

KOBELCO Group

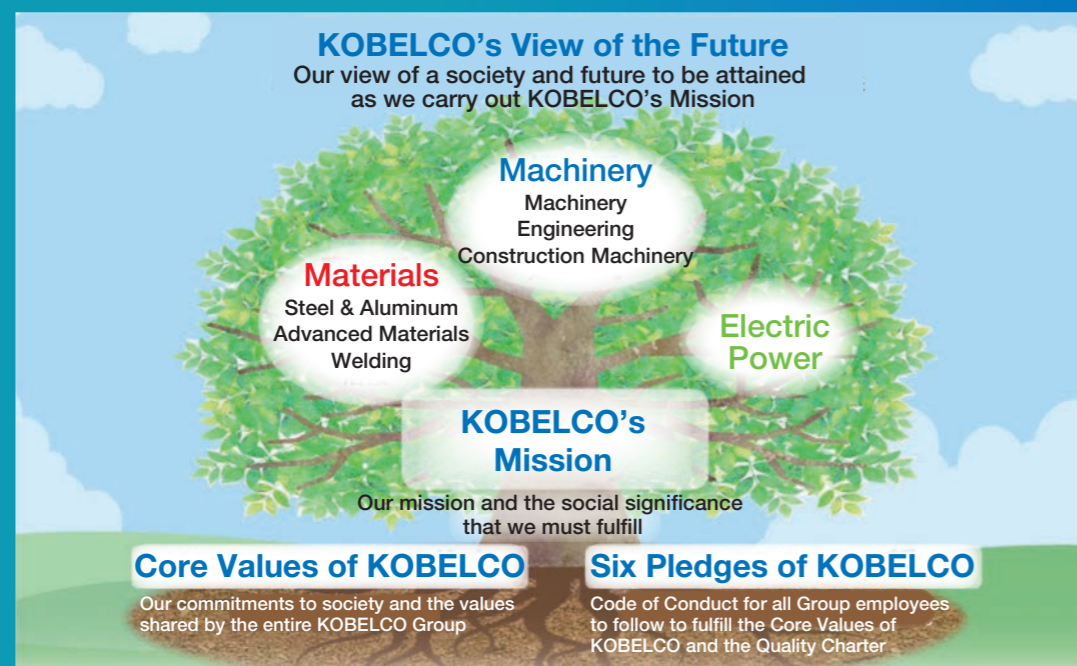
ESG Data Book
2022



Group Corporate Philosophy

The Group Corporate Philosophy forms the foundation of the KOBELCO Group's business activities and serves as a reference point for decision-making by all employees. Backed by the trust of all stakeholders, including shareholders and investors, customers, business partners, community members, and employees, the KOBELCO Group will strive to contribute to the environment and society through its businesses and to achieve sustainable growth by promoting sustainability management under the Group Corporate Philosophy.

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 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 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



Contents and Editorial Policy

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Editorial Policy

We have published the KOBELCO Group ESG Data Book 2022 to share our basic policy regarding the environment, society, and governance (ESG) and foster understanding of our initiatives and related data. This data book was designed to improve searchability and convenience, and contains all necessary information, based upon the GRI Standards, a set of international reporting guidelines, and the evaluation items of major ESG rating agencies.

The KOBELCO Group Integrated Report 2022 contains information on our medium- to long-term growth strategy (value creation story) and specific initiatives we employ to achieve this strategy. Please use our integrated report for a point of reference alongside this data book.

Positioning of This Data Book within the Disclosure System

The Group disseminates diverse information using various tools in order to communicate with stakeholders. In addition to the information contained in this data book, we provide a variety of information in the integrated report and on our corporate website. Going forward, we will continue to actively disclose information so that stakeholders can gain a better understanding of the KOBELCO Group.

- [Integrated Report 2022](#)
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Period Covered

This data book covers fiscal 2021 (April 1, 2021–March 31, 2022). However, when necessary, this data book refers to fiscal years before and after the period.

Scope of Reporting

In principle, this data book covers the activities of Kobe Steel, Ltd. and its Group companies in Japan and overseas.

Referenced Guidelines

- Sustainability Reporting Standards of the Global Reporting Initiative (GRI)
- ISO 26000 (Guidance on social responsibility)
- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)

●: Indicate information disclosed.

Information Disclosure Scheme	Type of Information Disclosed	
	Financial Information	Non-Financial Information
Integrated Report	●	●
ESG Data Book		●
Securities Report	●	●
Financial Results	●	
Business Report Consolidated Financial Statements Non-Consolidated Financial Statements	●	●
To Our Shareholders	●	●
Corporate Governance Report		●
Kobe Steel Corporate Website	●	●

Message from the Chair of the Sustainability Management Committee



The KOBELCO Group aims to further increase its corporate value by fulfilling various social responsibilities and contributing to solving social issues through providing technologies, products, and services under the framework of sustainability management based on the Group Corporate Philosophy.

By promoting sustainability management based on the Group Corporate Philosophy, our Group will fulfill its various corporate social responsibilities and contribute to solving social issues through the provision of technologies, products, and services, in order to achieve sustainable growth and pursue medium- to long-term enhancement of corporate value.

In recent years, companies are required to practice sustainable management, starting with addressing the Sustainable Development Goals (SDGs). With the world facing various social issues today, the common goal of society and companies is to enhance sustainability. In this context, what is important for a company is the idea of striving for sustainable growth by solving social issues through business activities.

With this in mind, our Group has organized its approach to sustainability management into a framework for sustainability management. Under this framework, we are working to further enhance corporate value by fulfilling our corporate social responsibilities and contributing to solving social issues through the provision of enhanced technologies, products, and services.

In 2021, based on the Group Corporate Philosophy, we identified five items of materiality (key issues) that our Group should address to achieve sustainable growth and become a corporate group indispensable to society through providing solutions to the needs of society and promoting value creation over the medium to long term. Through identifying these key issues, we have reaffirmed the Group's view of the future and its mission.

The environment surrounding our business activities continues to undergo significant changes. In the past year alone, we have been required to take actions from a variety of perspectives, including further strengthening efforts to address climate change, initiatives related to biodiversity, and initiatives for supply chains and human rights. The Group will promote the resolution of these issues by tackling the five items of materiality and achieve sustainable growth.

Our Group has a diverse employee base because we operate a wide range of businesses with business sites around the world. We are committed to developing diversity, respecting each other's personality, individuality, and diverse qualities, and creating a work environment where individual employees can work actively while performing to the best of their abilities. We will work together with all employees to address social issues and create new value.

We have compiled this ESG Data Book with the aim of delivering our ESG-related initiatives in a form that is accessible and easier to understand. My sincere hope is that this will increase stakeholders' understanding of the KOBELCO Group.

Hajime Nagara

Director and Executive Officer
Chair of the Sustainability Management Committee

Framework for Sustainability Management

Promotion of Sustainability Management Based on the Group Corporate Philosophy

The KOBELCO Group promotes sustainability management based on the Group Corporate Philosophy by addressing key management issues that are classified into two categories: a business foundation area that underpins business activities, and a value creation area that drives business growth. We will pursue sustainable growth and the medium- to long-term enhancement of our corporate value to realize a world envisioned in KOBELCO's View of the Future as we carry out KOBELCO's Mission.

Group Corporate Philosophy

KOBELCO's View of the Future

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 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

Six Pledges of KOBELCO

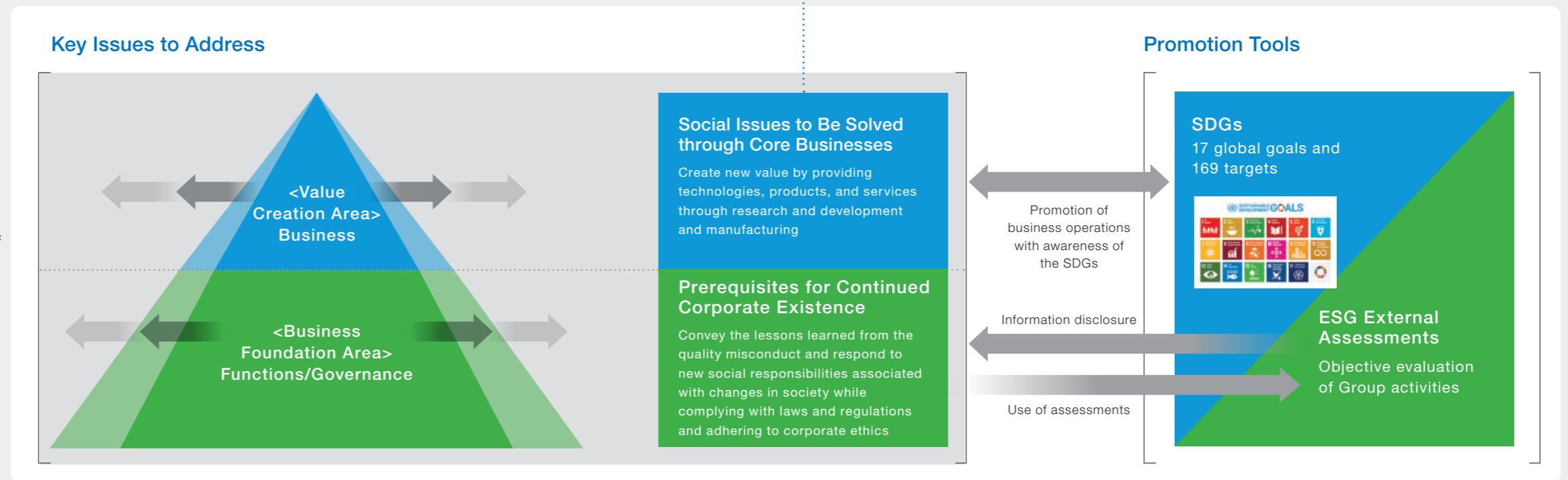
KOBELCO's Mission
Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.

KOBELCO's assets and strengths lie in the various talents of each employee as well as in its diverse technologies that support our broad range of businesses. We have cultivated these advantages in an effort to meet the needs of the times.

We continue to take on the challenge of transcending organizational boundaries and conventional thinking to solve increasingly complex issues, while supporting the foundations of society.

KOBELCO's View of the Future
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.

Our technologies, products, and services are not only for those who live in the present, but also for future generations. KOBELCO sees a sustainable, beautiful, and flourishing world in the future, with safety and security in people's lives. Such a future will give rise to value that creates new conveniences and comfort and help people fulfill their hopes and dreams.



Framework for Promoting Sustainability Management

In promoting sustainability management, priority issues are addressed through a management cycle that centers on the Sustainability Management Committee, an auxiliary body to the Executive Council. While proactively disclosing information and utilizing promotion tools, such as ESG external assessments and the SDGs, we have put into place a system that allows the Board of Directors to monitor sustainability management.

