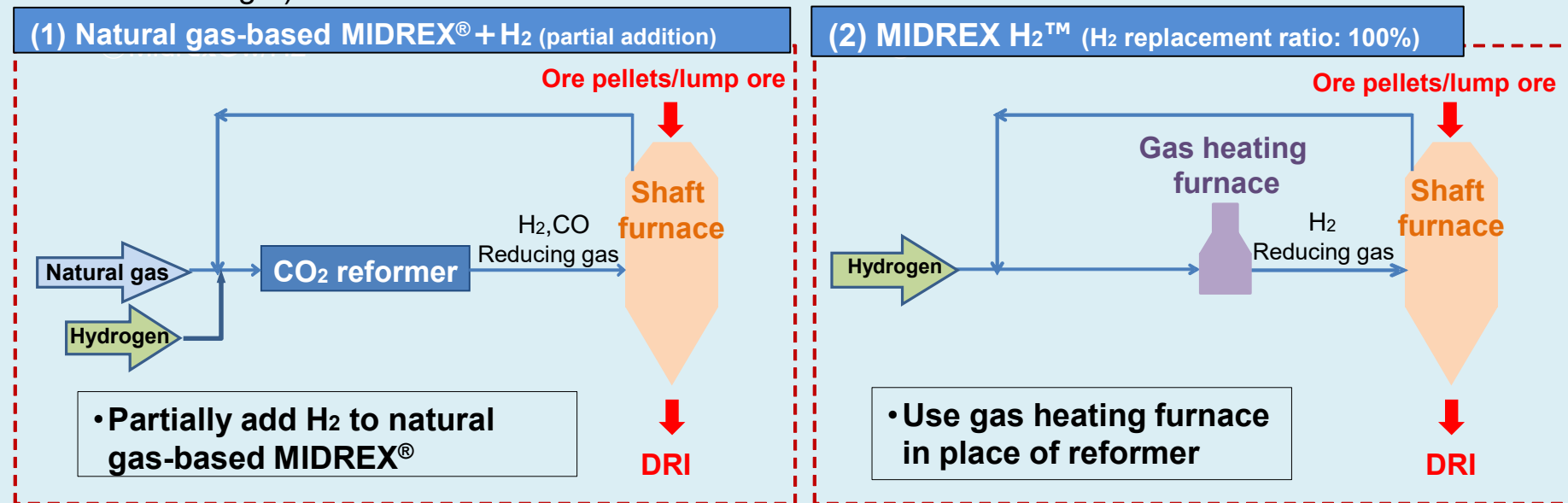
(1) Partially add hydrogen in the natural gas-based MIDREX® process

➔ **Applicable to existing MIDREX® plants** by flexibly replacing natural gas in a range of 0% to 100%.

(2) Use hydrogen 100% ➔ **MIDREX H₂TM** (to be jointly developed with ArcelorMittal, S.A.)

■ **Few technical challenges in the process** except for the (universal) challenge of securing carbon-free hydrogen

(The MIDREX® process **has commercially used a reducing gas of 75% hydrogen concentration**; technical hurdles are not high.)



Use of Low-Grade Iron Ore Materials

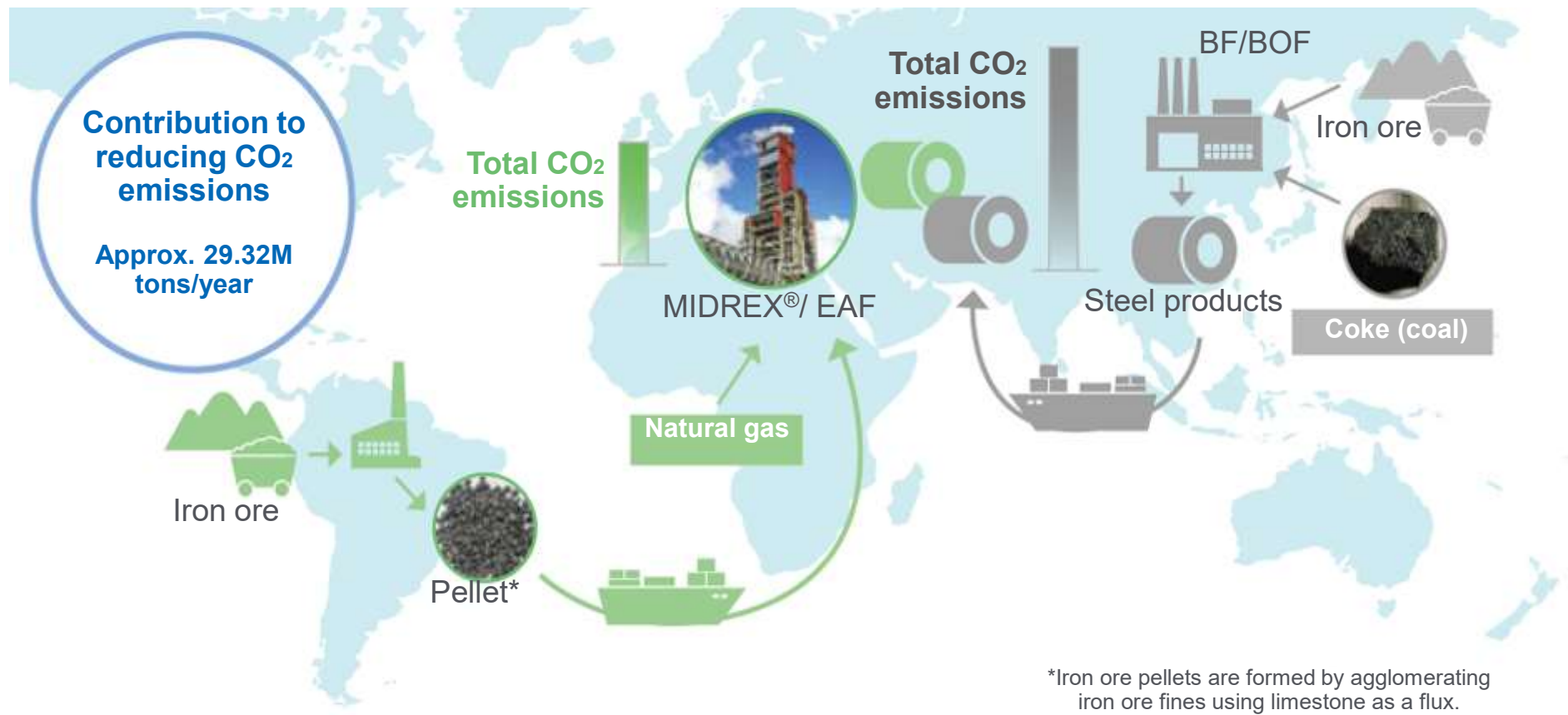
■ Currently, reduced iron users are mainly EAF steelmakers.

■ High-grade iron ore materials are often used in the MIDREX® process based on requests (e.g., restrictions on materials) from customers who are EAF steelmakers; however, **low-grade iron ore materials can also be used in the MIDREX® process without problem.**

3. Environment: MIDREX® Process' Contribution to CO₂ Emissions Reduction

Contribution to CO₂ emissions reduction in FY2020:
Approx. 29.32 Mt

*Equivalent to approx. 2% of Japan's total greenhouse gas emissions of 1,213 Mt (converted into CO₂) in FY2019



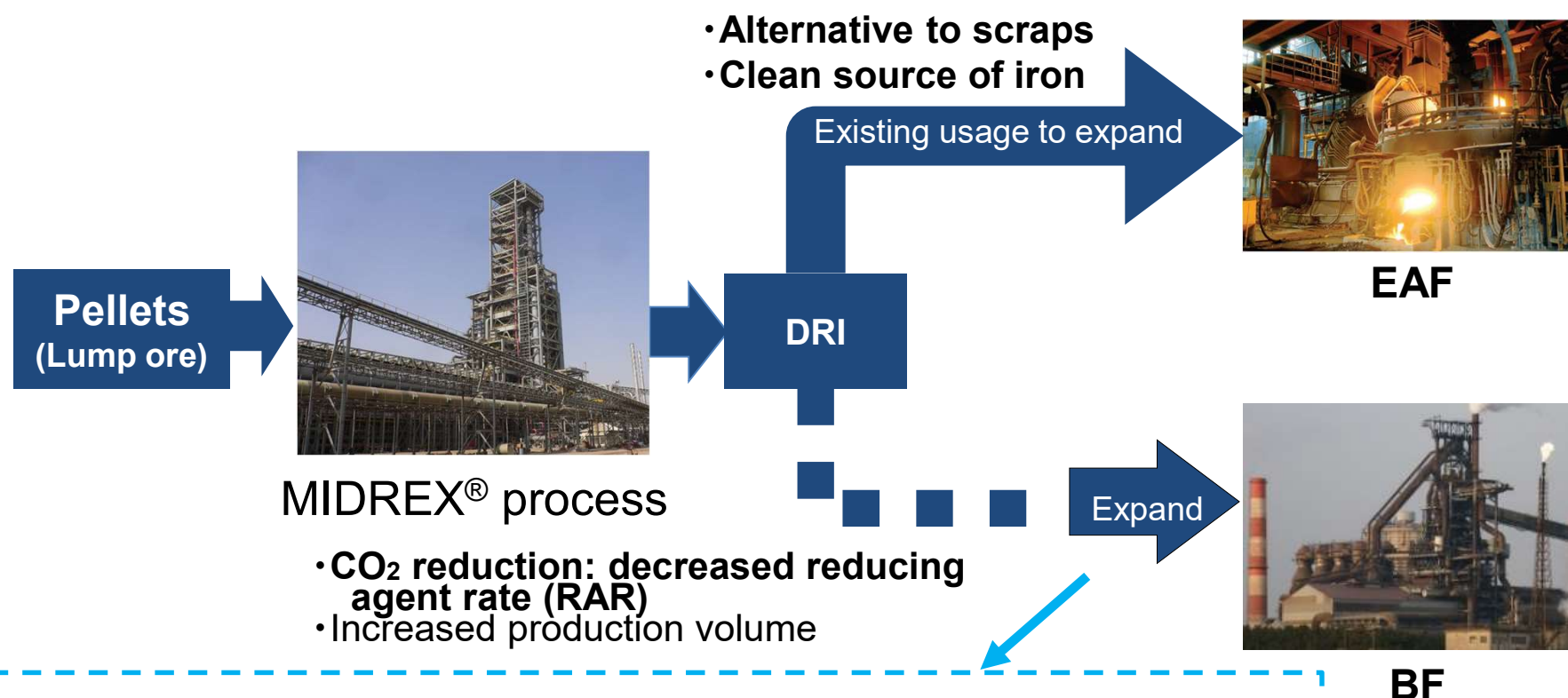
3. Environment: MIDREX® Process and Competitors

Major DRI Production Processes

Process	Key Features
MIDREX® process	<ul style="list-style-type: none"> • Use a reformed natural gas • <u>Many plants are achieving production volume larger than target capacity.</u> • <u>Many plants built worldwide</u> • Need a large reformer
HYL process	<ul style="list-style-type: none"> • Use a reformed natural gas • The latest process does not need a reformer • Need a process gas heater and CO₂ removal device • Operation rates are low. <u>Many plants have not reached target production capacity.</u>
SL/RN process	<ul style="list-style-type: none"> • Use coal as reductant in a rotary kiln process • Many plants built in India, which has scarce natural gas reserves • Due to plant size limitations, <u>plants are small and have low productivity</u> • There are issues related to coal pulverization and melting in kiln as well as environmental concerns

3. Environment: Medium- and Long-Term Demand for MIDREX®

MIDREX® Process is expected to be applied to BFs as well, in addition to the conventional use in EAFs, with the aim of reducing CO₂ emissions and increasing production.



- Technology capable of significantly reducing CO₂ emissions in the blast furnace process (approx. 20% compared to FY2013) (Announced on February 16, 2021)

3. Environment: Crude Steel and DRI Production Forecast

Global Crude Steel Production Forecast

Global crude steel production will increase toward 2050. In addition, a momentum toward CO₂ reduction and carbon neutrality will accelerate.

(1) Crude steel production from scrap

(Current production mainly by EAFs)

⇒ Expected to increase due to increased scrap generation

This will increase demand for DRI as a clean source of iron.

(2) Crude steel production from iron ore

(Current production mainly by BF. In the future, the BF will be equipped with the EAF.)

