

Environmental Sustainability

Basic Environmental Management Policies and Achievements

Basic Environmental Management Policies: Pursuing Environmental Management at the Group Level

The Kobe Steel Group takes environmental concerns into account in all its business activities, and aims to harness its comprehensive strengths in environmental management. Specifically, we plan to attain our goals through activities under the following themes:

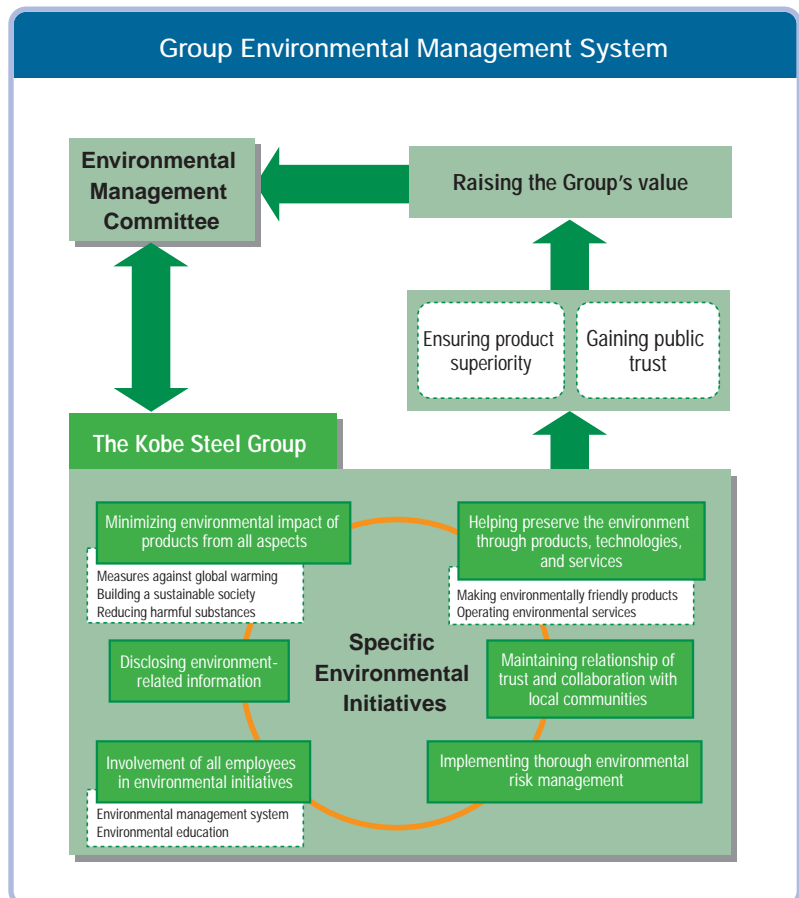
- (1) Building and maintaining a relationship of trust and collaboration with the local communities where we operate (disclosure and open communication on environmental issues)
- (2) Reducing environmental impact (environmental preservation)
- (3) Creating an environment-related value-added element in all our products, technology, and services (environmentally innovative products & services)

Specific Environmental Initiatives

Environmental issues to be undertaken by the Kobe Steel Group are determined by the Environmental Management Committee. The Committee also oversees the execution of the Group's environmental management.

The Group's environmental management activities are currently being pursued under six categories:

- (1) Minimizing the environmental impact of our products at all stages from design to recycling and/or disposal
- (2) Helping preserve the environment through products, technologies, and services
- (3) Disclosing environment-related information
- (4) Building and maintaining a relationship of trust and collaboration with the local communities where we operate
- (5) Involvement of all employees in environmental initiatives
- (6) Implementing thorough environmental risk management



Relationship of Trust and Collaboration with Local Communities

Contributing to Local Communities

The staff at our plants help to keep the local environment clean by participating in regular neighborhood cleanups. Other social service initiatives are also pursued to ensure that the Company contributes to the welfare of the local communities within which it operates.



Removing litter from the Kinugawa River

Support for Environmental Activities

In April 2001, the Company set up two funds — the Kobelco Natural Environmental Preservation Fund, and the Kobelco Environmental Improvement Fund — to provide financial support for persons engaging in environmental protection and improvement activities.

We recognize that, in the struggle to preserve the global environment, many initiatives are required that will go beyond the resources of the Kobe Steel Group, and that activities by the general public are also important. For these purposes, we intend to support those activities through donations.



Woodland preservation activities

A Venue for Meeting the Local Community

In April 2004, we opened the Nadahama Science Square, a science museum located next to the power station within the grounds of our Kobe Works. This facility offers demonstrations relating to steelmaking, electric power generation, energy, and environmental themes. Construction of the museum began in November 2002, and cost approximately ¥1,400 million. The museum's grounds contain a biotope area, where wild birds and insects can be viewed in their natural habitat. The facility also includes a wind-power generator, and solar-power generation equipment on the roof.

Primarily targeted at elementary and junior high-school children, there are around 30 exhibits and demonstrations in seven separate sections. The exhibits have been designed to communicate to children the mystery and fascination of science and technology through sight, sound, and touch, and many of them feature experiments and demonstrations that the children can participate in directly. A particularly popular corner features a simulator where visitors can experience the processes of steelmaking and power generation through visual images combined with sound and vibration.

The Nadahama Science Square, together with the adjacent health and fitness center and tennis club, provide a perfect venue for local residents and the Company staff to mingle.



Exterior of Nadahama Science Square



Interactive programs where visitors can enjoy the wonders of science and technology

International Cooperation Initiatives

Kobe Steel engages in a number of international cooperative initiatives, including efforts to counter global warming, as well as afforestation projects.

The Company accepts and trains technical staff from many countries — including Russia, Mongolia, China, and countries in the Middle East and Southeast Asia — in fields such as the prevention of water and air pollution, energy conservation, and environmental analysis. In addition to providing these trainees with valuable expertise, these

programs also serve as a forum for international exchange on environmental issues.

All the companies of the Kobe Steel Group are pursuing international cooperation in those areas of activity that relate to their business operations. For example, in collaboration with the Department of Environmental Science and Engineering of Tsinghua University, in Beijing, subsidiary Shinko Research is conducting surveys of the state of environment-related research in Japan and China.