The Sustainability Management Committee's Structure and Functions

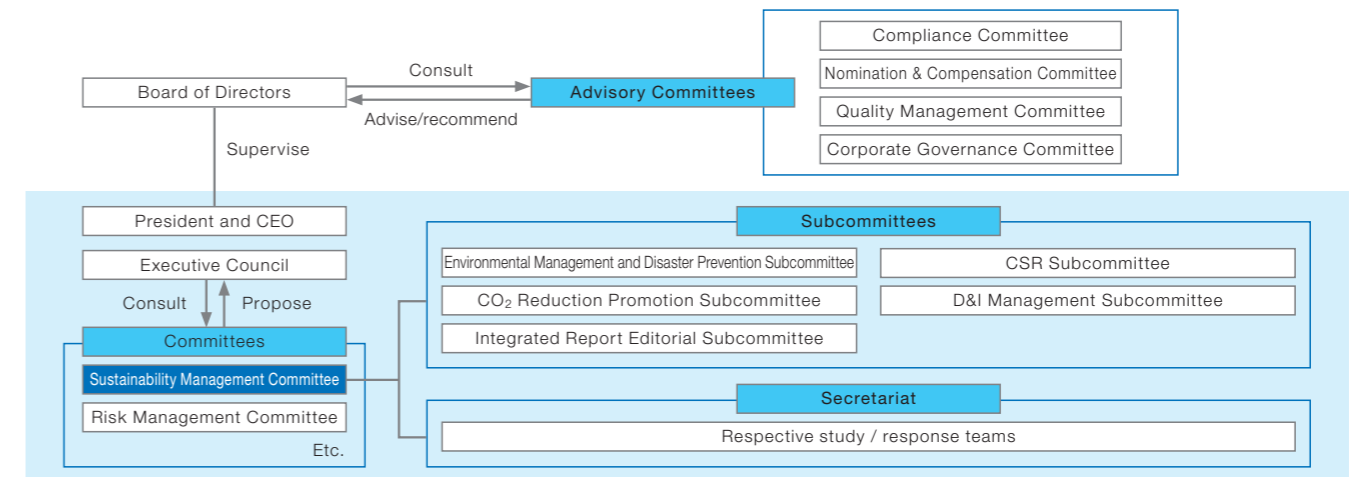
Chair (Responsible officer): Hajime Nagara, Director and Executive Officer

Report to the Board of Directors: Once every quarter

Meetings: Once every quarter






- Functions:
- Identify sustainability-related issues of the Group
 - Create the schedule for sustainability promotion activities
 - Advise on the Group's Medium-Term Management Plan
 - Monitor and advise on the Group's sustainability promotion activities
 - Announce information on the initiatives that the Company supports and promote relevant activities
 - Take responses to external assessments on ESG

Sustainability Management Committee in the Organizational Chart



Materiality and Indicators/Targets

1 A green society is not limited to the narrow meaning of a society that merely uses natural energy, but is defined as a society that addresses climate change and resource recycling.
 2 Although CO₂ emissions in fiscal 2021 increased compared to fiscal 2020 due to an increase in crude steel production, impacted by the recovery from the COVID-19 pandemic, our initiatives to reduce CO₂ emissions are progressing as planned.
 3 Three main items: Slag, dust, and sludge 4 S+3E = Safety + Energy Security, Economic Efficiency, and Environment
 5 Indicator was changed to verify initiatives using more detailed quantitative data.
 6 Progress rates of the plan to rebuild existing IT systems excluding the mainframe, which was planned at the time of formulation of the Medium-Term Management Plan (FY2021–2023).
 7 a: IT evangelists (DX personnel who utilize IT to plan and implement business reforms in their own divisions), b: Data scientists (DX personnel capable of advanced data analysis)

Materiality of the KOBELCO Group		Indicators and Targets				Main Initiatives in FY2021
		Indicators	Targets	Actual (FY2020)	Actual (FY2021)	
Contributing to a green society¹ 	Response to climate change	(1) Reduction of CO ₂ emissions in production processes	2030: Down 30–40% (compared to FY2013 levels) 2050: Taking on the challenge of realizing carbon neutrality	Down 21%	Down 16% ²	<ul style="list-style-type: none"> Promote energy-saving activities and implement initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process.
		(2) Contribution to reduction of CO ₂ emissions through technologies, products, and services	2030: 61 million tons (including at least 45 million tons through MIDREX [®] Process) 2050: 100 million tons or more	40.77 million tons	44.91 million tons	<ul style="list-style-type: none"> Expand sales of technologies, products, and services that contribute to CO₂ reduction.
		(3) Reduction of CO ₂ emissions in the electric power business	2030: Increasing efficiency of coal-fired power plants to the USC level or higher 2050: Taking on the challenge of realizing carbon neutrality	—	—	<ul style="list-style-type: none"> Implement initiatives in line with the Roadmap toward Carbon Neutrality in the Electric Power Business, including ammonia co-firing/firing and the use of biomass.
	Response to resource recycling	(4) Water recycling rate	Maintaining at 95% or higher	95.9%	95.7%	<ul style="list-style-type: none"> Promote efficient use and thorough recycling of water.
		(5) By-product recycling rate	Recycling of three main items ³ FY2025: 99%	98.9%	99.3%	<ul style="list-style-type: none"> Promote recycling of the three main items and reduce final disposal amounts.
Ensuring safety and security in community development and manufacturing 	Supplying energy focused on S+3E ⁴	—	—	—	—	
	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 products: 52%	44%	46%	<ul style="list-style-type: none"> To secure stable earnings at 6.3 million tons of crude steel production, strengthen the earnings base of the steel business and expand the ratio of high-value-added products, such as special steel and high-strength steel.
	Improving safety and productivity	—	—	—	—	
Providing solutions for the future connecting people and technology 	Reforms in manufacturing and operations through digital transformation (DX)	(7) Hours of office work streamlined by digitization ⁵	FY2023: 125,000 hours/year FY2025: 250,000 hours/year	—	76,000 hours/year	<ul style="list-style-type: none"> Automation of routine work: 40,000 hours Streamlined communication: 10,000 hours Streamlined translation work: 10,000 hours Digitization of business processes through development by users: 5,000 hours Others (simplified approval process, outsourcing, etc.): 11,000 hours
		(8) Progress rates of reconstruction of existing systems ⁶	FY2025: 100%	—	18.4%	<ul style="list-style-type: none"> Started integration/overhaul of SAP ERP system (finance and accounting in the machinery businesses) and large-scale reconstruction of design system
	Integration and innovation of diverse intellectual assets	(9) Number of DX personnel trained	a. IT evangelists ⁷ FY2023: Approx. 500 b. Data scientists ⁷ FY2023: Approx. 140	a. 35 b. 99	a. 128 b. 113 (cumulative)	<ul style="list-style-type: none"> a: Enhanced the follow-up after training, shared internal activities on the IT Evangelist Activity Portal Site, conducted in-house publicity activities for distributing training videos, etc. b: Created training materials for practical training, created machine learning training contents for in-house use, held on-the-job training on data analysis for operators, etc.
		(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: 1 billion yen or more per business)	—	Two businesses	<ul style="list-style-type: none"> Established the KOBELCO Start-Up Motivation System (KOSMOS), a new business creation management system that supports, accelerates, and monitors new business planning, and commenced its operations.
Promoting active participation of diverse human resources 	Diversity and Inclusion (D&I)	(12) Percentage of women in new graduate hires	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%	a.35% b.6% c.8%	<ul style="list-style-type: none"> Career-track positions: Introduced scout-type service and participated in seminars for female students General technical positions: Increased recruiting at schools
		(13) Percentage of female managers	Double the percentage from fiscal 2020	2.7%	2.8%	—
		(14) Employment rate of people with disabilities	2.3% (statutory employment rate)	2.34%	2.56%	<ul style="list-style-type: none"> Conducted recruiting activities based on the statutory employment rate
		(15) Number of non-Japanese employees	—	87	76	<ul style="list-style-type: none"> Conducted recruiting activities at universities in China
		(16) Percentage of male employees taking special leave for childcare	FY2023: 100%	77.8%	78.5%	<ul style="list-style-type: none"> Raised awareness at various D&I seminars, etc.
		(17) Turnover of employees with less than 10 years of service	Less than 15%	15.8%	19.5%	<ul style="list-style-type: none"> Conducted various activities to improve work styles and activities to support work-life balance, etc.
	Work style reforms	(18) Overtime hours	—	16.6 h (per month/employee)	17.2 h (per month/employee)	<ul style="list-style-type: none"> Conducted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc. Carried out activities for improving business operations to increase operational efficiency
		(19) Number of annual paid leave days taken	15 (per year/employee)	11 days	13.9 days	<ul style="list-style-type: none"> Encouraged the taking of annual leave based on annual plans created through two-way communication between supervisors and individual employees in a planned manner
		(20) Total hours worked	Under 2,000 hours/year	1,978 h	2,057 h	<ul style="list-style-type: none"> Promoted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc. Carried out activities for improving business operations to increase operational efficiency
		(21) Continuation of employee awareness survey	—	Ongoing	Ongoing	<ul style="list-style-type: none"> Continued to implement the survey in fiscal 2021
	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	a.215,667 h b.19 h	<ul style="list-style-type: none"> In addition to stratified training that is programmed according to issues in each division and open training that can be selected by individuals, we conducted leader development training for selected employees. We established training formats that take advantage of face-to-face group training and online training, and also promoted the development of human resources aimed at DX strategy and KOBELCO Total Quality Management (TQM) activities.
Compliance and risk management		(23) Number of internal reporting (whistleblowing) cases	—	112	113	—
Pursuing governance that supports sustainable growth 	Human rights	(24) Participation rate in employee training ⁵	Implementation of Groupwide human rights training	—	76.4% E-learning participation rate at Kobe Steel	<ul style="list-style-type: none"> Conducted e-learning on harassment at Kobe Steel (for staff, foremen, and managers) Plan to conduct video-based training Groupwide in FY2022 (Implementation overseas is under discussion)
	Safety and health	(25) Lost time injury frequency rate	0.10 or less	0.24 (calendar year)	0.14 (calendar year)	<ul style="list-style-type: none"> Implemented priority items, which include (1) Improving safety awareness and heightening attention to each other with participation of all members, (2) Monitoring the management status through safety and health diagnosis and conducting activities for improvement, and (3) Conducting test operation and evaluation of machinery safety and human safety support tools.
		(26) Improving and expanding supervisor training	—	65	778	<ul style="list-style-type: none"> Implemented new employee training, new supervisor training, and line manager training to help them acquire knowledge and skills related to safety and health.
	Quality assurance	(27) Accreditation rate in compliance with Quality Guidelines in internal quality audit	FY2023: 70% of internal quality audit target locations	—	Progress during fiscal 2021: 35% (8 of 23 sites)	<ul style="list-style-type: none"> Under the current Medium-Term Management Plan (FY2021–2023), 126 locations are subject to audit (as of the first quarter of fiscal 2022). In fiscal 2021, due to the COVID-19 pandemic, 23 local locations were designated as locations that require audit for certification (another 23 locations that were remotely audited were not eligible for certification), and eight of these were certified (certification rate: 35%).
		(28) Automation rate of testing and inspection equipment as defined by the Company	—	—	—	<ul style="list-style-type: none"> While promoting automation based on our existing automation plan we are discussing a medium- to long-term automation plan that includes partial automation of the process from data acquisition to issuance of inspection results, aimed at improving soundness of testing and inspection data.
Corporate governance	(29) Continuation of customer satisfaction survey	—	Ongoing	Ongoing	<ul style="list-style-type: none"> Conducted surveys with questions tailored to each business division. 	
	(30) Improving the effectiveness of the Board of Directors	—	Ongoing	Ongoing	—	

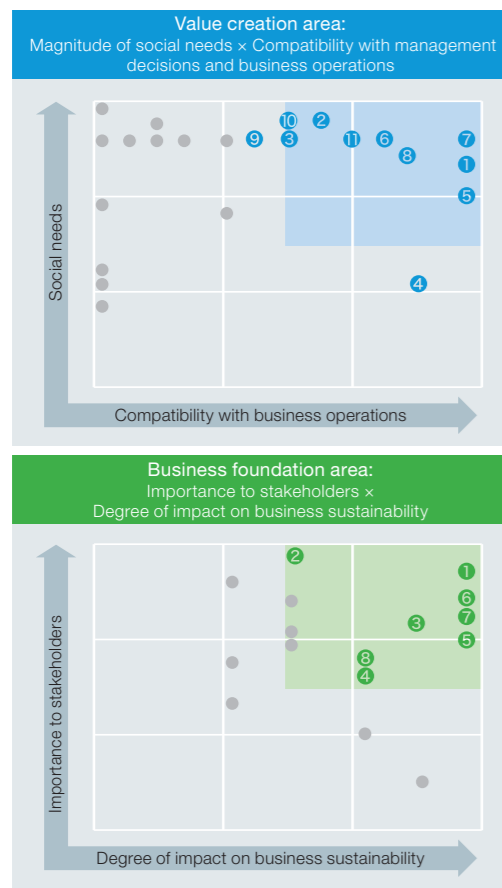
Process of Identifying Materiality

Under the leadership of the Chair of the CSR Committee (currently the Sustainability Management Committee), we evaluated the appropriateness of the materiality evaluation process and analysis results and examined issues of materiality that should be addressed with priority.