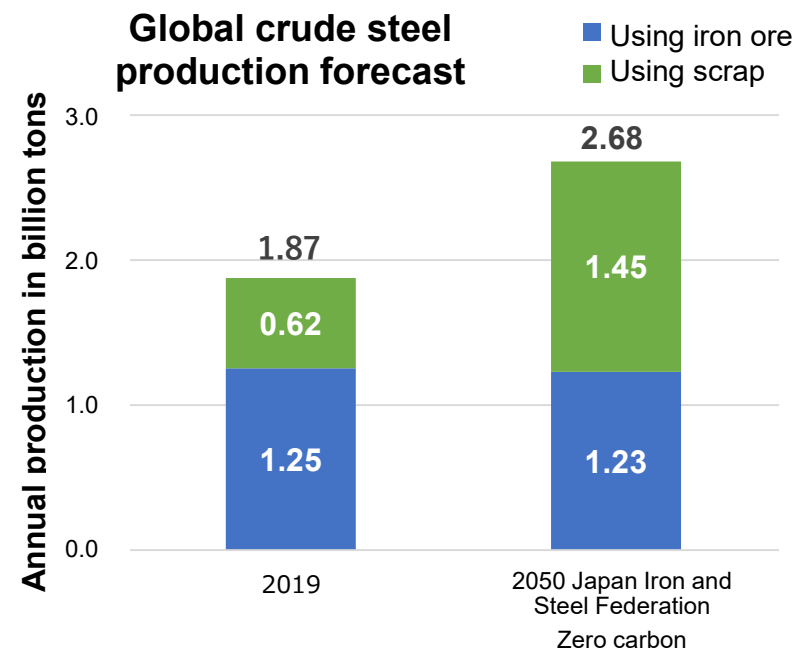
⇒ Crude steel production is assumed to be at the current level.

We anticipate an increase in demand for HBI to be used in BFs for CO₂ reduction as well as an increase in demand for DRI associated with the installation of the EAFs attached with the BFs.

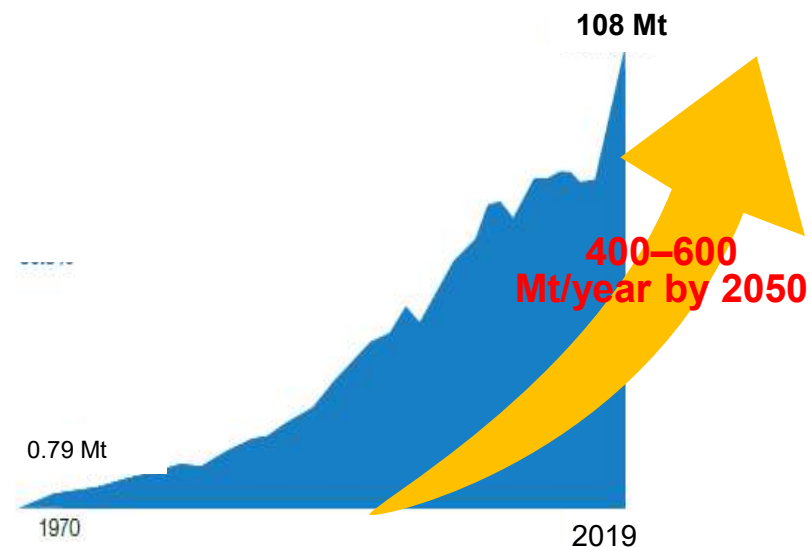
DRI production will keep increasing.

Forecast to reach 400–600 Mt/year by 2050

(Estimate by Kobe Steel, Ltd.)

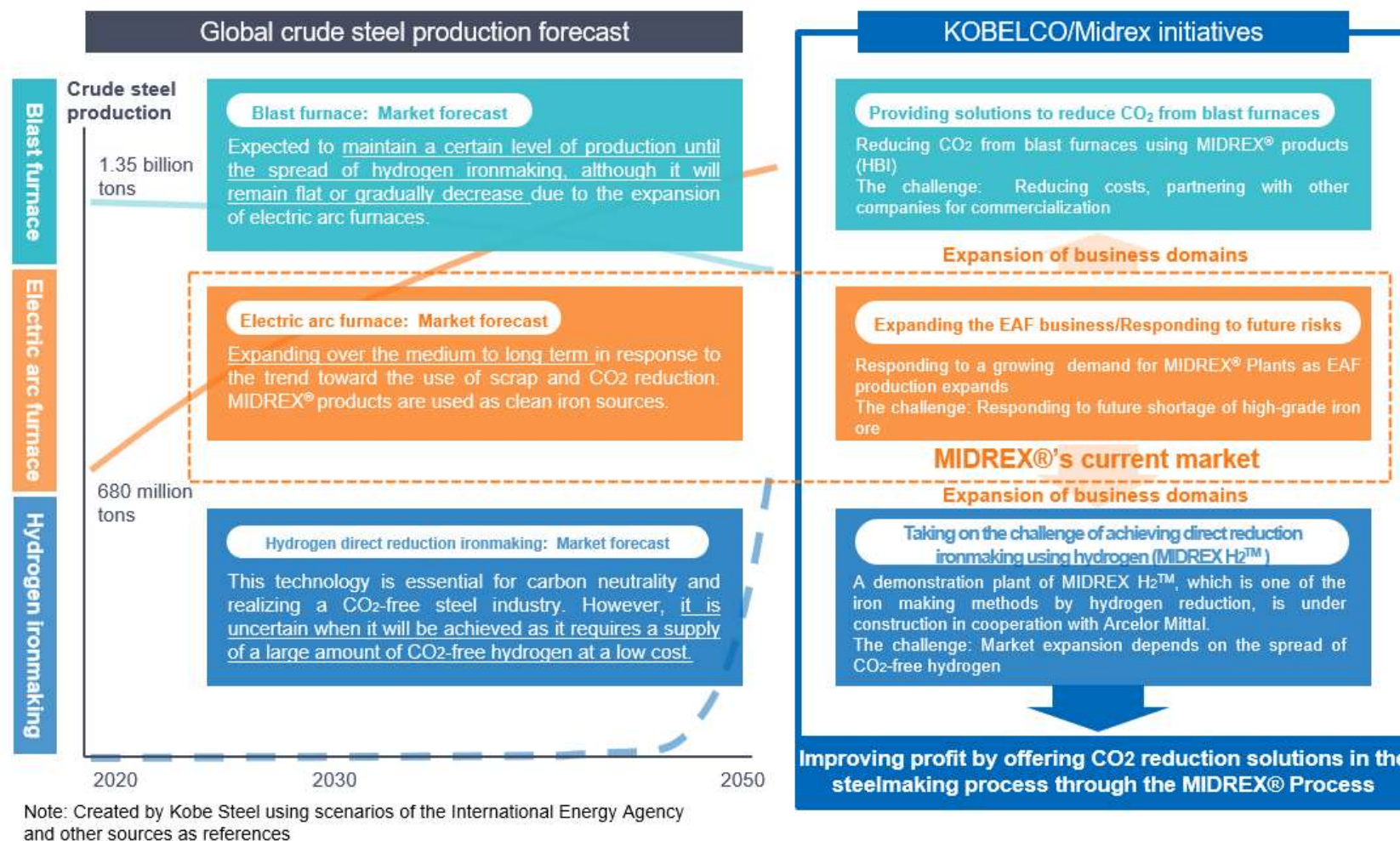


* Prepared by Kobe Steel, Ltd. using data supplied by the Japan Iron and Steel Federation



3. Environment: Expansion of MIDREX® Business

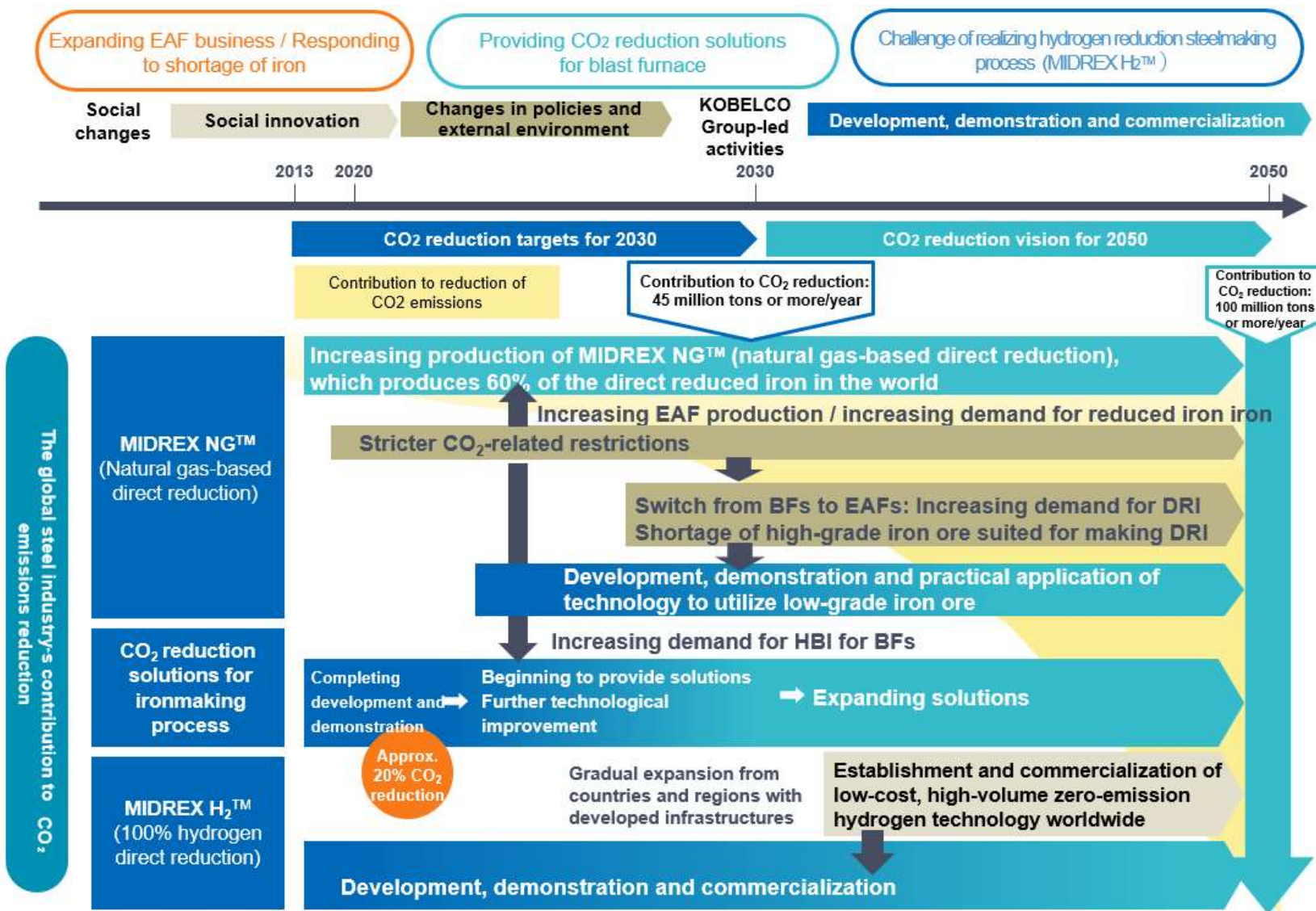
- ❖ Providing CO₂ reduction solutions for various steelmaking processes (for EAFs, BF, and hydrogen direct reduction ironmaking processes) through MIDREX® and increasing earnings



(Source: KOBELCO Group Medium-Term Management Plan (FY2021-FY2023) announced on May 11, 2021, by Kobe Steel, Ltd.)

3. Environment: Roadmap of Contribution to CO₂ Emissions Reduction Using MIDREX®

- ❖ Providing CO₂ reduction solutions for various steelmaking processes through MIDREX® and increasing earnings



(Source: KOBELCO Group Medium-Term Management Plan (FY2021-FY2023) announced on May 11, 2021, by Kobe Steel, Ltd.)