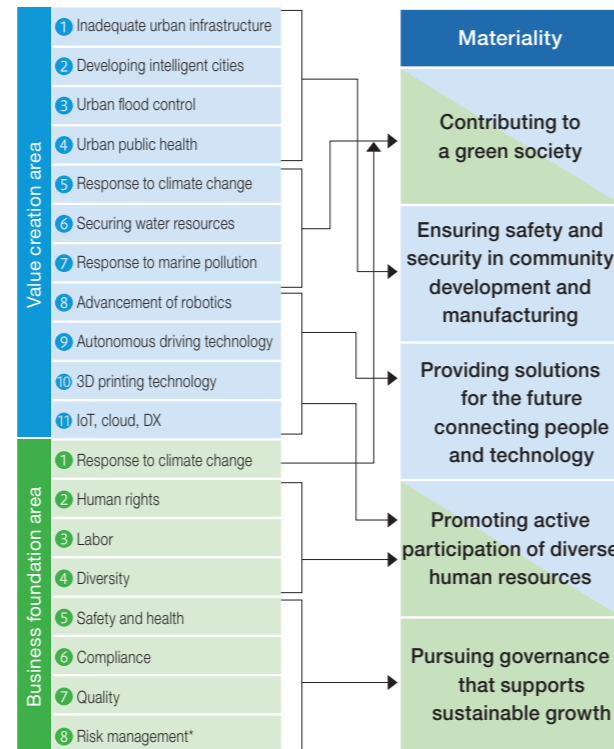
(1) Comprehensively identify social issues with reference to megatrends and the following international frameworks and guidelines

- Ten Principles of the UN Global Compact
- Sustainable Development Goals (SDGs)
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- GRI Standards
- SASB Standards
- ISO 26000

(2) Score the social issues on their level of importance from the following viewpoints and map them out



(3) Merge key issues that are common to both of the value creation and business foundation areas and identify similar issues



* Including top risks relating to environmental laws and regulations, disaster prevention, etc.

(4) Discuss issues several times at the management level, including independent directors, while checking their consistency with the Group Corporate Philosophy

(5) Finalize materiality and receive approval from the Board of Directors

Basic Environmental Management Policy and Structure

Through environmental management based on three corporate visions, 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.

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. In realizing that vision, we assume the important responsibility of passing on to future generations a healthy global environment in which all forms of life can thrive. To this end, the KOBELCO Group has formulated long-term policies, set targets, and is promoting environmental management based on the KOBELCO Group's Basic Environmental Management Policy, which consists of three visions.

The Group has been and will continue to provide solutions to the needs of society, including those related to global environmental issues by leveraging its diversity in its people and technologies with due consideration of the environment in all aspects.

Basic Environmental Management Policy Policies

As an environmentally advanced corporate group, the KOBELCO Group will fulfill its social responsibilities, improve its environmental capabilities, and enhance its corporate value by implementing the following initiatives.



Initiatives for the Environment		Policies	Strategies and Targets
Initiatives for Implementation	Long-Term Policies	Medium-Term Initiatives and Targets (Fiscal 2021–2023)	
VISION 1 Environmentally friendly manufacturing	Measures against global warming	Help prevent global warming by promoting energy conservation and CO ₂ reduction in all business activities Target for 2030: Reduce CO ₂ emissions from production processes by 30–40% (compared with fiscal 2013). Vision for 2050: Take on the challenge of achieving carbon neutrality	• Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve the targets for 2030 and vision for 2050
	Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate: 99% (fiscal 2025) (Major by-products: slag, sludge, and dust)	• Continue reducing the amount of waste disposed; and achieve and maintain the industry's voluntary action plan targets • Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products
	Appropriate management of chemical substances	Reduce hazardous substances in accordance with the KOBELCO Group Policy on Controlling Hazardous Chemical Substances	• Properly manage and reduce or replace chemical substances, and properly comply with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and Act on Rational Use and Appropriate Management of Fluorocarbons
	Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing the environmental impact	• Continue thorough operational management and facility management in an effort to reduce environmental impact from air emissions, etc. Targets: Maintain water recycling rate of 95% or higher for the entire Group; water pollution load of chemical oxygen demand (COD): 474 tons/year; total nitrogen: 2,513 tons/year; total phosphorus: 23 tons/year
Ensuring thorough risk management	Pursue systematic and deliberate efforts to reduce risks	• Continue on-site environmental audits by the Head Office and expand audits to Group companies and affiliated companies in an effort to promote the establishment of independent environmental management systems • For overseas Group companies, promote the same level of environmental management as in Japan and improve risk management through activities such as on-site environmental inspections	
Promoting environmental initiatives with full employee participation	Constantly improve the environmental awareness of all KOBELCO Group employees	• Continue initiatives such as stratified training, e-learning, and environmental training for Group companies, and encourage the use of the KOBELCO Eco-Life Notebook (household eco-account book), in an effort to increase environmental awareness	
VISION 2 Contributing to the environment through technologies, products, and services	Contributing to the environment through technologies, products, and services	Create environmentally sustainable products and new businesses with due consideration of the environment in all technological and product development Target for 2030 Contribution to CO ₂ reduction: 61 million tons (including at least 45 million tons through MIDREX® Process) Vision for 2050 Contribution to CO ₂ reduction: 100 million tons or more	• Contribute to the creation of a low-carbon society through the efforts of the entire KOBELCO Group by working on issues related to the environment and energy fields, such as weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources
	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	• Promote the KOBELCO GREEN PROJECT, centered on the three key activities of the KOBELCO Forest Fairy Tale Prize, forest development, and environmental education outreach at children's centers, in an effort to cooperate and coexist in harmony with local communities
VISION 3 Coexisting and cooperating with society	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	• Promote the KOBELCO GREEN PROJECT, centered on the three key activities of the KOBELCO Forest Fairy Tale Prize, forest development, and environmental education outreach at children's centers, in an effort to cooperate and coexist in harmony with local communities
	Disclosing environmental information	Take active steps to disclose environmental information and improve communication with all stakeholders	• Continue disclosing information in an effort to communicate with all stakeholders

Basic Environmental Management Policy and Structure

Environmental Management Structure

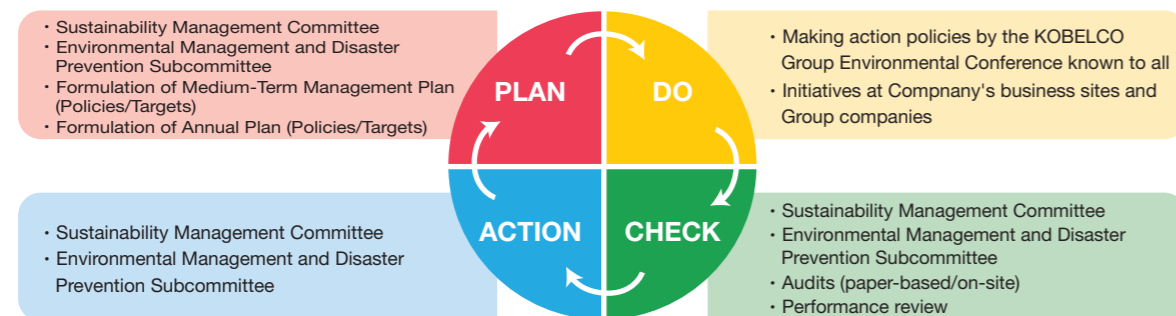
Structure

The KOBELCO Group's environmental management policies, targets, initiatives, and progress are deliberated at the Environmental Management and Disaster Prevention Subcommittee, which is chaired by the executive officer responsible for Companywide environmental protection and disaster prevention, and whose members consist of managers of the Head Office's administrative departments and the respective business divisions' environmental management departments. At meetings held at least once a year, the subcommittee deliberates, reports, and evaluates policies, execution plans, and the results of initiatives concerning reduction of environmental impact, environmental compliance, energy savings, and disaster prevention. Important matters are reported and submitted to the Executive Council after being deliberated on by the Sustainability Management Committee, to which the subcommittee report.

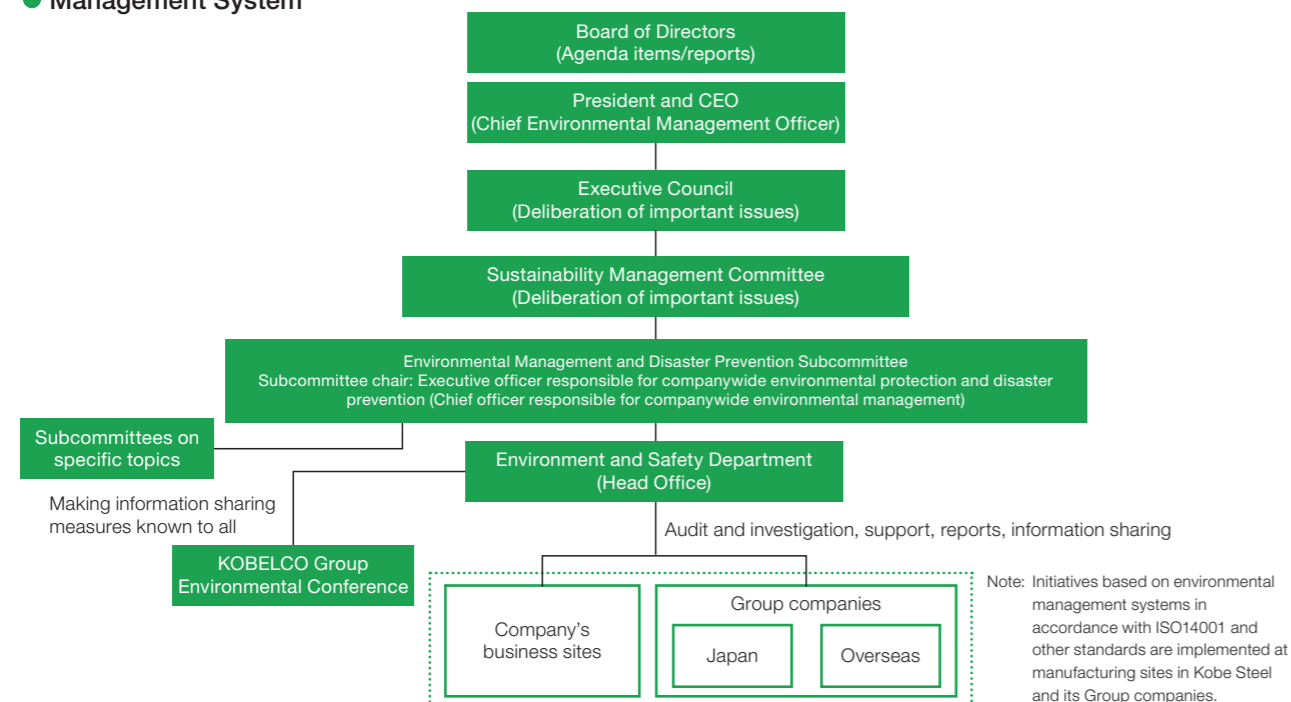
Long-term environmental policies and execution plans for achieving medium-term targets are incorporated into the medium-term management plan and annual budgets of each business division.

In order to raise environmental awareness among all employees, we provide a range of environmental education programs, including those aimed at sharing action policies. For example, in addition to holding the KOBELCO Group Environmental Conference once a year in Japan, which is also attended by Group companies, the Company offers e-learning and stratified training programs. At overseas Group companies, particularly in the United States and China, where many of our Group companies are located, we have assigned environmental managers to regional headquarters, in order to thoroughly ensure the promotion of environmental activities in each country and the sharing of the latest information on environmental regulations, etc. For overseas countries other than the above two, the Head Office's Environment and Safety Department provides information and conducts on-site environmental audits to promote environmental management throughout the Group.

● Environmental Management Cycle (Yearly)



● Management System



Message from the Chief Officer Responsible for Companywide Environmental Management

The KOBELCO Group aims to increase its corporate value through environmental management.

Our Group envisions a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives, as stated in KOBELCO's View of the Future. With that view in mind, we have formulated the Basic Environmental Management Policy based on three core approaches: pursuing environmentally friendly manufacturing; contributing to the environment through technologies, products, and services; and coexisting and cooperating with society. In line with these principles, we will strive to enhance our corporate value by setting long-term policies and goals and practicing environmental management with the highest sense of ethics and professionalism.

In terms of CO₂ reduction in production processes, as announced in May 2021, we are working to achieve targets for 2030 and tackle the challenge of realizing carbon neutrality by 2050.

Along with the efforts to reduce CO₂ emissions in the production process, we are working to contribute to reduction of CO₂ emissions leveraging our strength that enables the fusion of diverse technologies and products.

In addition, we have set water recycling rate targets for water resource conservation, water pollution load, and resource recycling. We are working actively to achieve and maintain these targets. In fiscal 2021, we maintained a high water recycling rate at around 96% and a resource recycling rate at around 99% (for slag, dust and sludge). We will continue to strive for sustainable management of our Group.

The major premise of these environmental management practices is compliance. As new laws are being enacted and regulations are being tightened day by day, both in Japan and overseas, we will ensure that we respond to them, while also identifying and mitigating risks through measures such as identifying and improving environmental risks, sharing information inside the Group, and conducting internal environmental audits.

Daisuke Ogura
Executive Officer, and Chief Officer
Responsible for Companywide
Environmental Management

Basic Environmental Management Policy and Structure

Medium- to Long-Term Environmental Targets and Initiatives

Policies Targets Results

The KOBELCO Group is committed to environmentally friendly business practices. We established the Medium-Term Environmental Management Plan for fiscal 2021–2023 and are implementing initiatives based on our Basic Environmental Management Policy.

Self-assessment ○ : Progressing as planned △ : Some issues remaining ✕ : Plan not achieved

Initiatives for Implementation		Long-Term Policies	Medium-Term Initiatives and Targets (Fiscal 2021–2023)	Fiscal 2021 Results	Evaluation	Initiatives for Fiscal 2022		
VISION 1	Environmentally friendly manufacturing	Measures against global warming	Help prevent global warming by promoting energy conservation and CO ₂ reduction in all business activities Target for 2030: Reduce CO ₂ emissions from production processes by 30–40% (compared with fiscal 2013) Vision for 2050: Take on the challenge of achieving carbon neutrality	▶ Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve the targets for 2030 and vision for 2050	▶ The CO ₂ Reduction Promotion Subcommittee and CO ₂ Reduction Technology Study Working Group further studied various issues, which led to the revision and expansion of targets for 2030, and the announcement of the vision for 2050. ▶ A project for hydrogen utilization in iron and steelmaking processes being jointly undertaken by four entities which are Nippon Steel Corporation, JFE Steel Corporation, Kobe Steel, Ltd. and The Japan Research and Development Center for Metals was selected for the Green Innovation Fund run by the New Energy and Industrial Technology Development Organization (NEDO)	○	▶ Steadily continue energy conservation initiatives while conducting energy-saving investments to achieve targets	pp. 14-28
		Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate: 99% (fiscal 2025) (Major by-products: slag, sludge, and dust)	▶ Continue reducing the amount of waste disposed; and achieve and maintain the industry's voluntary action plan targets ▶ Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products	▶ The waste treatment plans formulated by each business division are making steady progress. The recycling rate in fiscal 2021 was 99.3%, contributing to achieving the targets of the Voluntary Action Program for Environmental Protection of the Japan Iron and Steel Federation (JISF). ▶ Implemented proper operations in accordance with the guidelines at Kakogawa Works and Takasago Works; conducted internal audits at all business locations regarding proper treatment of slag	○	▶ Work on the 3Rs (Reduce, Reuse, and Recycle) to achieve the recycling rate target for fiscal 2025 ▶ Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products	pp. 39-42
		Appropriate management of chemical substances	Reduce hazardous substances in accordance with the KOBELCO Group Policy on Controlling Hazardous Chemical Substances	▶ Properly manage and reduce or replace chemical substances, and properly comply with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and Act on Rational Use and Appropriate Management of Fluorocarbons	▶ Completed registration for disposal of high concentration polychlorinated biphenyls (PCB) waste (transformers, fluorescent light stabilizers, etc.) located in areas with upcoming treatment deadlines, and have contracted the processing sequentially. Expect to complete disposal at business locations in other areas by the deadline stipulated in laws and ordinances. Regarding the equipment containing low concentration PCB, thorough investigation of in-use equipment was conducted and the processing for some was contracted ▶ Through audits and other means, it was verified that appropriate action is being taken under the Act on Rational Use and Appropriate Management of Fluorocarbons	○	▶ Continue to undertake the planned processing of high concentration PCB waste. Continue to conduct surveys to identify equipment containing low concentration PCB that are currently in use and formulate processing plans by the statutory deadline. Continue to manage equipment that uses fluorocarbons in an appropriate manner	pp. 45-46
		Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing the environmental impact	▶ Continue thorough operational management and facility management in an effort to reduce environmental impact from air emissions, etc. Targets: Maintain water recycling rate of 95% or higher for the entire Group; water pollution load of COD: 474 tons/year; total nitrogen: 2,513 tons/year; total phosphorus: 23 tons/year	▶ Continued thorough management of soot/smoke and wastewater ▶ Soot/Smoke emissions (steelworks influence value) of Kakogawa Works fell short of our voluntary target value 3.0 tons/km ² from May to July 2021 ▶ Achieved a water recycling rate of 95.7% ▶ Water pollution load of COD: 224 tons/year; total nitrogen: 1,887 tons/year; total phosphorus: 3 tons/year	△	▶ Continue thorough operational management and facility management in an effort to reduce environmental impact from air emissions, etc. ▶ Ensure that Kakogawa Works stably achieves its target for soot/smoke emissions by implementing measures such as installing additional dust collectors and cleaning dust protection nets	pp. 43-45
	Ensuring thorough risk management	Pursue systematic and deliberate efforts to reduce risks	▶ Continue on-site environmental audits by the Head Office and expand audits to Group companies and affiliated companies in an effort to promote the establishment of independent environmental management systems ▶ For overseas Group companies, promote the same level of environmental management as in Japan and improve risk management through activities such as on-site environmental inspections	▶ Conducted a paper-based environmental audit for all business sites of Kobe Steel and its Group companies in Japan, including non-production sites. For 11 production sites, on-site environmental audits were conducted and management status checked ▶ Conducted audits of Group companies in Singapore and China	○	▶ Through interviews and meetings with domestic business locations with a comparatively low environmental risk (sales offices, maintenance facilities, etc.), which have not been subject to on-site environmental audits so far, identify risks and improve the level of environmental management, as well as check the status by conducting on-site environmental audits ▶ Carry out on-site environmental audits of Group companies in the United States, Malaysia, and China to improve the level of environmental management at each company	pp. 29-30	
	Promoting environmental initiatives with full employee participation	Constantly improve the environmental awareness of all KOBELCO Group employees	▶ Continue initiatives such as stratified training, e-learning, and environmental training for Group companies, and encourage the use of the KOBELCO Eco-Life Notebook (household eco-account book), in an effort to increase environmental awareness	▶ Increased employees' environmental awareness and knowledge through the KOBELCO Group Environmental Conference, stratified training, and e-learning ▶ Encouraged use of the KOBELCO Eco-Life Notebook to raise environmental awareness at home	○	▶ Raise environmental awareness by continuing measures such as stratified training and environmental training for Group companies, as well as promoting the use of the KOBELCO Eco-Life Notebook	pp. 31-32	
	VISION 2	Contributing to the environment through technologies, products, and services	Create environmentally sustainable products and new businesses with due consideration of the environment in all technological and product development Target for 2030: Contribution to CO ₂ reduction: 61 million tons (including at least 45 million tons through MIDREX [®] Process) Vision for 2050: Contribution to CO ₂ reduction: 100 million tons or more	▶ Contribute to the creation of a low-carbon society through the efforts of the entire KOBELCO Group by working on issues related to the environment and energy fields, such as weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources	▶ Announced the Roadmap for the MIDREX [®] Process ▶ Development of a CO ₂ fixation process using steelmaking slag proposed by Kobe Steel, Ltd. and Kobelco Eco-Solutions Co., Ltd. adopted as a theme for the NEDO project called Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Development and demonstration of technologies for CO ₂ utilization	○	▶ Work to achieve our CO ₂ reduction contribution target and lower society's CO ₂ emissions through further sales expansion and solution proposals for technologies, products, and services that contribute to CO ₂ reduction. Commercialization of low-CO ₂ steel products	pp. 24-25
VISION 3	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	▶ Promote the KOBELCO GREEN PROJECT, centered on the three key activities of the KOBELCO Forest Fairy Tale Prize, forest development, and environmental education outreach at children's centers, in an effort to cooperate and coexist in harmony with local communities	▶ Held the 9th KOBELCO Forest Fairy Tale Prize. With backing from all municipalities in which our 11 domestic business sites are located, we solicited stories about forest and received more than 800 submissions ▶ Environmental education outreach at children's centers was suspended due to COVID-19 and forest development activities were carried out by in-house staff only	○	▶ Continue to promote the KOBELCO GREEN PROJECT (consisting of the KOBELCO Forest Fairy Tale Prize, forest development activities, and environmental education outreach at children's centers) to better coexist and cooperate with local communities	p. 49	
	Disclosing environmental information	Take active steps to disclose environmental information and improve communication with all stakeholders	▶ Continue disclosing information in an effort to communicate with all stakeholders	▶ Continued to disclose environmental information through integrated report, corporate website, public monitors, etc. Continued to introduce Group environmental technologies and products at exhibitions	○	▶ Continue disclosing information and enhance communication with all stakeholders	p. 33	

Response to Climate Change

Climate-Related Disclosures Based on TCFD Recommendations

In December 2020, Kobe Steel announced that it supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and decided to join the TCFD Consortium, an organization of TCFD supporter organizations in Japan.