3. Environment: Roadmap of Contribution to CO₂ Emissions Reduction Using MIDREX[®]

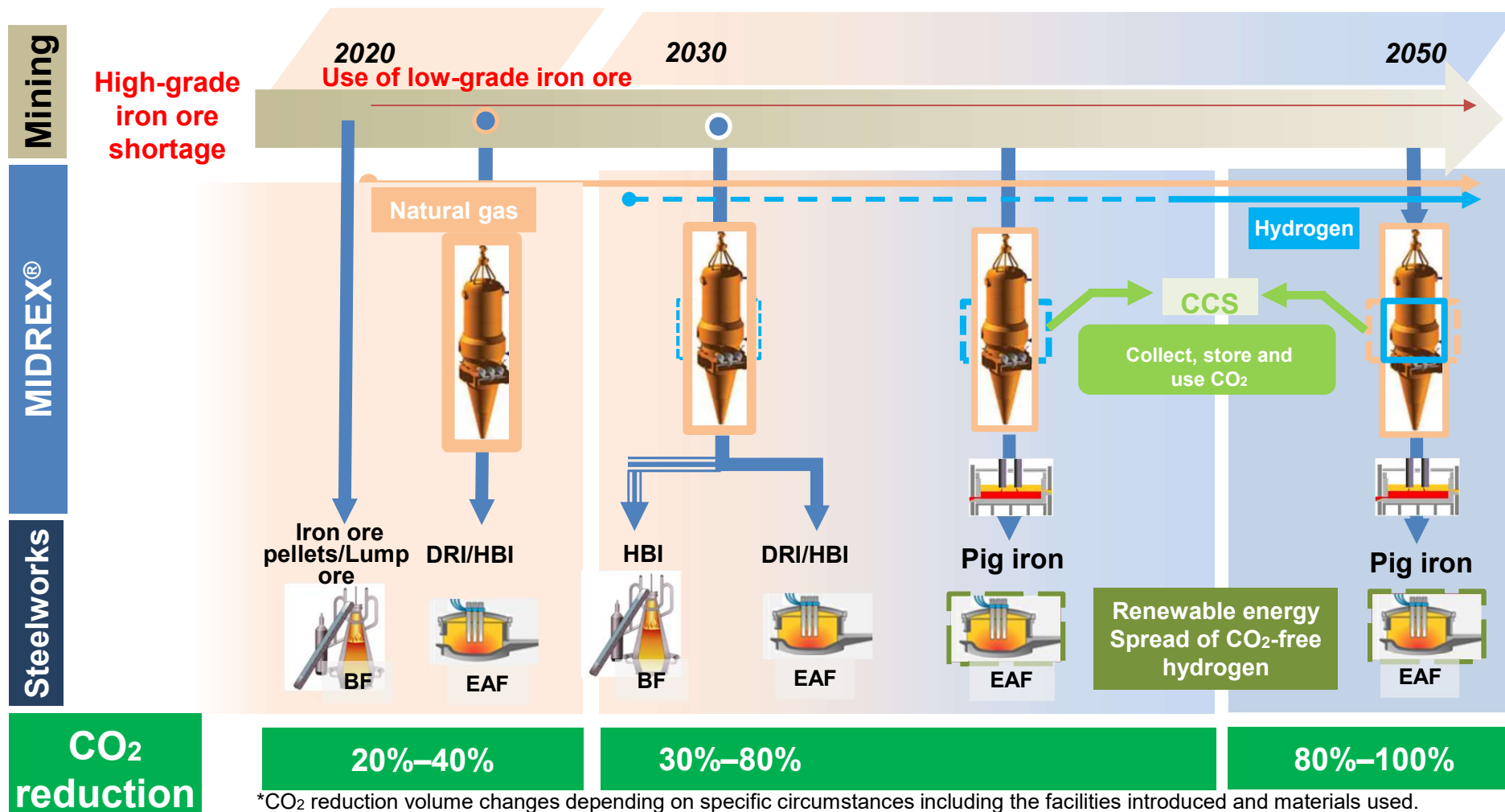
❖ Providing CO₂ reduction solutions for various steelmaking processes through MIDREX[®] and increasing earnings



(Source: KOBELCO Group Medium-Term Management Plan (FY2021-FY2023) announced on May 11, 2021, by Kobe Steel, Ltd.)

3. Environment: Strengths of MIDREX® Process

Capable of providing CO₂ reduction solutions in the short-, medium-, and long-term toward achieving carbon neutrality



3. Environment: Closing

The KOBELCO Group will combine technologies to solve various issues, refine its ability to propose solutions, and respond to social demands and changes in industrial structures in order to remain an indispensable partner for our customers and society. By doing so, we will aim to achieve our vision of “a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.”

As the global trend is shifting to carbon neutrality and driving social transformation, we will offer CO₂ reduction solutions for the global steel industry to achieve carbon neutrality through the MIDREX[®] process.

3. Environment: Closing

The KOBELCO Group has expressed its support for the final recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and makes disclosures according to their recommendations.

Climate-related disclosures in line with the Recommendations of the TCFD (environmental management, CO₂)

Initiatives to Reduce CO₂ Emissions

The KOBELCO Group recognizes CO₂ reduction is a top management priority. In May 2021, we announced our aim to increase corporate value through a transition to carbon neutrality by 2050.

Going forward, the KOBELCO Group will continue to pursue reduction of CO₂ emissions in order to contribute to realize "a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives" as envisioned in KOBELCO's View of the Future.

Governance and Risk Management

We have a structure in place whereby the Executive Council deliberates and decides on important matters concerning CO₂ reduction that may have a major impact on our business operations; and the Board of Directors oversees these procedures.

Under the Sustainability Management Committee, an auxiliary body to the Executive Council, we established the CO₂ Reduction Promotion Subcommittee to study Company-wide measures to lower CO₂ emissions.

Process for Identifying and Managing Climate-Related Risks

At the KOBELCO Group, the CO₂ Reduction Promotion Subcommittee leads the study of both risks and opportunities associated with climate change, based on the flowchart shown below.

The study results are reported to and deliberated by the Sustainability Management Committee, and the Executive Council makes final decisions.

Strategy

Kobe Steel analyzes the medium- to long-term risks and opportunities associated with climate change considering the social scenarios presented by the International Energy Agency, the long-term visions formulated and announced by the Japan Iron and Steel Federation, the Japan Aluminum Association, and other industry organizations; and the energy policies of Japan. The appropriateness of the measures implemented by the Company is assessed based on these analyses.

Climate-related risks

As exemplified by the introduction of carbon pricing schemes, environmental regulations on climate change are becoming stricter and may have significant impact on the KOBELCO Group's business performance and financial position. In addition, given the increasing severity of damages from floods and typhoons, it is anticipated that the increase of natural disasters due to climate change may cause declines in production volumes and disruptions of supply chains.

Climate-related opportunities

As international concern for climate change-related issues rises, demand is growing for low-carbon products and services. We expect an increase in demand for the KOBELCO Group's products and services that help reduce CO₂ emissions, such as materials for automotive weight reduction and the MIDREX[®] Process over the medium to long term.

Two key technologies

- Technologies of Midrex for HBI manufacturing (business)

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The KOBELCO Group's Business Foundation

Environmental Initiatives

Short-to-medium term (By FY2025) / Long term (By FY2050)

Risks and Opportunities

Risks	Opportunities
Higher costs stemming from regulatory tightening	Growing demand for technologies, products, and services that contribute to reduction of CO ₂ emissions (automotive weight reduction, MIDREX [®] Process, etc.)
Delimitation of corporate operation due to insufficient disclosed information	Differentiation from other companies by strengthening capabilities in HBI manufacturing (automotive weight reduction, MIDREX [®] Process, etc.)
Reduction of production volumes and disruptions of supply chains due to natural disasters, typhoons, and other natural disasters	Increase in demand for products due to increased public and capital investments for disaster prevention

Responses to Risks and Opportunities (R&D)

Reduction of CO₂ Emissions in Production Processes

Our steelmaking technologies are already at the most advanced levels in the world. Kobe Steel is participating with other steelmakers in the development projects that are being promoted by the New Energy and Industrial Technology Development Organization (NEDO) in a bid to further reduce CO₂ emissions in the blast furnace ironmaking process and to realize practical application of these developments.

In addition, the Company is advancing research and development with the aim of increasing energy efficiency in iron reduction and molting processes.

KOBELCO Group's CO₂ Reduction Solution

—Innovative technology to reduce CO₂ emissions by 20% from blast furnace operations successfully verified—

Kobe Steel, Ltd. successfully demonstrated the technology that can reduce a significant amount of CO₂ emissions from blast furnace operations, combining the technologies of Midrex in the engineering business and the blast furnace operation technology in the iron and steel business. This achievement is a result of the integrated efforts of the KOBELCO Group leveraging its diverse businesses.

The quantity of CO₂ emissions from the blast furnace is determined by the reducing agent rate (RAR)¹⁾ or the quantity of carbon fuel used in blast furnace ironmaking. In the demonstration test, it was verified that RAR could be stably reduced from 518 kg/HM (ton hot metal) to 415 kg/HM by changing a large amount of hot briquetted iron (HBI) produced by the MIDREX[®] Process. The results indicate that this technology can reduce CO₂ emissions by approximately 20% compared to a conventional method²⁾.

In addition, the world's lowest level of coke rate (239 kg/HM) has been achieved in the demonstration test of this technology. The Company sees it as a promising solution that could become readily available in the near future at a lower additional cost compared to other CO₂ reduction measures.

The key technologies that led to this achievement are two proprietary technologies developed by the KOBELCO Group, which are commonly available for other companies' blast furnaces.

Two key technologies

- Technologies of Midrex for HBI manufacturing (business)
- Low CO₂ blast furnace technology

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The KOBELCO Group's Business Foundation

Environmental Initiatives

Metrics and Targets

Metric A Reduction of CO₂ Emissions in Production Processes

Targets

May 2021, the KOBELCO Group announced that it would take the challenge of achieving carbon neutrality by 2050 and increasing corporate value through this transition. We have raised targets for fiscal 2030 (from the level announced in September 20) to accelerate efforts to achieve carbon neutrality by 2050.

CO₂ Emissions in the Past

In the wake of the oil crisis, which spanned from the 1970s to the 190s, Japan's steel industry moved to utilize energy more effectively installing waste heat recovery systems and conserving energy. In switching to continuous process flows and streamlined processes. From the 1990s, the steel industry took steps to effectively use waste materials, focused on upgrading waste heat recovery systems and increasing the efficiency of equipment. In recent years, leading players have installed highly efficient gas turbine power plants. Kobe Steel has maintained a consistent approach in advancing low energy conservation and CO₂ reduction measures through active capital investments. For example, the Company installed highly efficient gas turbine power generation facilities that use gas in blast furnaces at Kakogawa Works over the period from fiscal 19-2014, resulting in a substantial reduction of CO₂ emissions. Compared with fiscal 2013, we generated 21% less CO₂ emissions in fiscal 2020, partly due to a decline in production volume in the first half of the year.

In the ironmaking process, we successfully demonstrated a technology that can reduce CO₂ emissions from the blast furnace around 20%. We did this by charging a large amount of hot briquetted iron (HBI) produced by the MIDREX[®] Process, a direct reduced iron production method using natural gas, into a blast furnace. (See page 70 for details.)

We also developed an AI-based blast furnace heat prediction system, which has been in operation since August 2020 in the No. 8 blast furnace at Kakogawa Works. This enables automatic and highly accurate prediction of hot metal temperatures two hours in advance, thus preventing in-furnace temperature drops and other blisks and leading to more stable operations. We will promote further development of this blast furnace operation technology using AI to enable more advanced control of furnace conditions. The KOBELCO Group will continue striving to reduce CO₂ emissions in order to achieve its fiscal 2050 vision and fiscal 2030 targets.

CO₂ Emissions from Energy Use

In fiscal 2020, our Group's CO₂ emissions from energy use totaled 3 million tons. Of this amount, about 94% was emitted from the steel & Aluminum Business, about 4% from the Advanced Materials Business, and about 2% from the Electric Power Business.

CO₂ Emissions from Energy Use*

Fiscal Year	Total CO ₂ Emissions (Mt-CO ₂)
2018	17.4
2019	16.5
2020 (FY)	15.3

* For information on Group composite account, see the Integrated Report for the corresponding term page.

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Please read the KOBELCO Group Integrated Report 2021 (pages 69-73) for details.

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4. Social: Promoting Active Participation of Diverse Human Resources (D&I)

We set numerical targets and accelerate activities so that people with diverse backgrounds and values can fulfill their potential at workplace, thereby increasing the growth capacity of the entire organization.

Enhance hiring of female new graduates

Set numerical targets for hiring female new graduates and enhance their recruitment. Hold networking events for new employees.

FY2023 Targets



Ratio of women in new hires (new graduates)



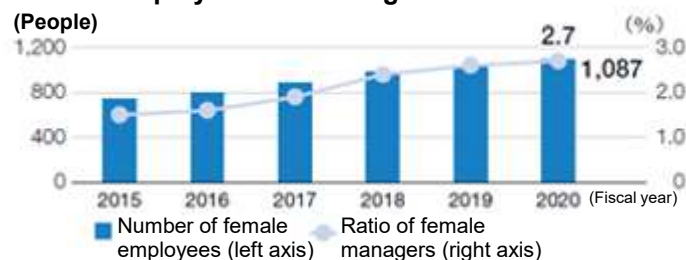
Diversify management and leaders

Aim to raise competitiveness through further diversification of management and leaders. Enhance development and express support for initiatives supporting women.

FY2023 Targets



Female Employees and Managers



Keidanren's Challenge Initiatives for 30% of Executives to Be Women by 2030



Declaration on Action by the Male Leaders Coalition for Empowerment of Women, Cabinet Office



Launched "Think About LGBT" initiative to promote understanding of LGBT people

We aim to create a workplace environment where individuality is valued, and every employee can work with peace of mind and perform to the best of their abilities. To that end, we are conducting executive training and training for all employees, and working to develop KOBELCO Familyship System and create a healthy work environment.

KOBELCO LGBT Ally logo



Our rugby ball shaped logo is inspired by Kobelco Kobe Steelers, a league one rugby club in Japan.

4. Social: Promoting Active Participation of Diverse Human Resources (Workstyle Reforms)

By enhancing the work engagement of diverse human resources, we encourage each employee to raise the quality of work and pursue the improved productivity, thereby strengthening corporate competitiveness.

Promote operation efficiency

- Promote teleworking and use staggered working hours
- Actively use online meetings, promote paperless operations, and introduce electronic seals
- Expand hot-desking
- Commend operational improvement and introduce good examples within the KOBELCO Group

Active use of online meetings

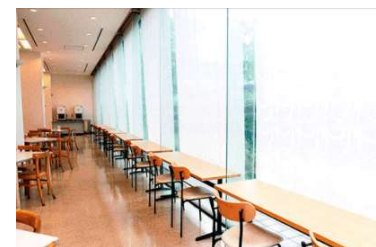


Support men's participation in parenting

Improve motivation and workplace wellbeing

- Campaign to call each other's name with "san"
- Encourage employees to finish work by 7 p.m. and take annual paid leaves
- Improve systems to support employees who are raising children or taking care of family members
- Effectively use canteens and increase shared spaces
- Loosening of dress codes

Individual work area



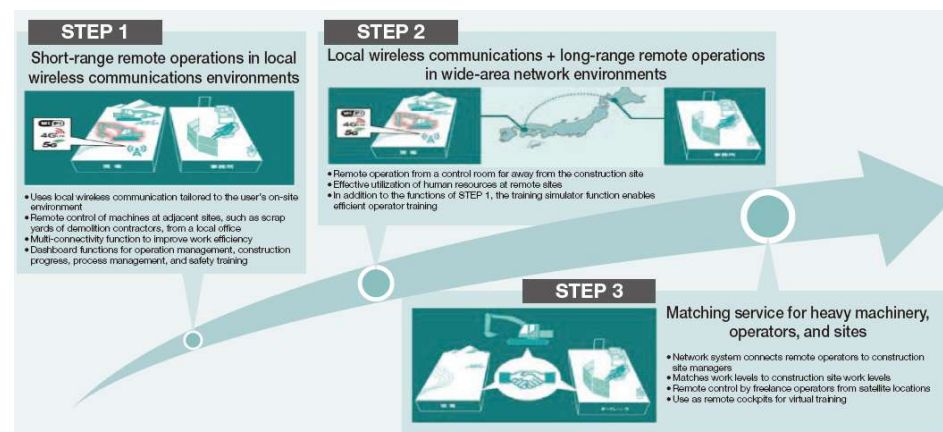
Create individual work areas to promote autonomous workstyles



4. Social: Workstyle Reforms in Construction Sites

Our Group company Kobelco Construction Machinery Co., Ltd. has been advancing R&D for its K-DIVE CONCEPT under the slogan of realizing a teleworking system centered on people who work at construction sites. If successful, this system will enable on-site work without being restricted to specific people, locations, or times, helping eliminate shortages of skilled construction workers, and improving productivity through on-site automation.

The step-up image of K-DIVE CONCEPT



- Enable remote operations of heavy machinery from on-site offices or other locations, improving safety and productivity of customers' construction sites, helping acquire skills within a short period and promoting workstyle reforms
- Contribute to providing job opportunities to senior operators, women, and people with disabilities

4. Social: Building Responsible Supply Chains

We continue to promote initiatives to “build responsible supply chains,” sharing social responsibilities with our business partners. We have announced our Group’s policy and began providing explanations to our business partners and identifying challenges.

◆ In Sept. 2020, we established **Basic Procurement Policy** and published **“Requests to our Business Partners”**

Basic Procurement Policy

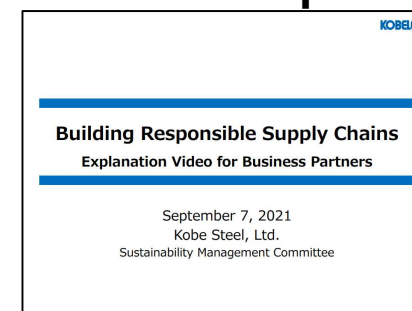
1. Compliance with laws, regulations and other social norms
2. Fair and impartial transactions
3. Coexistence with the global environment through procurement
4. Strengthen partnerships with business partners
5. Management of confidential information

“Requests to Our Business Partners” Social Responsibility items

Compliance	Human rights and labor	Health and safety
Environment	Fair trade and ethics	Quality and safety
Information security	Business Continuity Plan	Social contribution

◆ In Sept. 2021, we distributed a **video** explaining the KOBELCO Group’s policy to our business partners

In the video, we explain our sustainability management framework and promotion structures, materiality, our initiatives on the environment, human rights, and other issues, to build a responsible supply chain.



◆ From the second half of 2021, we plan to conduct a **survey** on social responsibility to understand the situation of our business partners and to identify the issues we should address in the future.

4. Social: Social Contribution Activities

We conduct various activities to contribute to local communities and to support the development of next generations including sporting activities and activities at respective locations and Group companies.

Social contribution through sport

Kobelco Kobe Steelers engages in various activities as a team working closely with its local community.

Watch over primary school students go to school



Tag rugby class



Support for healthcare workers (Donation of sales proceeds of facemasks made from team jerseys worn by players)



Overseas group companies' activities

Planted mangroves, raised safety awareness of primary school children through safety classes, and donated equipment and facilities.



Planting of mangroves (Kobelco Construction Machinery Southeast Asia Co., Ltd.)

KOBELCO Community Contribution Fund

Established in FY2006, the Fund runs activities to support children in the locations of our offices throughout Japan.



Donated play and other equipment to childcare and residential care facilities for children

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1. KOBELCO Group's Sustainability Management
2. Key Points of Today's Presentation
3. Environment
4. Social
5. **Governance**
6. Sustainability Initiatives and External Evaluations

Attachments: Reference Information

5. Governance: Safety and Health

Conduct safety and health activities from various perspectives to create lively workplaces where people can work with safety and security

Index	FY2020		FY2021 target
	Target	Actual	
Accidents leading to death	0	0	0
Lost time injury frequency rate (LTIFR) (*)	0.10 or less	0.24 (calendar year)	0.10 or less

$$\text{Lost time injury frequency rate (LTIFR)} = \frac{\text{Number of injuries requiring absence from work}}{\text{Number of total hours worked}} \times 1,000,000$$

FY2020 Overview and Challenges

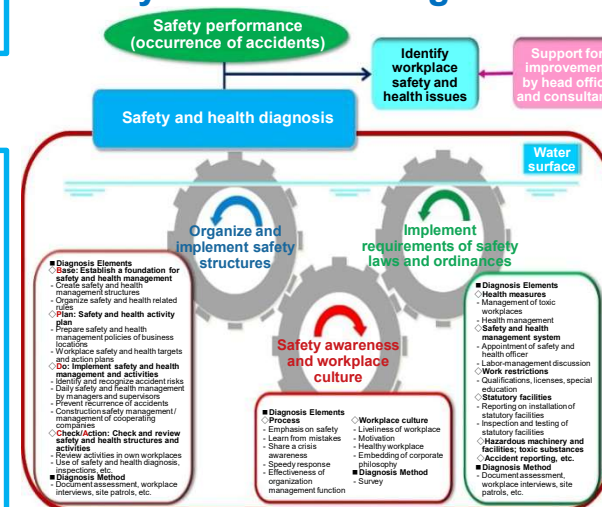
- [Overview] Zero accidents leading to death. Did not achieve the LTIFR target.
- [Challenge] Large discrepancy in the safety management level depending on business locations; raising safety awareness of each person



FY2021 Initiatives

- Safety and health diagnosis of all business locations by Head Office (3-year plan)
- Raise safety awareness of each person and enhance individual guidance
 - Safety Camera System
 - Introduction of Safety Card
- Introduction of safety and health management system (ISO45001)
- Enhance and support safety and health management and activities in overseas locations

Safety and Health Diagnosis



5. Governance: Safety and Health

Initiatives (Examples)

Safety Camera System

- Use cameras for the following purposes:
 - Check how works are carried out to raise a fresh awareness (check unsafe actions or situations)
 - Education and guidance, review standard work behaviors, and create educational materials
 - Remotely give commands and supervision in time of trouble to support workers

Image of a plant



Monitoring from office

- Check worksites
- Support works
- Education & guidance

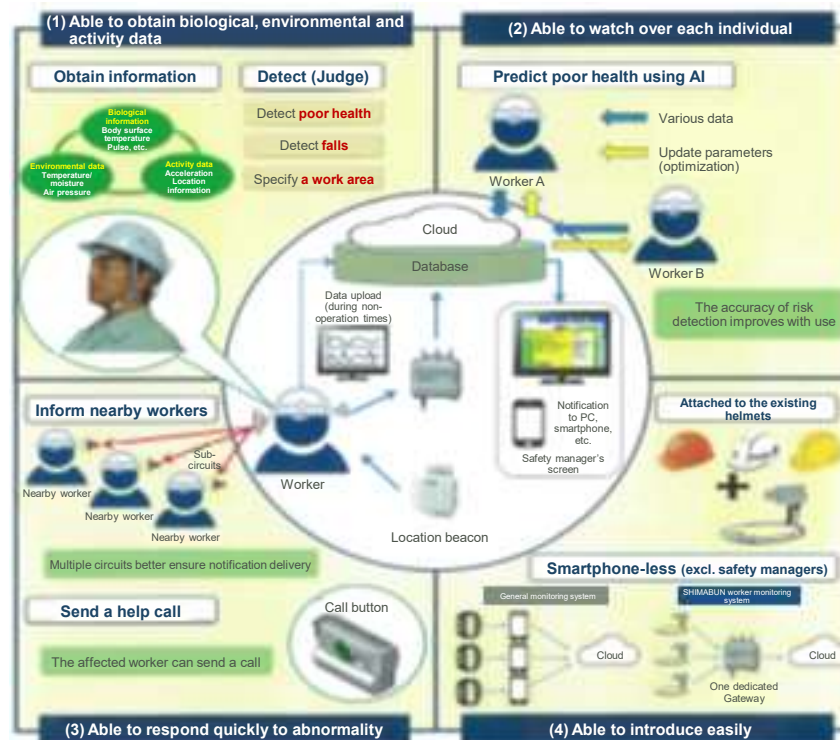


Monitor

Hard disk recorder

Worker Monitoring System

- Analyze and evaluate biological data of workers such as their pulse and temperature to report any change in physical conditions in real time to managers/supervisors
- System tool to support the management of risks such as heatstroke and other poor health conditions and accidents



5. Governance: Human Rights

Under the Kobe Steel Group's Basic Policy on Human Rights established to clearly show our commitment to respecting human rights as an important social responsibility, we promote corporate activities aligned with international rules such as the UN Guiding Principles on Business and Human Rights.

Enhance activities to respect human rights and solve problems

- Offer annual human rights training
- Offer e-learning programs on harassment
- Create harassment consultation helplines
- Harassment training in Chinese subsidiaries
- Signed the United Nations Global Compact and registered as a participating company in March 2021



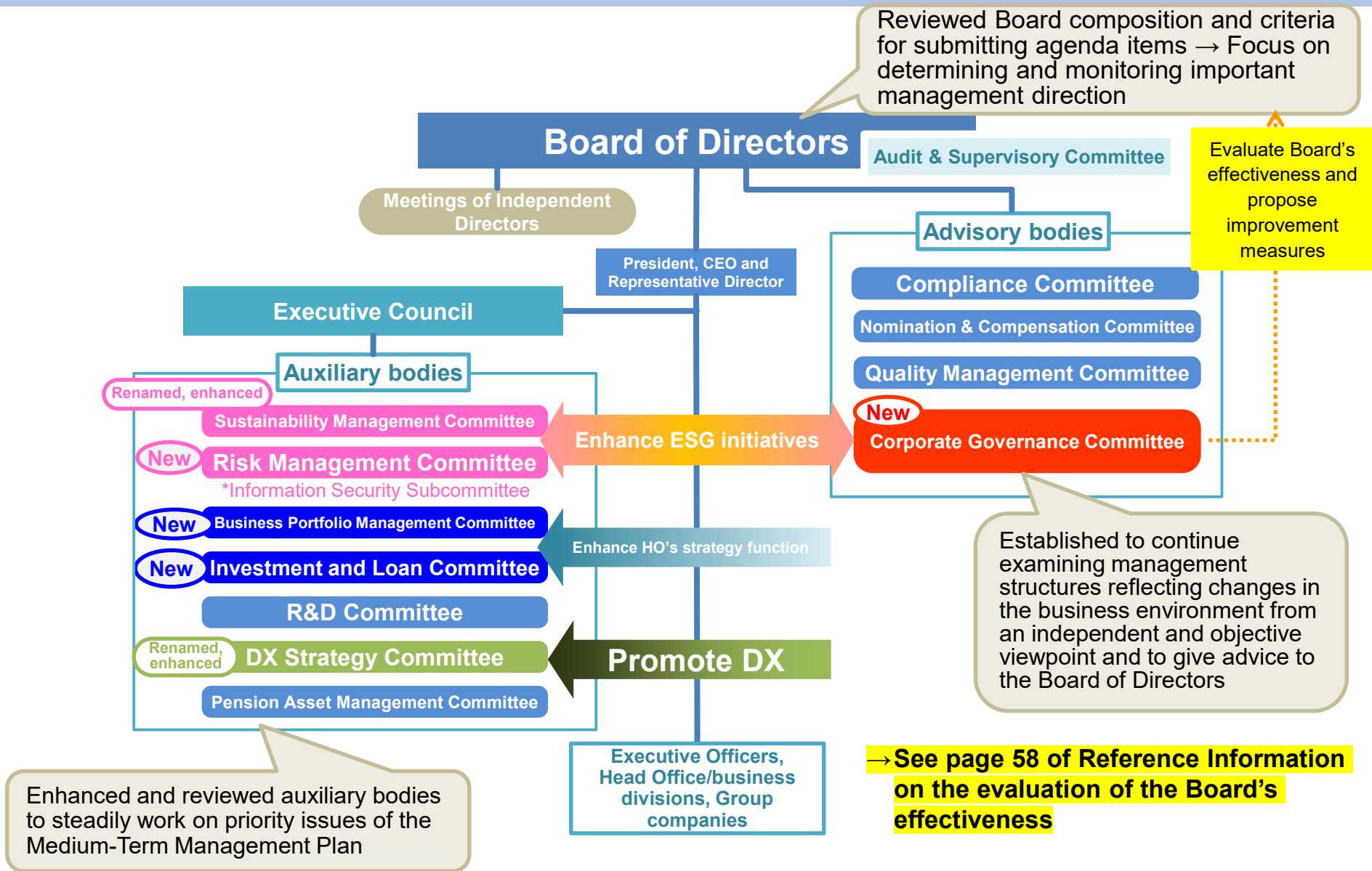
Promote human rights due diligence

As a company supporting principles such as the protection of human rights and elimination of unfair labor, we promote a human rights due diligence to identify, prevent, reduce, address, and disclose information on the impact of corporate activities on human rights. In FY2021, we plan to identify and evaluate challenges related to human rights.