● Basic Concept Policies

The KOBELCO Group recognizes CO₂ reduction as a top management priority. As such, we announced our aim to increase corporate value through a transition to carbon neutrality that we aim to achieve by 2050 in the KOBELCO Group Medium-Term Management Plan (fiscal 2021–2023) announced in May 2021.

Going forward, the KOBELCO Group will continue to pursue reduction of CO₂ emissions in order to contribute to realization 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 envisioned in KOBELCO’s View of the Future.

Climate-Related Governance

We established the CO₂ Reduction Promotion Subcommittee under the Sustainability Management Committee (chaired by a director and executive officer) as an organization that specializes in dealing with issues related to the risks and opportunities associated with climate change. The subcommittee, tasked with conducting strategic reviews of climate change, studies and implements Companywide activities to address the risks and opportunities of climate change.

Assessment and management of climate-related risks and opportunities are regarded as important management issues, and important decisions of the CO₂ Reduction Promotion Subcommittee are subject to the approval of the relevant Executive Steering Committee. The Steering Committee consists of directors and executive officers, as knowledge from a wide range of perspectives and viewpoints is required for climate-related issues, including business, management, legal, and technological development.

The activities of the CO₂ Reduction Promotion Subcommittee and its study outcomes are reported through the Sustainability Management Committee to the Board of Directors quarterly for supervision and guidance from the Board of Directors. Important decision-making related to climate change involves a system of direct governance by senior management. Under this system, recommendations are made to the Executive Council through the Sustainability Management Committee, with the matter then approved by the President and CEO or a resolution of the Board of Directors following deliberation by the Executive Council.

● Climate-Related Governance Structure

Board of Directors	Board of Directors	Monitors CO ₂ reduction measures that may have a major impact on management	Quarterly
President and CEO			
Executive Council	Executive Council	Deliberates and decides on important matters related to CO ₂ reduction measures	At least once per year
Sustainability Management Committee	Sustainability Management Committee	Deliberates important matters related to CO ₂ reduction measures	At least 4 times per year
CO ₂ Reduction Promotion Subcommittee	(Hajime Nagara, Director and Executive Officer; Chair of the Sustainability Management Committee)		

Climate-Related Strategy

The KOBELCO Group analyzes the medium- to long-term risks and opportunities associated with climate change considering various guidelines, including 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 Aluminium Association, and other industry organizations; and the energy policies of Japan. Based on the analysis results, we evaluate the appropriateness of our Group’s activities.

■ 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-CO₂ products and services. We expect an increase in demand for the Group’s technologies, 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.

● Climate-Related Risks and Opportunities over the Short to Medium and Long Terms

	Risks		Opportunities	
	Short to medium term (until fiscal 2030)	Long term (until fiscal 2050)	Short to medium term (until fiscal 2030)	Long term (until fiscal 2050)
Policy and legal systems	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.)	
Market and technology transitions	Rising capital investments, R&D expenses, and operating costs associated with low-carbon technologies			
Reputation	Deterioration of corporate reputation due to insufficient or delayed information disclosure		Differentiation from other companies by establishing a reputation as a frontrunner in combating climate change	
Physical risks (natural disasters, etc.)	Reduction of production volumes and disruptions of supply chains due to increases in floods, typhoons, and other natural disasters		Increase in demand for products due to increased public and capital investments for disaster prevention	
	Increases in costs of countermeasures and reductions in production volumes at factories in coastal locations due to damage from rising sea levels and high tides			

■ High risk
 ■ Low risk
 ■ Large opportunity
 ■ Small opportunity

● Response to Risks and Opportunities (R&D)

■ Reduction of CO₂ Emissions in Production Processes

Kobe Steel is participating with other steelmakers in the projects being promoted by the New Energy and Industrial Technology Development Organization (NEDO) (see below) in a bid to further reduce CO₂ emissions in the ironmaking process and to realize practical application of these developments. One of these, the project for hydrogen utilization in the ironmaking process was selected for funding by Japan’s Green Innovation Fund. We are committed to implementing similar initiatives aimed at carbon neutrality by 2050.

Innovative Technology Development	Participating Companies	Technologies Being Developed
CO ₂ Ultimate Reduction in Steelmaking Process by Innovative Technology for Cool Earth 50 (COURSE 50)	Nippon Steel Corporation JFE Steel Corporation Kobe Steel, Ltd. Nippon Steel Engineering Co., Ltd.	① Hydrogen-reduction technology that reduces iron ore by increasing the hydrogen concentration in high-temperature coke oven gas (COG) emitted during coke production as a partial alternative to coke ② Technology for separating and capturing CO ₂ from blast furnace gas (BFG) with underutilized waste heat within steelworks
Technological Development of Ironmaking Process Utilizing Ferro-Coke	JFE Steel Corporation Kobe Steel, Ltd. Nippon Steel Corporation	Energy-saving technology that can reduce the amount of coke fed into blast furnaces by dramatically increasing reduction efficiency within blast furnaces by utilizing the catalytic reaction of metallic iron contained in ferro-coke formed from the blend molding and carbonization of thermal coal and low-grade iron ore
Technology Development for Realizing Zero-Carbon Steel	Nippon Steel Corporation JFE Steel Corporation Kobe Steel, Ltd. The Japan Research and Development Center for Metals	Super-innovative technologies, such as hydrogen reduction without using blast furnaces, to realize zero-carbon steel
Green Innovation Fund project / Project for hydrogen utilization in the ironmaking process	Nippon Steel Corporation JFE Steel Corporation Kobe Steel, Ltd. The Japan Research and Development Center for Metals	Development of impurity removal technology for electric arc furnaces (EAFs) using direct reduced iron (DRI) (technology for controlling the concentration of impurities in a large-scale test EAF at the same level as the blast furnace method)

Response to Climate Change

■ Contribution to Reduction of CO₂ Emissions through Technologies, Products, and Services

Our existing lineup of products that help reduce CO₂ emissions includes automotive weight-reduction materials and parts along with heat pumps. We will continue developing technologies to further contribute to CO₂ reduction with these solutions. We are also striving to develop new technologies, products, and services that help reduce CO₂ emissions, including MIDREX-H₂™ (100% hydrogen direct reduction).

[Midrex Technologies, Inc. has concluded a joint development agreement on DRI using hydrogen with ArcelorMittal S.A.](#)

● Impacts on Business, Strategy, and Finance

According to the “Mandatory Greenhouse Gas Accounting and Reporting System (published by the Ministry of the Environment)” Kobe Steel is one of the largest emitters of greenhouse gases in Japan. Our Company pays the carbon tax, Tax for Climate Change Mitigation (289 yen per ton of CO₂ emissions from the use of coal, oil, LPG, and LNG), and in the future, if the carbon tax is increased or new taxes are imposed with the introduction of carbon pricing, it is expected to have a significant impact on our business, so we are constantly monitoring these trends. If regulations or taxes are imposed on CO₂ and other emissions in the future, our Group’s business activities, particularly those related to steel, will be restricted, which may have an impact on our Group’s business performance with a decrease in sales, an increase in costs, etc.

The KOBELCO Group has been promoting energy conservation efforts as a measure to mitigate the impact of carbon pricing. Our Group invested approximately 0.55 billion yen in energy conservation capital investments in fiscal 2021. One of the example of such investments in fiscal 2021 is the investment for the renewal of dust collectors and power transformers at the Saijo Plant. For other initiatives, please refer to “Initiatives to Save Energy and Reduce CO₂ Emissions” on page 27.

In addition, the KOBELCO Group is engaged in the development of various technologies related to the reduction of CO₂ emissions in production processes and contribution to reduction of CO₂ emissions through technologies, products, and services in order to contribute to the reduction of CO₂ emissions by society as a whole. In fiscal 2021, we spent approximately 4.8 billion yen on research and development related to climate change.

[For details on our research and development related to climate change, please refer to “Environmental Accounting” on page 34.](#)

● Scenario Analysis

In order to better understand future climate-related risks and opportunities, we carried out medium-term (2030) and long-term (2050) scenario analysis. Our scenario analysis is based on the International Energy Agency (IEA)’s 2°C scenario (SDS: Sustainable Development Scenario) and 1.5°C scenario (Net Zero by 2050) as well as the 4°C scenario presented by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report. For our analyses and evaluations, we also refer to long-term visions published by industry organizations to which we belong, such as the Japan Iron and Steel Federation (JISF) and the Japan Aluminium Association. For the electric power business, which is closely related to Japan’s energy policy, we conduct scenario analysis based on the energy policy of the national government. We also regularly review our analysis and evaluation of risks and opportunities based on changes in the external environment.

■ Impact on Business

As more than 90% of our Group’s CO₂ emissions come from the steelmaking process, the medium- to long-term trends in the steel industry will have the greatest impact on our business. According to the “JISF Long-Term Vision for Climate Change Mitigation—A Challenge towards Zero-Carbon Steel,” there is a certain correlation between economic growth and the amount of steel stock per capita. Therefore, the demand for steel is expected to continue to increase along with the world’s economic growth and population growth.

Steel production can be broadly divided into production with natural resources (iron ore, mainly using blast furnaces and DRI) and production with reused scrap (mainly using electric arc furnaces). According to JISF predictions, the reuse of scrap is expected to increase significantly due to the increase in the total amount of steel stock. On the other hand, demand for steel cannot be met by reused scrap alone. Accordingly, production using natural resources (iron ore) will continue to require the same level of production as at present.

Amid growing interest in the response to climate change and the disclosure of relevant information, the importance of CO₂ reduction efforts in the iron and steel industry is expected to continue increasing. For this reason, we anticipate that our stakeholders, including national and local governments, investors, and customers, will pay greater attention to our efforts to reduce CO₂ emissions from our own facilities and expand our environmental menu that contributes to CO₂ reduction.

KOBELCO Group’s CO₂ Reduction Solution for Blast Furnace Ironmaking

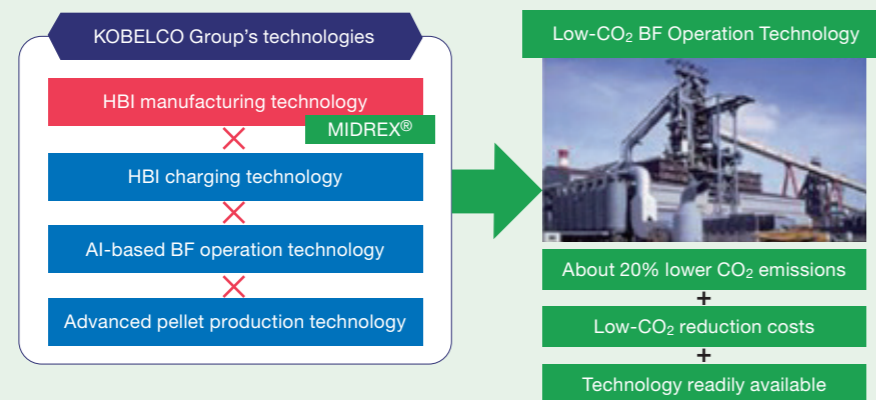
Innovative technology to reduce CO₂ emissions by approximately 20% from blast furnace operations successfully verified

The Group successfully demonstrated the technology that can reduce a significant amount of CO₂ emissions from blast furnace operations, combining the MIDREX® technologies 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, namely 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/tHM (ton hot metal) to 415 kg/tHM by charging 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/tHM) 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

- HBI manufacturing technology of MIDREX® in the engineering business
- Blast furnace operation technology in the steel business: HBI charging technology for blast furnaces, AI-based blast furnace operation technology, and the Company’s distinctive advanced pellet production technology

We will continue striving to further improve our low-CO₂ blast furnace operation technology to further reduce CO₂ emissions and lower CO₂ reduction costs, thereby reducing our own CO₂ emissions. Based on the aforementioned solution, we will help accelerate CO₂ reduction through promoting HBI charging in blast furnaces around the world.

¹ Coke rate (determined by the quantity of coke used in blast furnace) + pulverized coal rate (determined by the quantity of pulverized coal injected into blast furnace)
Coke is a carbon fuel made from coal, and pulverized coal is coal crushed to a powder.

² The results are compared with fiscal 2013, which is the base year of the CO₂ reduction targets set by the government and the KOBELCO Group.

For details, please see the link below.

[KOBELCO Group’s CO₂ Reduction Solution for Blast Furnace Ironmaking: Innovative Technology to Reduce CO₂ Emissions by 20% from Blast Furnace Operations Successfully Verified](#)

Response to Climate Change

Risks and Opportunities

One of the KOBELCO Group's core businesses is the manufacture and sale of steel products, which falls under the industry category of energy-intensive basic materials. The Group's CO₂ emissions in fiscal 2021 totaled 16.1 million tons (Scope 1 and Scope 2), which ranks high even in Japan's manufacturing industry. Accordingly, we recognize that the trends of future national climate change policies, laws, and regulations, including carbon pricing, are transition risks that may have a significant impact on our business operations.

In May 2021, the KOBELCO Group announced, in its Medium-Term Management Plan (Fiscal 2021–2023), that it will take on the challenge of realizing carbon neutrality by 2050 and aim to increase corporate value through this transition. The KOBELCO Group has set targets for 2030 and a vision for 2050 from two angles: (1) reducing CO₂ emissions in the Group's own production processes, and (2) contributing to the reduction of CO₂ emissions through the Group's distinctive technologies, products, and services.

Regarding the reduction of CO₂ emissions in our own production processes, we will promote CO₂ reduction initiatives and mitigate risks by formulating roadmaps for carbon neutrality in the ironmaking processes and in the electric power business.

On the other hand, regarding the contribution to the reduction of CO₂ emissions through the Group's distinctive technologies, products, and services, we will make the most of opportunities by formulating a roadmap for the contribution to the reduction of CO₂ emissions through the MIDREX[®] process.

As for physical risks, the Japan Meteorological Agency (JMA) and various research institutes have reported that, as global warming progresses, the amount of precipitation tends to rise due to the increase of water vapor in the atmosphere, and damage caused by heavy rain and typhoons tends to become more severe. The risk of production stoppages and supply chain disruptions stemming from severe typhoons and heavy rains in recent years is also becoming more and more evident. The KOBELCO Group recognizes that further intensification of typhoons, floods, and other natural disasters caused by climate change poses a risk that could have a significant impact on its operations and lead to suspension of production activities.

In accordance with our Group's Risk Management Regulations, we have defined "climate-related regulations" and "natural disaster preparation and recovery" as "Top Risks" that are expected to have a particularly severe impact when an event occurs, with the aim of strengthening our risk management.

As for opportunities, demand for low-CO₂ products and services is increasing amid growing international interest in climate-related issues. We expect demand for products that help reduce CO₂ emissions, such as our automotive weight-reduction materials and the MIDREX[®] Process, to grow over the medium to long term.

Targets and Vision Announced in the KOBELCO Group Medium-Term Management (Fiscal 2021–2023)

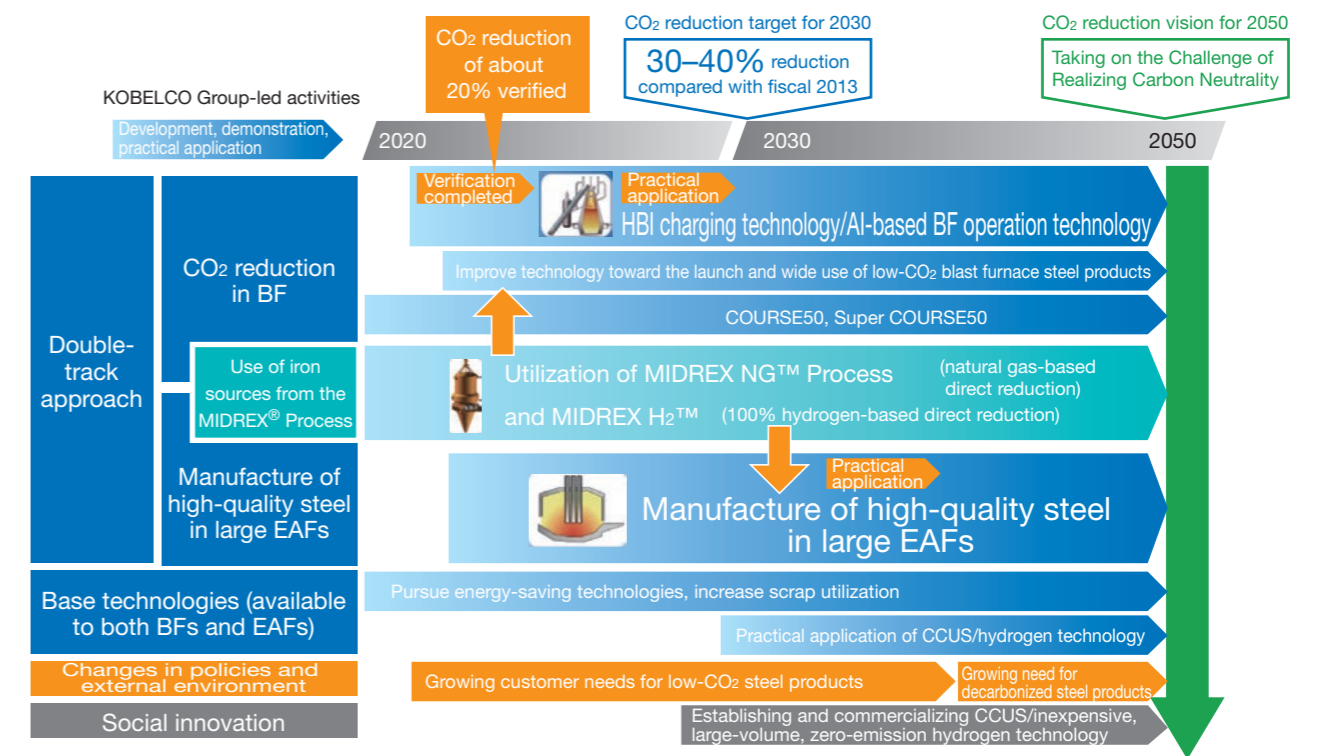
	Fiscal 2030 targets	Fiscal 2050 vision
Reduction of CO₂ emissions in production processes	30–40% (compared with fiscal 2013) ¹	Take on the challenge of achieving carbon neutrality
Contribution to reduction of CO₂ emissions through technologies, products, and services ²	61 million tons (including 45 million tons or more through MIDREX [®] Process ³)	100 million tons or more

¹ Most of the reduction targets are associated with iron and steel making processes. We reviewed the targets announced in September 2020 (with the change from Business As Usual (BAU) to the total amount basis, and the increased use of original solutions reflected).

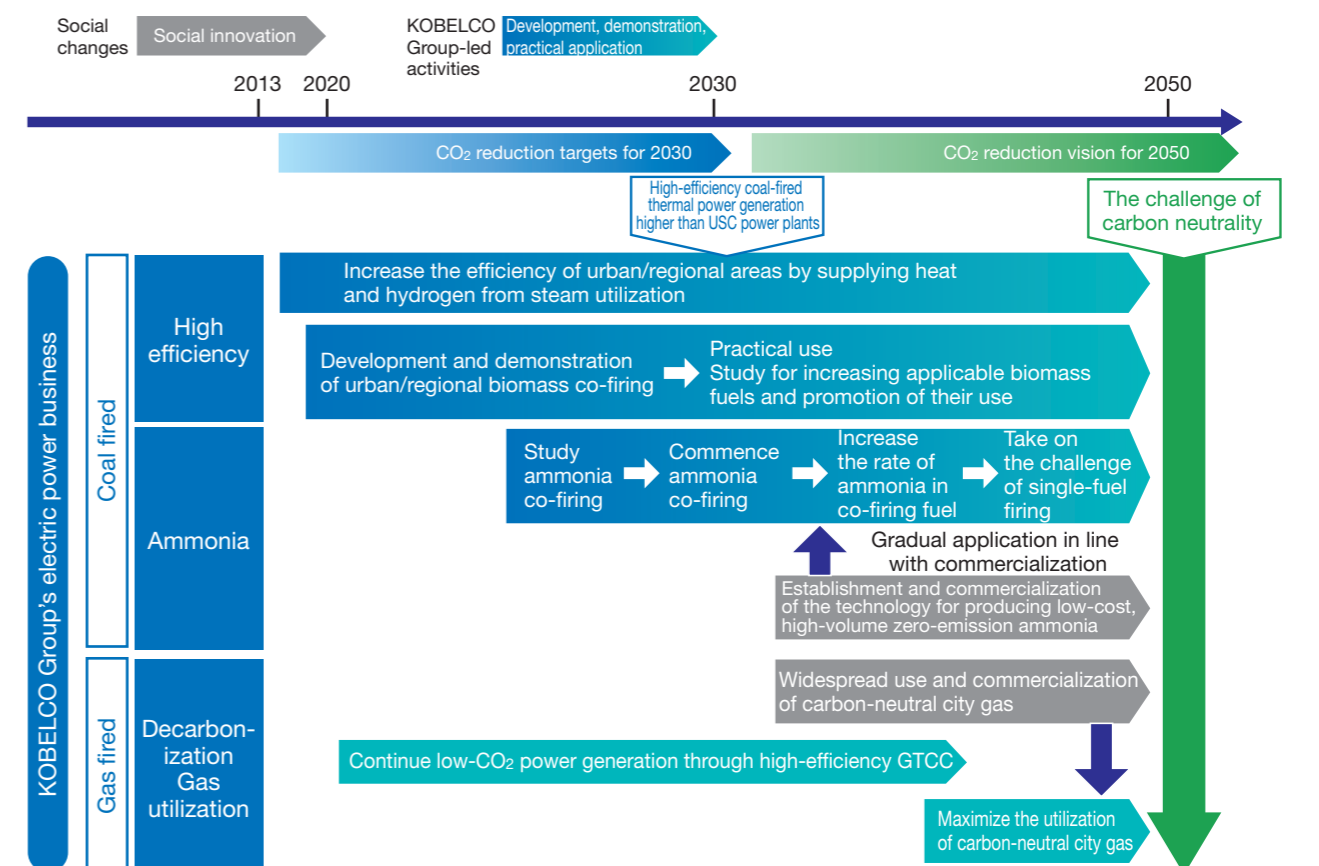
² The KOBELCO Group contributes to the reduction of CO₂ emissions in various areas of society through its distinctive technologies, products, and services.