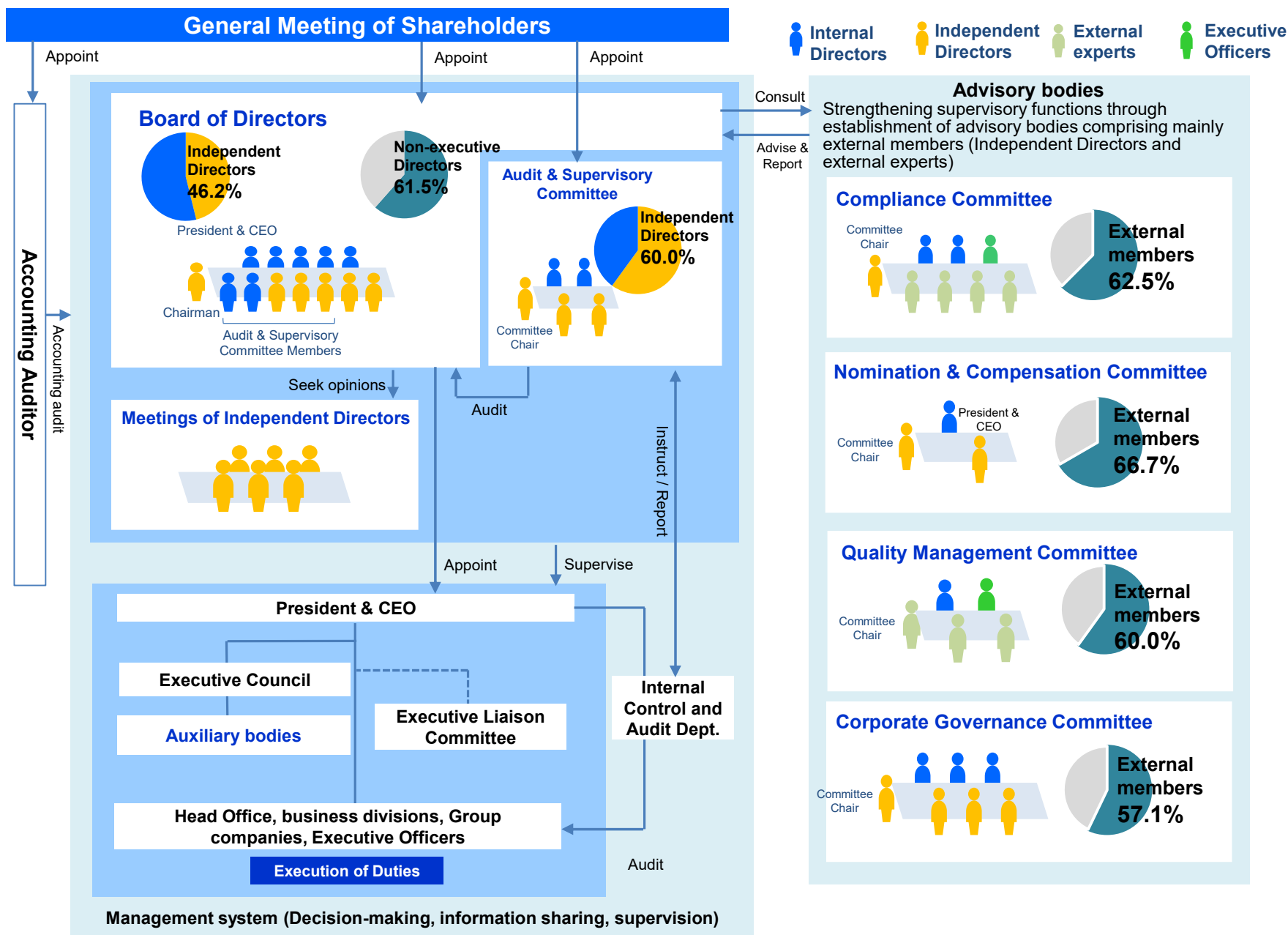
Kobe Steel Group's Basic Policy on Human Rights

<p style="text-align: right;">October 2019</p> <p style="text-align: center;">The Kobe Steel Group's Basic Policy on Human Rights</p> <p>Recognizing that respect for human rights is an important social responsibility for companies, the Kobe Steel Group respects the International Bill of Human Rights adopted by the U.N. as a corporate group that operates globally. It has formulated a Basic Policy on Human Rights to clearly show its stance on respect for human rights based on the U.N. Guiding Principles on Business and Human Rights and other international norms.</p> <p>1. Basic Policy on Human Rights (1) Respect for human rights We respect fundamental human rights through sound business activities in accordance with internationally recognized human rights principles.</p> <p>(2) Elimination of discrimination We respect individual diversity and do not discriminate against people in terms of race, faith, color, religion, nationality, language, ethnicity, sex, sexual orientation, sexual identity, marital status, age, physical characteristics, illness, disability, social status, property, place of origin, etc.</p> <p>(3) Prohibition of harassment We do not permit any behavior or language that violates human rights based on gender or position, or tolerate any other form of harassment. In the event that a human rights violation, including harassment, arises, we will take prompt and strict action.</p> <p>(4) Respect the right to work We observe the labor laws and practices of the countries and regions in which we operate, respect the right to freedom of association and collective bargaining, and establish sound labor-management relationships through sincere dialogue with employees or their representatives.</p> <p>(5) Prohibition of child labor and forced labor We do not engage in child labor or forced labor in all countries and regions in which we operate. In addition, based on UNICEF's Children's Rights and Business Principles, we respect the rights of children.</p> <p>(6) Providing a pleasant workplace environment for our employees We create a workplace in which all employees can work with vigor and enthusiasm in a safe</p>	<p>and healthy environment. Wage payments shall be made in compliance with the laws and regulations, including minimum wages and statutory benefits, of the countries and regions in which we operate. A portion of the profits generated in the course of our business activities shall be shared appropriately with employees so as to be sufficient in living wages, taking into account actual business conditions and business results. We also comply with laws and regulations concerning working hours and overtime.</p> <p>(7) Contribution to local society As a good corporate citizen, we build relationships of mutual trust with local communities and work together to resolve local issues. We also build a personnel system that takes into account local social circumstances, culture, customs, and other factors, and strive to contribute to employment in the local communities in which we operate.</p> <p>2. Scope of Application This policy applies to the directors, executive officers and all employees of the Kobe Steel Group (including full-time employees, contract employees and temporary employees).</p> <p>3. Responsibility for Respect for Human Rights We fulfill our responsibility for respect for human rights by taking appropriate action to address any negative impact that our business activities may have on human rights.</p> <p>4. Education In order to comply with the basic policy of respect for human rights, we continue to raise awareness of respect for human rights in our training sessions for directors, executive officers and employees when they are initially hired and promoted, as well as in our training sessions for managers and supervisors. In order to prevent harassment, harassment is prohibited under the Conduct Guide for Employees and the Harassment Prevention Manual.</p> <p>5. Implementation of Human Rights Due Diligence In order to prevent or mitigate the negative impact of our business activities on human rights in society, we have established a human rights due diligence system that conducts preventive investigations and evaluations and makes corrections through appropriate means. We continue to conduct such investigations and evaluations and disclose the progress and results we have achieved to the public.</p> <p style="text-align: center;">-end-</p>
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5. Governance: Changes in Management Structure



5. Governance: Corporate Governance System



5. Governance: Background and Experience of Directors

	Name	Current Position	Planning/ Project management	Finance/ Accounting	Materials business	Machinery business	Electric power business	Technical development/ Manufacturing/ Facility technology	Overseas business	Legal/Risk management	Insights into other industry sectors
Executive Directors	Internal	Mitsugu Yamaguchi	President, CEO and Representative Director	○	○	○	○	○	○	○	
	Internal	Fusaki Koshiishi	Executive Vice President and Representative Director	○		○		○			
	Internal	Koichiro Shibata	Executive Vice President and Representative Director	○		○		○			
	Internal	Yoshihiko Katsukawa	Director, Executive Officer	○	○		○	○		○	
	Internal	Hajime Nagara	Director, Executive Officer	○		○			○	○	
Non-executive Directors	Independent	Takao Kitabata	Director (Chairman of the Board of Directors, Chair of the Nomination & Compensation Committee)							○	○
	Independent	Hiroyuki Bamba	Director (Chair of Corporate Governance Committee)	○				○			○
	Independent	Yumiko Ito	Director							○	○
	Internal	Hiroshi Ishikawa	Audit & Supervisory Committee Member (full-time)	○			○		○		
	Internal	Yasushi Tsushima	Audit & Supervisory Committee Member (full-time)	○	○	○	○	○			
	Independent	Yoshiiku Miyata	Audit & Supervisory Committee Member	○					○		○
	Independent	Masaaki Kono	Audit & Supervisory Committee Member (Chair of Audit & Supervisory Committee)	○	○						○
	Independent	Kunio Miura	Audit & Supervisory Committee Member (Chair of Compliance Committee)							○	○

Today's Topics

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Attachments: Reference Information

6. Sustainability Initiatives and External Evaluations

Participation in Sustainability Initiatives (Examples)

◆TCFD

(From Dec. 2020)



◆United Nations Global Compact

(From Mar. 2021)

WE SUPPORT



◆Declaration of Partnership Building



◆Keidanren's Challenge Initiatives for 30% of Executives to be Women by 2030 (From Aug. 2021)



◆Declaration on Action by Male Leaders Coalition for Empowerment of Women, Cabinet Office (From Aug. 2021)



6. Sustainability Initiatives and External Evaluations

External Evaluations (Examples)

- ◆ **FTSE4Good Index Series**
(From June 2021)



FTSE4Good

Included in the ESG Investment Index for the first time

- ◆ **FTSE Blossom Japan Index**
(From June 2021)



**FTSE Blossom
Japan**

Included in the ESG Investment Index for the first time

- ◆ **2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)**
(2021)



2021
健康経営優良法人
Health and productivity
ホワイト500

Certified two years in a row

- ◆ **CDP**
(From Dec. 2020)



Awarded "A-" in the climate change and water security categories

- ◆ **Platinum Kurumin Certification**
(From 2019)



Today's Topics

1. **KOBELCO Group's Sustainability Management**
2. **Key Points of Today's Presentation**
3. **Environment**
4. **Social**
5. **Governance**
6. **Sustainability Initiatives and External Evaluations**

Attachments: Reference Information

Reference Information: Indicators/Targets for Materiality

Materiality of the KOBELCO Group		Indicators/target		
		Indicator	Target	Actual (FY2020)
Contributing to a green society^(*) <small>(*) A green society is not limited to the narrow meaning of a society merely using natural energy, but is defined as a society that deals with climate change issues and resource recycling</small>	Response to climate change	(1) Reduction of CO ₂ emissions in production processes	FY2030: Down 30-40% (compared to FY2013 levels) FY2050: Taking on the challenge of realizing carbon neutrality	Down 21%
		(2) Reduction of CO ₂ emissions through technologies, products, and services	FY2030: 61 million tons (including at least 45 million tons through MIDREX [®] process) FY2050: 100 million tons or more	40.9 million tons
		(3) Reduction of CO ₂ emissions in the electric power business	FY2030: Increasing efficiency of coal-fired power plants USC or higher FY2050: Taking on the challenge of realizing carbon neutrality	—
	Response to resource recycling	(4) Water recycling rate	Maintaining at 95% or higher	95.9%
		(5) Waste recycling rate	Recycling three major items ^(*) FY2025: 99% <small>(*) Three major items: Slag, dust and sludge</small>	98.7%
Ensuring safety and security in community development and manufacturing	Supplying energy focused on energy security, economic efficiency, environment, and safety (3E plus S)	—	—	—
	Providing materials and machinery that meet needs	(6) Percentages of target products in the product mix	FY2025: Percentage of wire rods/bars and high-strength steel in the steel business 52%	44%
	Improving safety and productivity		—	—