³ Reviewed calculation formula announced in September 2020

Roadmap for Carbon Neutrality in the Ironmaking Process

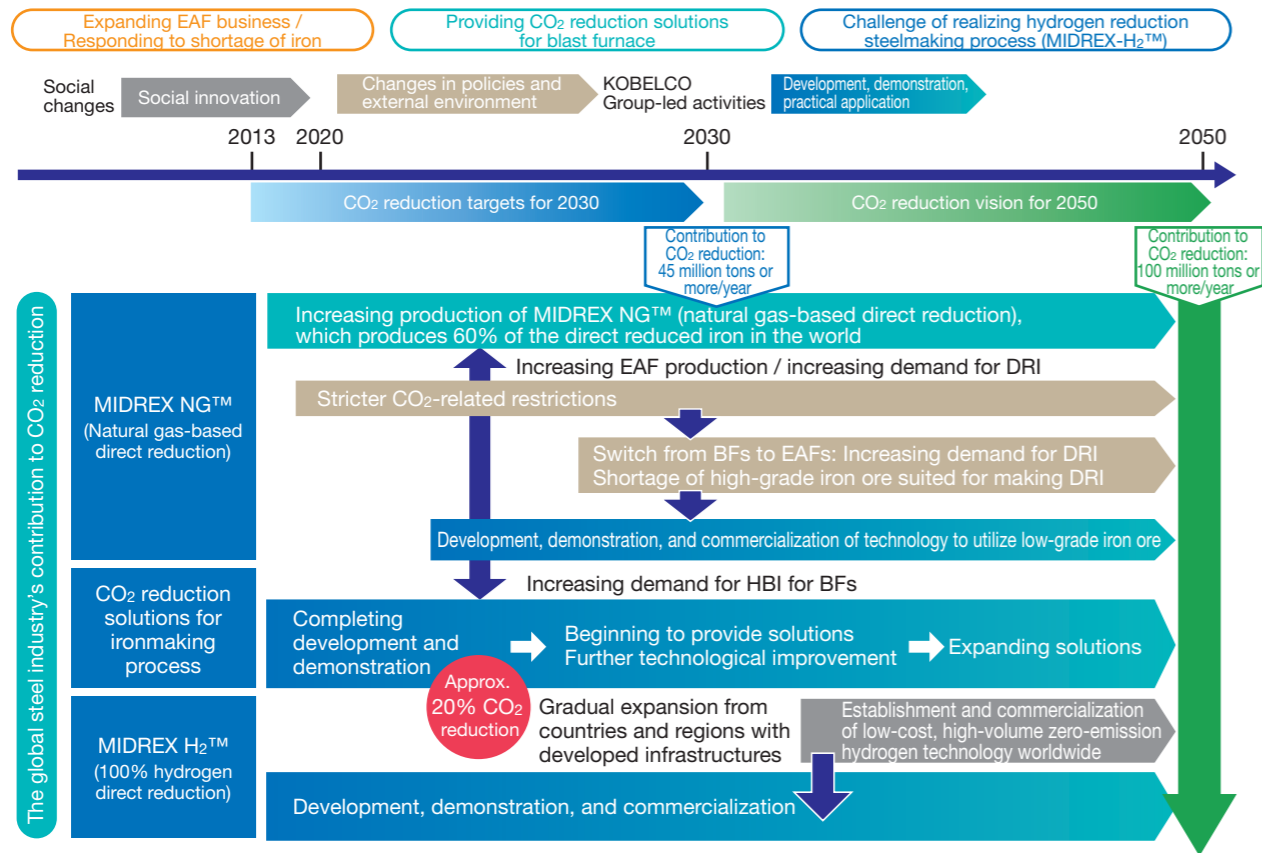


Roadmap for Carbon Neutrality in the Electric Power Business



Response to Climate Change

Roadmap for CO₂ Reduction through the MIDREX® Process



Climate-Related Risk Management

For our basic policies on risk management and details about our risk management structure, please refer to "Risk Management" on pages 112 and 113.

In regard to climate-related risks, we have identified (1) transition risks (policies and regulations) and (2) physical risks (preparations for and recovery from natural disasters) as Top Risks, which are risks that may have a material impact on the Group and its stakeholders and require a Groupwide response. We are working to strengthen risk management by appointing risk owners to each risk category.

Climate-Related Metrics and Targets

Metrics

The KOBELCO Group sets specific metrics for CO₂ reduction activities, such as Reduction of CO₂ Emissions in Production Processes (Metric A) and Contribution to Reduction of CO₂ Emissions through Technologies, Products, and Services (Metric B), and sets and manages targets for each.

Kobe Steel positions these two metrics as non-financial key performance indicators (KPIs) and manages them. Non-financial KPIs including CO₂ reduction are discussed annually at the Executive Council as important items in the budget, and then they are discussed and approved by the Board of Directors.

Greenhouse Gas Emissions (Scopes 1, 2, and 3)

In response to global warming, the KOBELCO Group promotes rationalization and research and development to reduce energy consumption throughout its operations in an effort to decrease greenhouse gas emissions.

In fiscal 2021, the KOBELCO Group's businesses generated 16.1 million tons of CO₂ emissions from energy use in total.

KOBELCO Group Worldwide CO₂ Emission Data over the Past Three Years

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
CO ₂ emissions from energy use (Scope 1 and 2) ✓	Million t-CO ₂	16.5	15.3	16.1
CO ₂ emissions from energy use (Scope 1) ✓	Million t-CO ₂	15.6	14.5	15.3
CO ₂ emissions from energy use (Scope 2) ✓	Million t-CO ₂	0.9	0.8	0.8
Net sales	Million yen	1,869,835	1,705,566	2,082,582
CO ₂ emission intensity from energy use per net sales	t-CO ₂ / Million yen	8.8	9.0	7.7
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	7.0	6.3	7.2
CO ₂ emission intensity from energy use	t-CO ₂ / t-Product	2.3	2.4	2.2

* The data above covers 99% of the environmental impact of the KOBELCO Group. Emissions from offices are not included.

✓: Items covered by third-party assurance. In order to ensure the accuracy and transparency of energy consumption and CO₂ emissions data, Kobe Steel receives a third-party assurance. For more information, please see the following:

[Third-Party Assurance](#)

Estimated Greenhouse Gas Emissions (Kobe Steel, Ltd.) (Scope 1)

Item	Fiscal 2019	Fiscal 2020	Fiscal 2021
1. Energy-derived CO ₂ emissions ¹	15,600,000 t-CO ₂	14,500,000 t-CO ₂	15,300,000 t-CO ₂
2. Non-energy derived CO ₂ emissions	574,000 t-CO ₂	498,000 t-CO ₂	568,000 t-CO ₂
3. Methane (CH ₄)	5,570 t-CO ₂	5,210 t-CO ₂	5,840 t-CO ₂
4. Nitrous oxide (N ₂ O)	43,600 t-CO ₂	49,600 t-CO ₂	6,610 t-CO ₂
5. Hydrofluorocarbons (HFCs)	0 t-CO ₂	0 t-CO ₂	0 t-CO ₂
6. Perfluorocarbons (PFCs)	0 t-CO ₂	0 t-CO ₂	0 t-CO ₂
7. Sulfur hexafluoride (SF ₆)	16,900 t-CO ₂	18,000 t-CO ₂	17,800 t-CO ₂
8. Nitrogen trifluoride (NF ₃)	0 t-CO ₂	0 t-CO ₂	0 t-CO ₂

¹ Includes emissions of Group companies in and outside Japan

Response to Climate Change

Kobe Steel, Ltd. Scope 3 Emissions over the Past Three Years (Unit: Thousand t-CO₂)

	Category	Fiscal 2019	Fiscal 2020	Fiscal 2021	Calculation Method
1	Purchased goods and services ✓	4,688	4,429	5,108	The Company's usage of main raw materials (annual amount of iron ore, coking coal, aluminum, and copper) multiplied by CO ₂ emissions unit values
2	Capital goods ✓	263	262	113	Capital investment cost multiplied by CO ₂ emissions unit values
3	Fuel- and energy-related activities except Scope 1 and Scope 2 ✓	307	305	299	Annual consumption of electricity, steam, fuel etc., multiplied by CO ₂ emissions unit values
4	Upstream transportation and distribution ✓	192	180	217	Using the calculation method for energy-derived CO ₂ emissions related to freight transportation by shippers as stipulated in the Act
5	Waste generated in operations ✓	39	30	30	The amount of industrial waste for each type multiplied by CO ₂ emissions unit values
6	Business travel ✓	2	2	1	Number of employees multiplied by CO ₂ emissions unit values
7	Employee commuting ✓	5	5	5	Number of employees multiplied by CO ₂ emissions unit values
8	Upstream leased assets	N/A	N/A	N/A	CO ₂ emissions associated with the operation of assets leased to Kobe Steel are included in Scope 1 and Scope 2 emissions.
9	Downstream transportation and distribution	N/A	N/A	N/A	We have no applicable business activities.
10	Processing of sold products ✓	2,713	2,622	2,854	Calculated by multiplying the production volume of main steel products by the CO ₂ emissions unit values at the time of processing each type of steel product.
11	Use of sold products ✓	24,702	36,985	21,478	Lifetime emissions for the main machinery products sold by the Company (energy used during use: electricity) are calculated based on units sold, expected average life, average power consumption, and CO ₂ emissions unit value for electricity.
12	End-of-life treatment of sold products ✓	62	56	63	Calculated by multiplying CO ₂ emissions unit values by the production volume of crude steel, aluminum, and copper products
13	Downstream leased assets	N/A	N/A	N/A	We have no applicable business activities.
14	Franchises	N/A	N/A	N/A	We do not have franchises.
15	Investments	N/A	N/A	N/A	We have no applicable business activities.
	Total ² ✓	32,972	44,876	30,168	

¹ Act on the Rational Use of Energy

² As each category is rounded off to a whole number, the total of each category and the sum of categories 1 to 15 may not match.

✓: Items covered by third-party assurance. In order to ensure the accuracy and transparency of energy consumption and CO₂ emissions data, Kobe Steel receives a third-party assurance. For more information, please see the following:

 [Third-Party Assurance](#)

● Energy Usage during Manufacturing Processes

In fiscal 2021, the KOBELCO Group worldwide used a total of 192 PJ of energy in all of its business divisions.