Reference Information: Indicators/Targets for Materiality

Materiality of the KOBELCO Group		Indicators/target		
		Indicator	Target	Actual (FY2020)
Providing solutions for the future connecting people and technology	Reforms in manufacturing and operations through digital transformation (DX)	(7) Number of digitization projects	—	(*1) —
		(8) Progress rates of reorganizing existing systems	—	—
		(9) Number of DX personnel trained	a. FY2023: About 500 ^(*2) b. FY2023: About 140 ^(*2)	a. 35 b. 99
	Fusion and innovation of diverse intellectual assets	(10) New business creation	FY2025: Multiple task forces (TFs) to move toward creating new businesses FY2030: Multiple TFs to launch new businesses (annual target earnings of 1 billion yen or more per business)	—
		(11) Number of employees with PhD	—	177

(*1) From fiscal 2021, started to count the number of projects with the target carefully selected

(*2) a. IT evangelist (those who take the initiative to plan and promote business reforms in their respective divisions utilizing IT)
b. Data scientist ((those capable of advanced data analysis)

Reference Information: Indicators/Targets for Materiality

Materiality of the KOBELCO Group		Indicators/target		
		Indicator	Target	Actual (FY2020)
Promoting active participation of diverse human resources	Diversity and inclusion (*)	(12) Employment rate of female new graduates	FY2023: a. Career-track administrative positions: 50% or more b. Career-track technical positions: 15% or more c. General technical positions: 15% or more	a. 34% b. 16% c. 9%
		(13) Ratio of female managers	Doubled from fiscal 2020	2.7%
		(14) Employment rate of people with disabilities	2.3% (statutory employment rate)	2.34%
		(15) Number of non-Japanese employees	—	87
		(16) Percentage of employees taking special childcare leave (Male employees)	FY2023: 100%	77.8%
		(17) Turnover of employees within 10 years	Less than 15%	15.8%
	Work style reform	(18) Overtime hours worked	—	16.6 h <small>(per month/employee)</small>
		(19) Average number of days of annual paid leave taken	15 (per year/employee)	11
		(20) Actual total of hours worked	Under 2,000 per year	1,978 h
		(21) Continuation of employee awareness survey		Ongoing
	Human resources development	(22) Improving and expanding employee training a. Total hours trained (across all employees) b. Average hours of training per employee		a. 210,948 h b. 18 h

(*) To ensure diversity among core personnel, we will continue to examine our response to the revised Corporate Governance Code

Reference Information: Indicators/Targets for Materiality

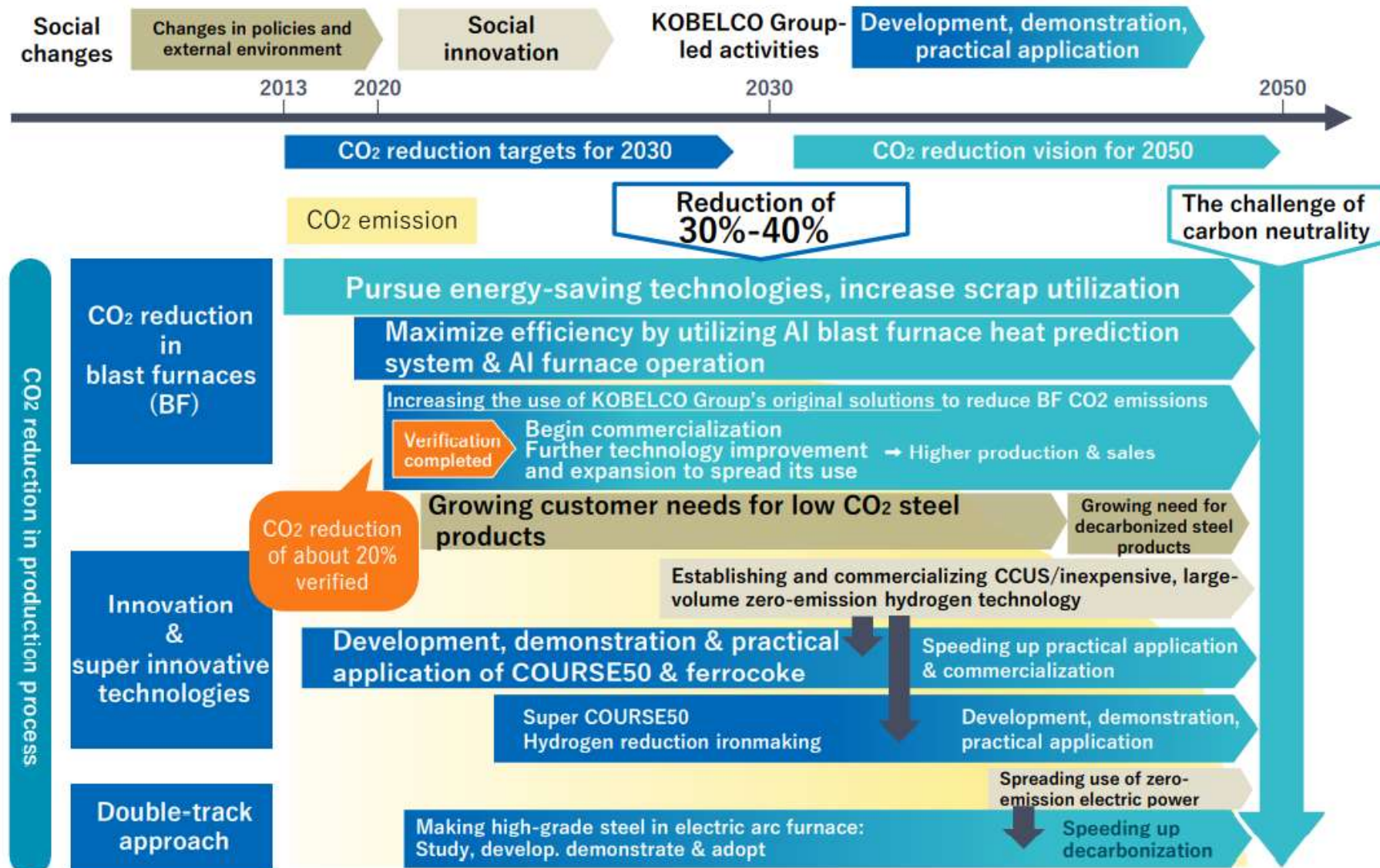
Materiality of the KOBELCO Group		Indicators/target		
		Indicator	Target	Actual (FY2020)
Pursuing governance that supports sustainable growth	Compliance and risk management	(23) Number of internal reporting (whistleblowing) cases	—	112
	Respect for human rights	(24) Improving and expanding employee training	(*1) —	—
	Health and safety	(25) Lost time injury frequency rate	0.10 or less	0.24 (calendar year)
		(26) Improving and expanding supervisor training		65
	Quality assurance	(27) Accreditation rate with Quality Guidelines in internal quality audit	70% of internal quality audit target locations in FY2023	(*2)
		(28) Automation rate of testing and inspection equipment as defined by the Company		(*3) —
		(29) Continuation of customer satisfaction survey		Ongoing
	Corporate governance	(30) Improving the effectiveness of the Board of Directors		Ongoing

(*1) We are studying ways to improve and expand human rights training for employees and to implement human rights due diligence

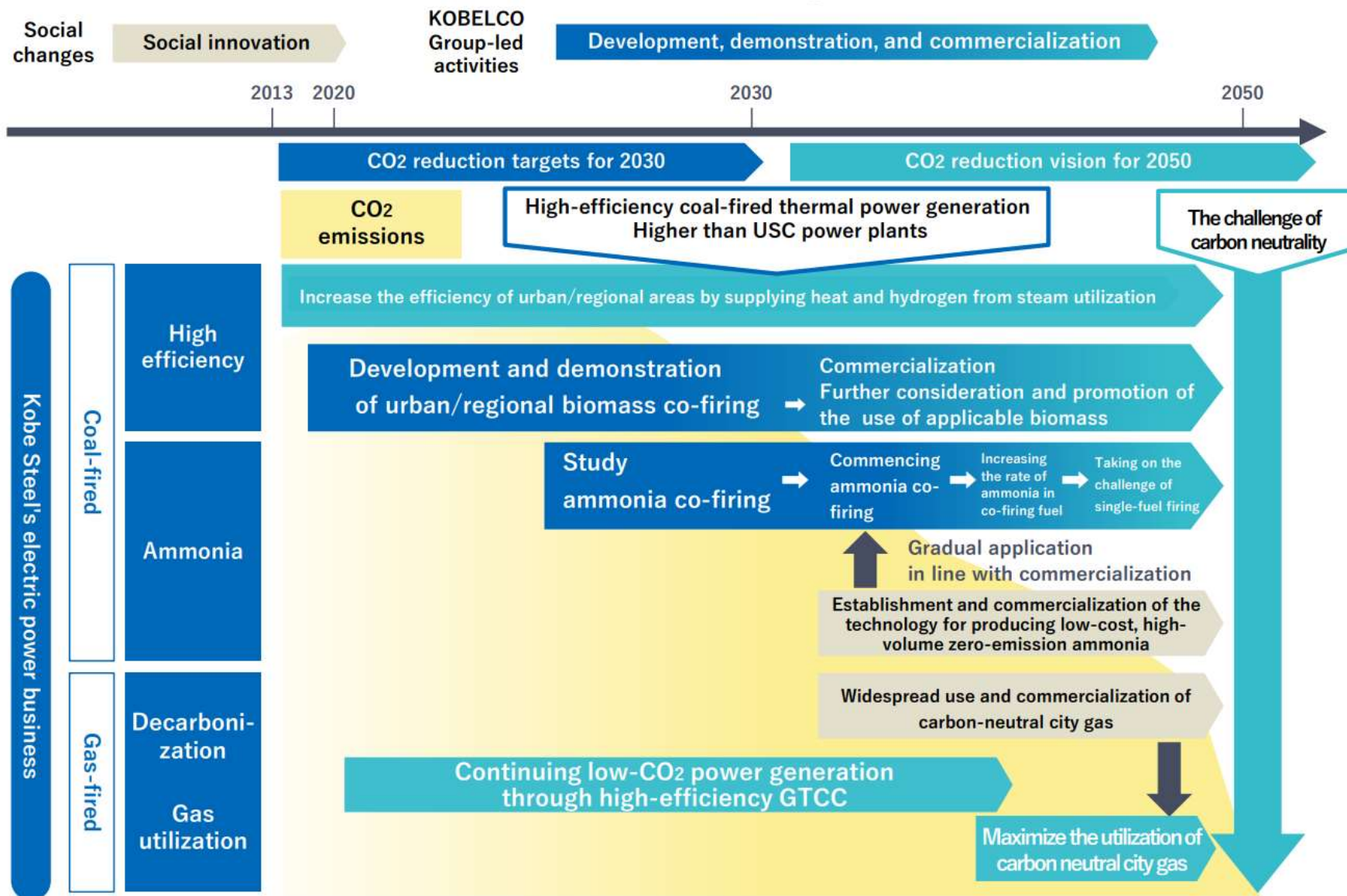
(*2) We began Quality Guideline accreditation from the quality audit in fiscal 2021

(*3) Medium-to long-term targets are under consideration

Reference Information: Ironmaking Process: Roadmap toward Carbon Neutrality



Reference Information: Electric Power Business : Roadmap toward carbon neutrality

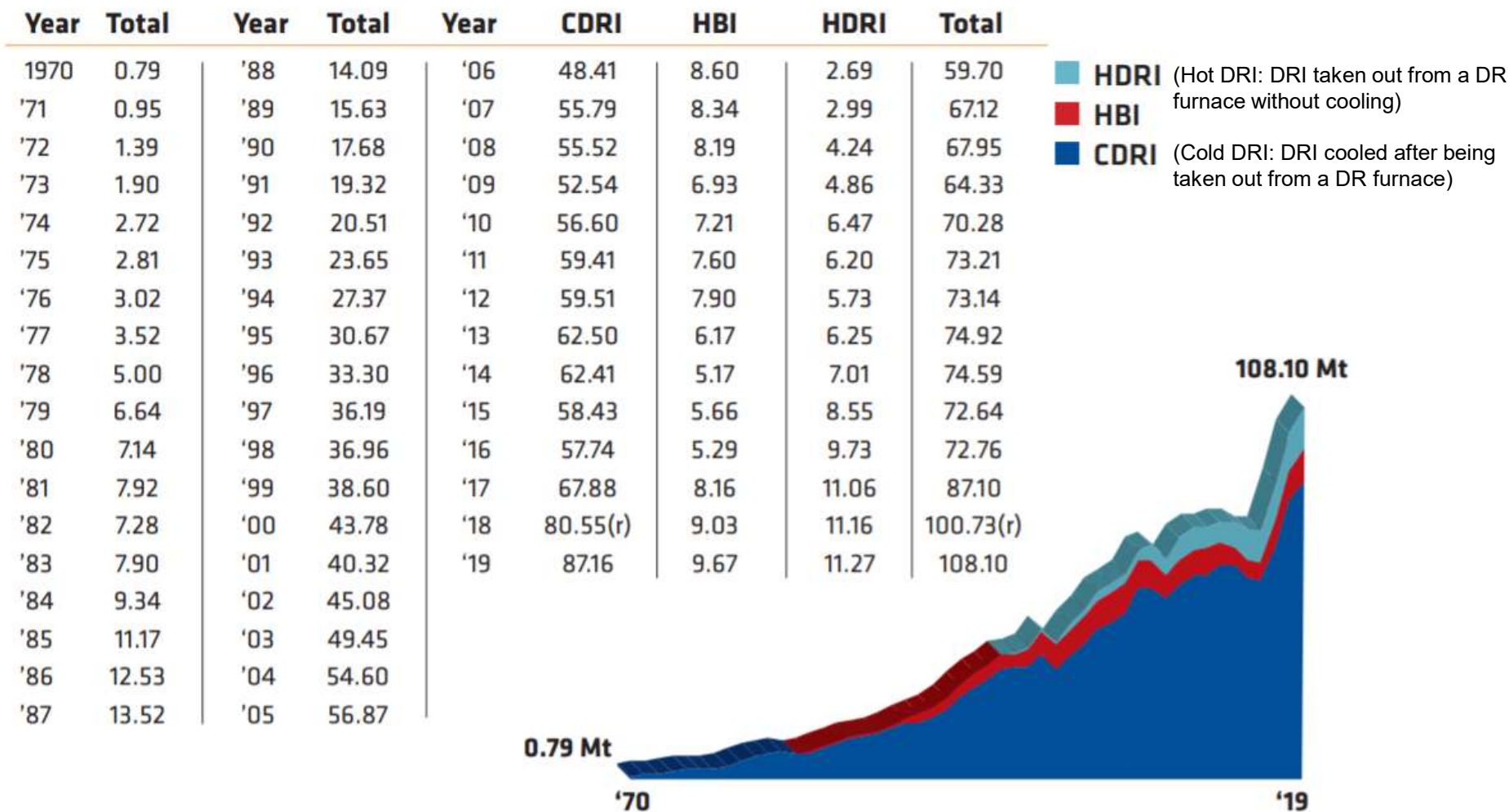


Reference Information: DRI Production

- The world's DRI production is approx. 108 Mt (2019).
- The world's crude steel production is approx. 1,870 Mt, while Japan's production is 98 Mt (2019).

World DRI Production by Year (Mt)

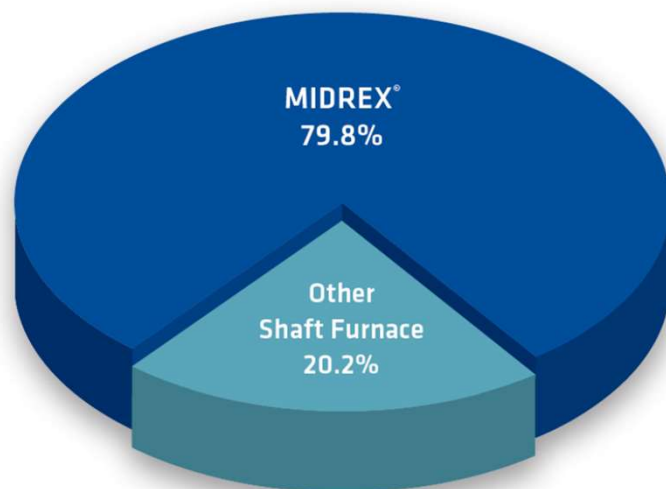
Source: Midrex Technologies, Inc.



Reference Information: Share of DRI Manufacturing Processes

MIDREX® process: approx. 80% share in natural gas-based DRI

Natural gas-based

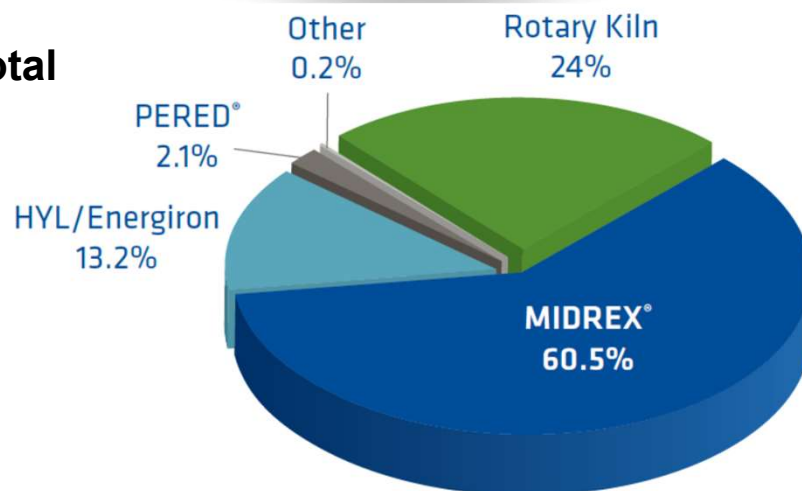


Total World Production: 81.9 Mt

	2017	2018(r)	2019
MIDREX®	79.0%	77.2%	79.8%
Other Shaft Furnace	21.0%	22.8%	20.2%

Source: Midrex Technologies, Inc.

Total



Total World Production: 108.1 Mt

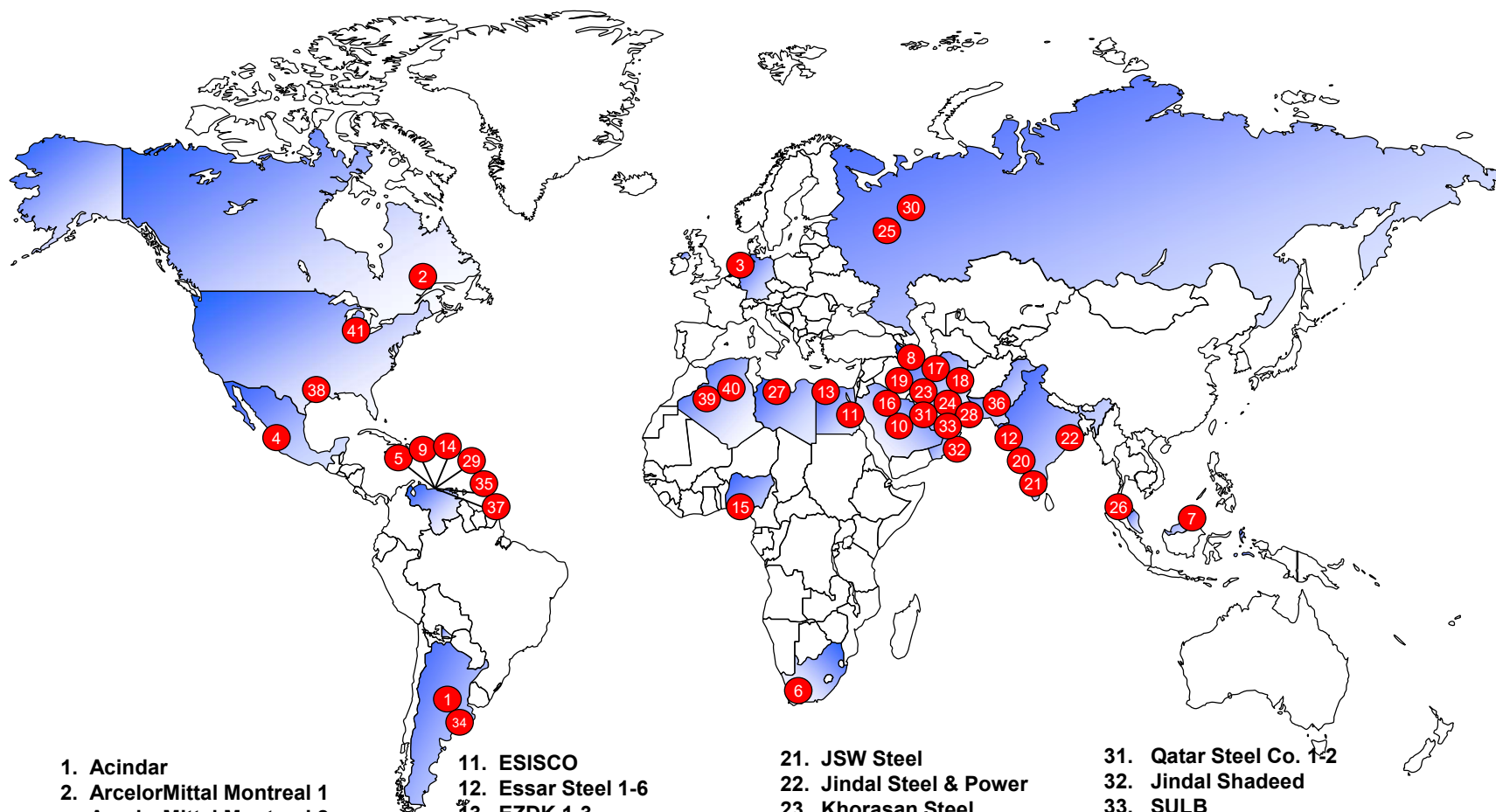
	2017	2018(r)	2019
MIDREX®	64.8%	61.5%	60.5%
HYL/Energiron	16.9%	15.7%	13.2%
PERED®	*	2.4%	2.1%
Other	0.7%	0.2%	0.2%
Rotary Kiln	17.6%	20.2%	24.0%

* included in 'other'
(r) revised

Source: Midrex Technologies, Inc.

Reference Information: MIDREX® Plants Supplied

Operating in 21 countries worldwide



- | | | | |
|----------------------------------|---------------------------|---------------------------|--------------------------|
| 1. Acindar | 11. ESISCO | 21. JSW Steel | 31. Qatar Steel Co. 1-2 |
| 2. ArcelorMittal Montreal 1 | 12. Essar Steel 1-6 | 22. Jindal Steel & Power | 32. Jindal Shadeed |
| 3. ArcelorMittal Montreal 2 | 13. EZDK 1-3 | 23. Khorasan Steel | 33. SULB |
| 4. ArcelorMittal Lazaro Cardenas | 14. Ferrominera Orinoco | 24. Khouzeestan Steel 1-5 | 34. Tenaris Siderca |
| 5. ArcelorMittal Pt. Lisas 1-3 | 15. Global Steel Holdings | 25. LGOK 2, 3 | 35. Sidor 1 |
| 6. ArcelorMittal South Africa | 16. Hadeed A - E | 26. Lion DRI | 36. Sidor 2 A - C |
| 7. Antara Steel Mills | 17. HOSCO 1-2 | 27. LISCO 1-3 | 36. Tuwairqi Steel Mills |
| 8. Arfa Steel | 18. IGISCO | 28. Mobarakeh Steel A - F | 37. Venprecar |
| 9. Comsigua | 19. IMPADCO | 29. Nu-Iron | 38. voestalpine |
| 10. DRIC 1-2 | 20. JSW Ispat Steel | 30. OEMK 1-4 | 39. Tosyali |
| | | | 40. AQS |
| | | | 41. Cliffs |

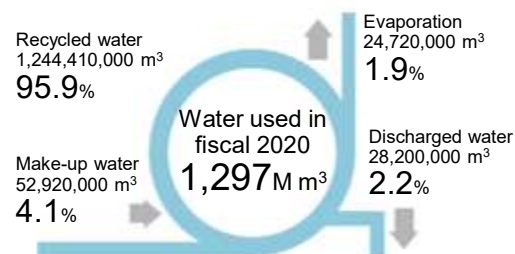
Reference Information: Response to Resource Recycling

We actively work on resource recycling including water and waste recycling by setting numerical targets.

Water Recycling

- KOBELCO Group is working to reduce water consumption by prioritizing the efficient use of water in production processes, as well as recycling of water, **with the goal of maintaining a water recycling rate of 95% or higher.**

Water Recycling (includes domestic Group companies with large water use)



- We have set targets for chemical oxygen demand (COD), total nitrogen, and total phosphorus for business sites located in areas with wastewater risks. We are also working to reduce the pollutant load of wastewater discharged into public water by purifying wastewater from production processes using treatment systems suited to their specific characteristics.

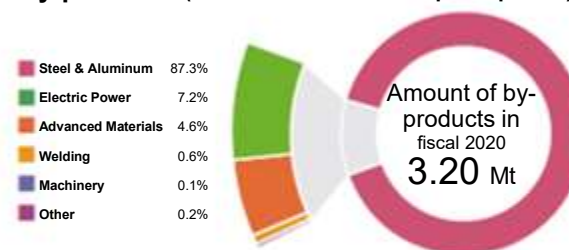
Wastewater Pollution Load Status Unit: tons/year

	Target	Result
COD	474	243
Total Nitrogen	2,513	1,915
Total Phosphorus	23	3

Waste Recycling Rate

- Seeking to make effective use of limited resources, we are working to reduce the generation of waste and actively promoting recycling by increasing the added value of by-product materials from production processes and developing and introducing new applications.
- In fiscal 2020, KOBELCO Group generated 3.2 million tons of by-product materials, with the steel and aluminum businesses accounting for around 87%. We are also actively working to improve yield and reduce the use of by-product materials and have set a target of 99% for recycling of slag, dust, and sludge in fiscal 2025.

By-products (includes domestic Group companies)



Recycling rate* : 98.7%

* Recycling rate = (Amount treated - Final disposal amount) / Amount treated Refers to slag, sludge, and dust (main sources of by-products)

Reference Information: Social Contribution Activities in Response to COVID-19

We conduct the following activities in response to COVID-19.

◆ IP Open Access Declaration Against COVID-19

We have joined the IP Open Access Declaration Against COVID-19 to support the early containment of the COVID-19 pandemic. In accordance with the intent of the declaration, we declare that we will not assert any intellectual property rights with respect to activities implemented solely for the purpose of stopping the spread of COVID-19.



◆ Donation of Medical Supplies

We have donated protective gear and other medical supplies to government agencies to support healthcare workers who are working against COVID-19 at the frontline.

We have used some of our stockpile to help alleviate the supply shortage in medical settings and to help protect the safety of healthcare workers.

◆ Use of Facilities for Vaccination Venues

We have offered the use of our facilities as COVID-19 vaccination sites.



I. H. D. Center Co., Ltd. building



Gym at Kakogawa Works

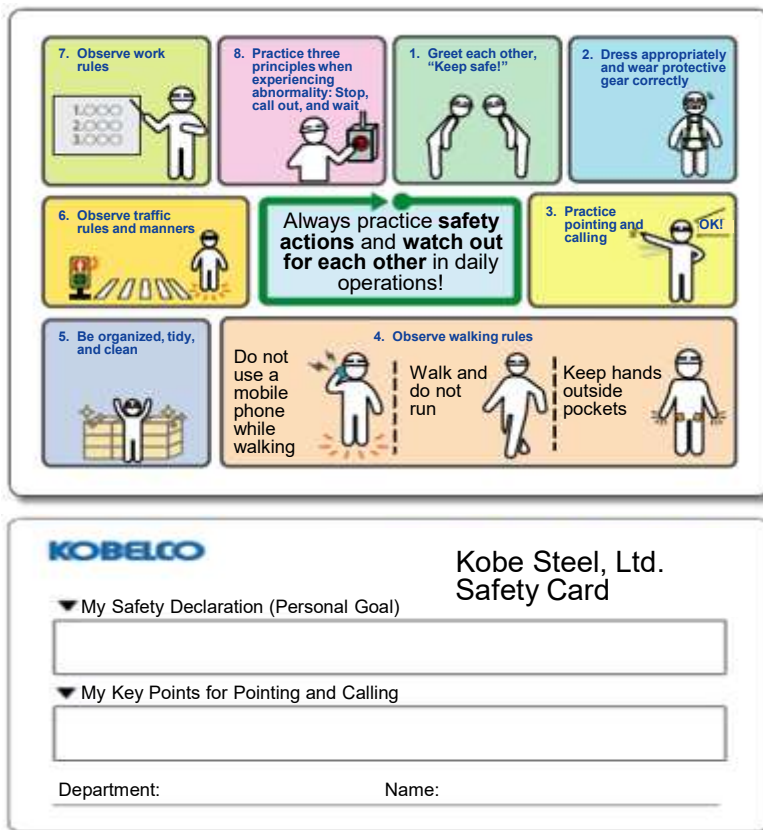


COVID-19 vaccination site

Reference Information: Safety and Health

Safety Card

The Card shows eight actions that should be practiced daily to raise an awareness about basic rules and manners. The reverse side shows “Safety Declaration (Personal Goal)” and “Key Points for Pointing and Calling” to be checked before starting to work.



Enhance and support safety management at overseas locations

Example: **Crane use at a Chinese subsidiary**

A lecturer was sent from Japan to teach crane operators at a Chinese subsidiary (including practical tests) to eliminate accidents related to crane operation.



↓ Lecture

↑ Practical test



Reference Information: Changes in Management Structure (Details)

Key issues of the new Medium-Term Management Plan	Implementation Measures	Description
Business portfolio reform Strategic investment leading to earnings contribution New business creation Strengthening of financial governance	Newly established the Business Portfolio Management Committee	<ul style="list-style-type: none"> Formulation of optimal capital structure and cash allocation policies based on financial plans Planning of companywide business portfolio strategy Performance management by business units and Group companies Determining business direction based on monitoring of unprofitable businesses Determining management resources to be invested in new businesses
	Newly established the Investment and Loan Committee	<ul style="list-style-type: none"> Analysis of investment risks, evaluation of businesses targeted for investment Determining investment timing and feasibility in cooperation with the Business Portfolio Management Committee Strengthening the follow-up of ongoing investments and determining direction of plans that have not been achieved
	Organizational changes in head office: Finance and Accounting Department Business Development Department	<ul style="list-style-type: none"> Strengthening and centralizing management operations of calculation of figures Strengthening functions related to new business planning across the Company
Sustainability management Promoting active participation of diverse human resources	Sustainability Management Committee (former CSR Committee renamed with enhanced functions)	<ul style="list-style-type: none"> Planning and monitoring of action plans for sustainability management (including the challenge of carbon neutrality)
	Organizational changes in head office: General Administration and CSR Department	<ul style="list-style-type: none"> Strengthening and centralizing functions for stakeholders
Improving the effectiveness of risk management	Newly established the Risk Management Committee	<ul style="list-style-type: none"> Formulating basic policies on overall risk management Accelerating companywide deployment through centralizing information
	Organizational change in head office: Internal Control and Audit Department	<ul style="list-style-type: none"> Unification of operations related to the development/operation and evaluation/auditing of internal controls, including risk management and compliance
Corporate governance enhancement	Newly established the Corporate Governance Committee	<ul style="list-style-type: none"> Formulation of basic policies on corporate governance Examination of optimal management structure
Promoting DX strategy	DX Strategy Committee (former IT Strategy Committee with enhanced functions)	<ul style="list-style-type: none"> Planning and implementation of companywide DX strategy Visualization of companywide initiatives, progress management, and determining priority areas

Reference Information: Evaluation of Effectiveness of Board of Directors

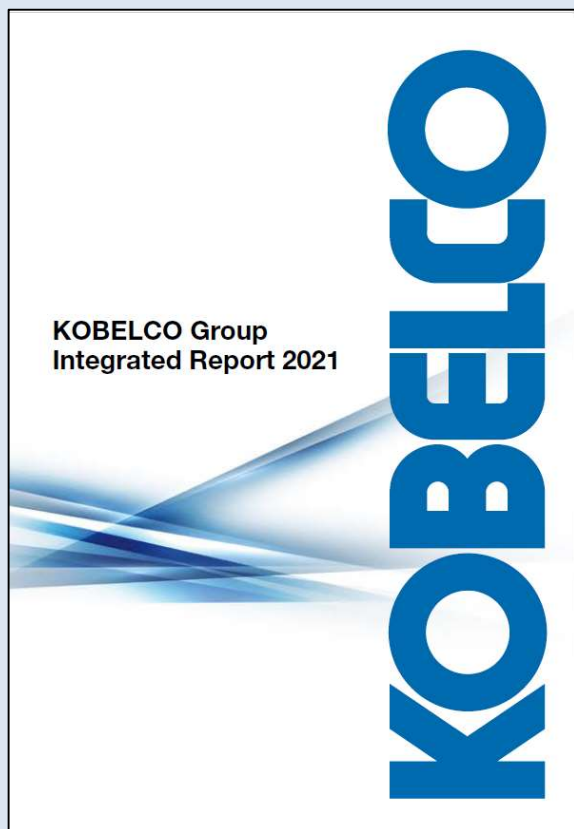
Each fiscal year, we survey all Directors to evaluate the effectiveness of the Board of Directors and discuss future actions to improve its effectiveness. The evaluation results are posted on our corporate website.

Evaluation Results of FY2020

Items	Details
Target	All 16 Directors
Implementation process	Conducting a questionnaire targeting all directors and holding interviews with each of them by the Corporate Governance Committee
Evaluation items	(1) Structure of the Board of Director, (2) Agenda of the Board of Directors, (3) Documents for the Board of Directors, (4) Management of the Board of Directors, (5) Provision of information to Independent Directors, (6) Monitoring and supervision of Directors, (7) Other items
Evaluation Method	<ul style="list-style-type: none"> Based on the results of the questionnaire and interviews, the Corporate Governance Committee submitted to the Board of Directors the results of the effectiveness evaluation and proposed the future direction for improving the effectiveness. The Board of Directors reviewed the evaluation results and identified current issues. Based on these, the Board of Directors deliberated future initiatives for improving effectiveness and passed resolutions on future measures.

Summary of the Evaluation Results

- In FY2020, the Board of Directors and the Meetings of Independent Directors held discussions on several occasions in order to examine the direction of management strategies from a medium- to long-term perspective, the promotion of sustainability management, and the optimal management system.
- Based on the results of discussions, the Board of Directors formulated the framework of the Medium-Term Management Plan for fiscal 2021 to 2023. Besides, focusing on the areas for improvement identified in the effectiveness evaluation in fiscal 2019, **the Board of Directors drastically revised the composition of its membership and the criteria for submission of proposals to the Board of Directors in order to further strengthen its monitoring functions.**
- In addition, Guidelines for the Preparation of Materials for the Board of Directors have been drawn up by the secretariat and distributed to people concerned to make continuous improvements in the preparation of appropriate documents.
- Considering the above, the Company deems that the effectiveness of the Board of Directors has been steadily improved based on the previous effectiveness evaluation results.



The KOBELCO Group Integrated Report 2021 is available on our website.

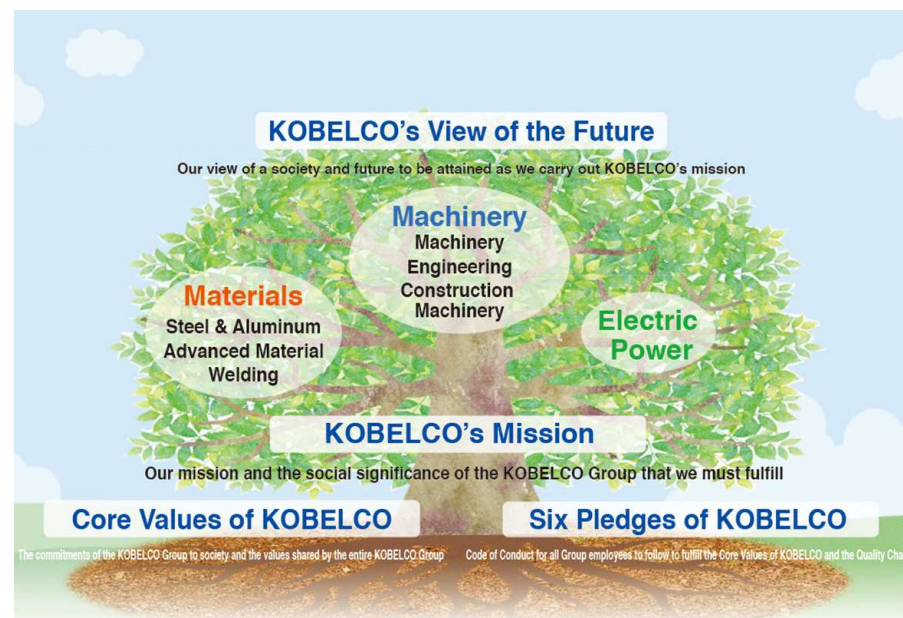
https://www.kobelco.co.jp/english/about_kobelco/outline/integrated-reports/

Click “About Us” and then “Integrated Report” on our website.

Reference Information: KOBELCO Group’s Corporate Philosophy

We aim to contribute to “a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives” as we carry out our mission of “providing solutions to the needs of society, by making the best use of the talents of our employees and our technologies,”

KOBELCO’s View of the Future	Our view of a society and future to be attained as we carry out KOBELCO’s mission
	We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.
KOBELCO’s Mission	Our mission and the social significance of the KOBELCO Group that we must fulfill
	Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.
Core Values of KOBELCO	The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group
	<ol style="list-style-type: none"> 1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live. 2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment. 3. Through continuous and innovative changes, we create new values for the society of which we are a member.
Six Pledges of KOBELCO	Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter
	<ol style="list-style-type: none"> 1. Uphold the Highest Sense of Ethics and Professionalism 2. Contribute to the Society by Providing Superior Products and Services Quality Charter 3. Establish a Comfortable but Challenging Work Environment 4. Live in Harmony with the Local Community 5. Contribute to a Sustainable Environment 6. Respect Each Stakeholder



Please read the “Next 100 Project” page below in our website for specific initiatives to spread our corporate philosophy:
https://www.kobelco.co.jp/english/about_kobelco/outline/next100/index.html

Cautionary Statement

- **Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements were based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.**

- **Uncertain and variable factors include, but are not limited to:**
 - Changes in economic outlook, demand and market conditions
 - Political situation and trade and other regulations
 - Changes in currency exchange rates
 - Availability and market conditions of raw materials
 - Products and services of competing companies, pricing policy, alliances, and business development including M&As
 - Strategy changes of alliance partners