KOBELCO Group Worldwide Energy Data over the Past Three Years

	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Energy consumption ✓	PJ	196	182	192
Net sales	Million yen	1,869,835	1,705,566	2,082,582
Energy intensity per net sales	GJ / Million yen	105	107	92
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	7.0	6.3	7.2
Energy intensity per t-product	GJ / t-Product	27.8	28.7	26.6

✓: Items covered by third-party assurance. In order to ensure the accuracy and transparency of energy consumption and CO₂ emissions data, Kobe Steel receives a third-party assurance. For more information, please see the following:

 [Third-Party Assurance](#)

● Targets and Results on Risk and Opportunity

In May 2021, the KOBELCO Group announced, in its Medium-Term Management Plan (Fiscal 2021–2023), that it would take on the challenge of realizing carbon neutrality by 2050 and aim to increase corporate value through this transition. The KOBELCO Group has set targets for 2030 and a vision for 2050 from two angles: (1) reducing CO₂ emissions in the Group's own production processes, and (2) contributing to the reduction of CO₂ emissions through the Group's distinctive technologies, products, and services.

■ Metric A: Reduction of CO₂ Emissions in Production Processes (target initiated in fiscal 2019)

- 2050 Vision: Taking on the challenge of achieving carbon neutrality
- 2030 Target: Reducing CO₂ emissions in production processes 30–40%^{1 2} reduction (compared with fiscal 2013)

Result: Our CO₂ emissions in fiscal 2021 increased compared to fiscal 2020, owing to the recovery in production volume following the easing of impacts from the COVID-19 pandemic. As a result, the reduction rate^{1 2} stood at 16% compared to fiscal 2013.

¹ Total of Scope 1 and Scope 2

² Covered range for reduction target: Major business locations of Kobe Steel, Ltd. and Kobelco Construction Machinery Co., Ltd., together representing around 95% of CO₂ emissions of the entire Group (Fiscal 2021 performance)
Fiscal 2013 emissions in covered range: 18.2 million tons
Fiscal 2021 emissions in covered range: 15.3 million tons

Initiatives

In the wake of the oil crisis, which spanned from the 1970s to the 1990s, Japan's steel industry moved to utilize energy more effectively by installing waste heat recovery systems and conserving energy while 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, industry players have installed highly efficient gas turbine power plants.

The KOBELCO Group also has maintained a consistent approach in advancing various energy conservation and CO₂ reduction measures through proactive capital investments. For example, we installed highly efficient gas turbine power generation facilities that use gas from blast furnaces at Kakogawa Works over the period of fiscal 2009–2014, resulting in a substantial reduction of CO₂ emissions.

In the ironmaking process, we verified through a demonstration test that we can reduce CO₂ emissions in the blast furnace process by approximately 20% by charging a large quantity of hot briquetted iron (HBI—a compacted form of direct reduced iron) manufactured using the MIDREX® Process into our blast furnaces. Going forward, we will further pursue the potential of HBI charging technology and AI-based blast furnace operation technology to reduce CO₂ emissions from blast furnaces and reach our target for fiscal 2030. In addition, as part of our efforts to realize carbon neutrality by 2050, we will take a two-track approach to reduce CO₂ emissions through utilizing blast furnaces and manufacturing high-grade steel in large electric furnaces.

Response to Climate Change

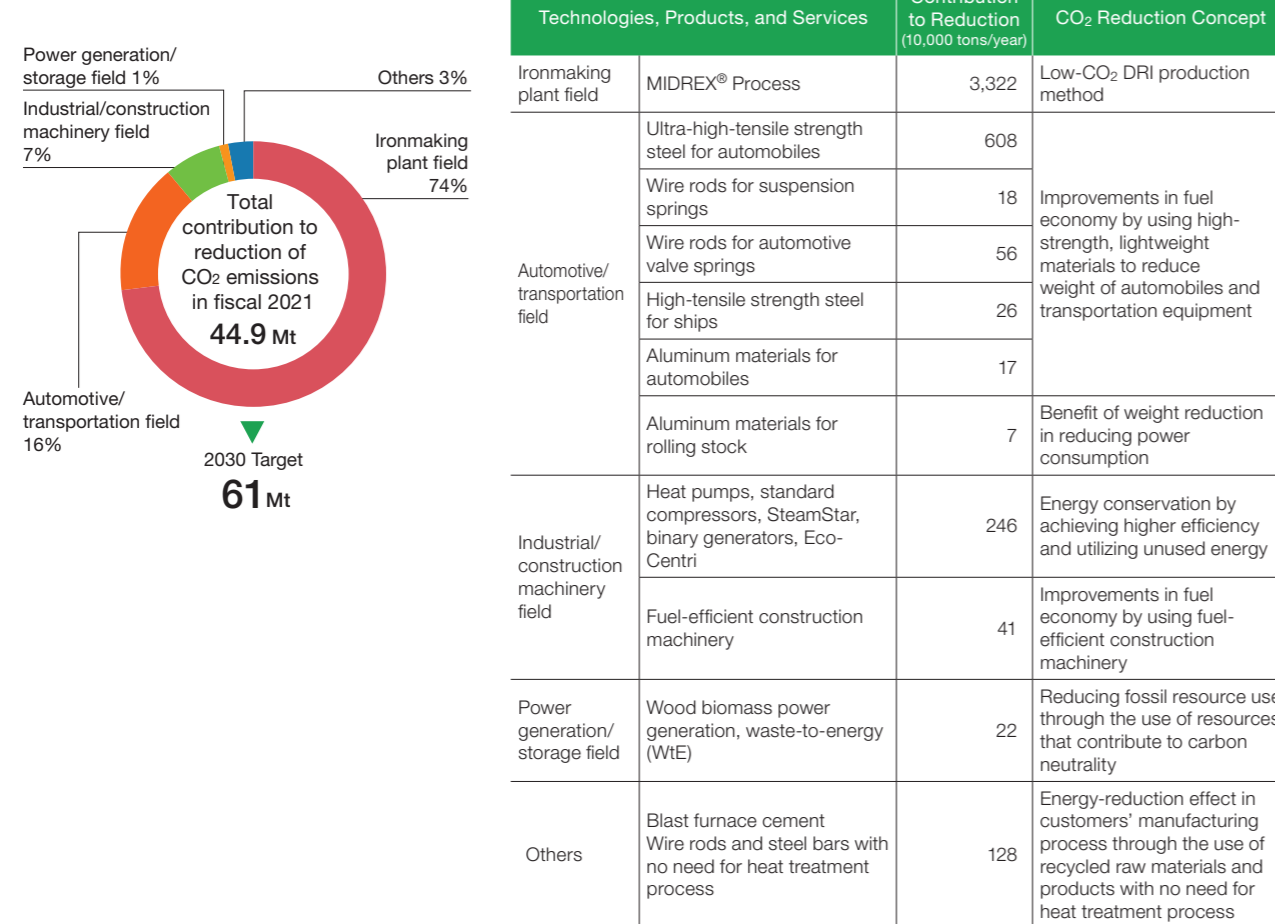
Metric B: Contribution to Reduction of CO₂ Emissions through Technologies, Products, and Services

The Group has a variety of products and services that contribute to CO₂ reduction. By expanding sales of these, we will contribute to the reduction of CO₂ during use.

- 2050 Vision:
CO₂ reduction contribution: 100 million tons or more
- 2030 Target:
CO₂ reduction contribution: 61 million tons

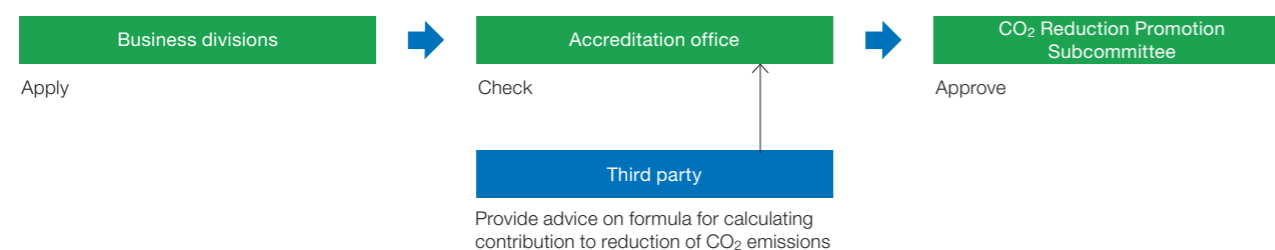
Result: The Group's technologies, products, and services are estimated to have contributed to the reduction of CO₂ emissions totaling 44.9 million tons in fiscal 2021.

Total Contribution to Reduction of CO₂ Emissions



Initiatives Regarding the contributions to reduction of CO₂ emissions through technologies, products, and services, the Group has instituted an internal accreditation system. For the formulas used in accreditations, we receive advice from Kiyotaka Tahara, the Director of the Research Laboratory for IDEA at the Research Institute of Science for Safety and Sustainability, Department of Energy and Environment, the National Institute of Advanced Industrial Science and Technology (AIST), which ensures their fairness and objectiveness.

Accreditation Flow



Other Major Technologies, Products, and Services That Contribute to CO₂ Reductions (The amount of contribution will be calculated in the future.)

	Technologies, Products, and Services	CO ₂ Reduction Concept
Automotive/transportation field	Fuel-cell separator materials, titanium for aircraft components	Improvement of fuel economy by reducing weight of automobiles and transportation equipment, effects of replacing gasoline-powered automobiles for next-generation vehicles
Hydrogen utilization field	High-purity Hydrogen Oxygen Generator (HHOG)	Effects of reducing fossil resource consumption through hydrogen utilization
Power generation/storage field	Conversion of sludge to fuel and its utilization at coal-fired thermal power plants (planned)	Reducing fossil resource use through the use of resources that contribute to carbon neutrality

Progress of Qualitative and Quantitative Targets for Metric A and Metric B (including 2030 Targets)

Self-assessment ○ : Progressing as planned △ : Some issues remaining ✕ : Plan not achieved

Initiatives for Implementation	Long-Term Policies	Initiatives to Achieve Medium-Term Targets	Fiscal 2021 Results	
Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO ₂ reduction in all business activities Target for 2030 Reduce CO ₂ emissions from production processes by 30-40% (compared with fiscal 2013) Vision for 2050 Taking on the challenge of achieving carbon neutrality	Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve the targets for 2030 and vision for 2050	Implement initiatives and reviews following the Roadmap toward Carbon Neutrality in the Ironmaking Process and Power Generation Business. Fiscal 2021 results: 16% reduction (compared to fiscal 2013)	○
Contributing to the environment through technologies, products, and services	Create environmentally sustainable products and new businesses with due consideration of the environment in all technological and product development Target for 2030 Contribution to CO ₂ reduction: 61 million tons (including at least 45 million tons of MIDREX®) Vision for 2050 Contribution to CO ₂ reduction: 100 million tons or more	Contribute to the creation of a low-carbon society through the efforts of the entire KOBELCO Group by working on issues related to the environment and energy fields, such as weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources	Fiscal 2021 results: Contribution to CO ₂ reduction of 44.9 million tons	○

Response to Climate Change

Climate-Related Organizations to Which We Belong

As a member of the Global CCS Institute and the Carbon Recycling Fund Institute, we actively acquire the latest information on Carbon Capture, Utilization, and Storage (CCUS) technology and work on technological development and research on CO₂ separation, capture, recycling, and sequestration for future practical use.

■ Global CCS Institute

The Global CCS Institute is an international think tank whose mission is to accelerate the deployment of Carbon Capture and Storage (CCS), a vital technology to tackle climate change and deliver climate neutrality. The institute is headquartered in Melbourne, Australia, with offices in Tokyo, Washington, D.C., Brussels, Beijing, and London.

[Global CCS Institute](#)

■ Carbon Recycling Fund Institute

The Carbon Recycling Fund Institute aims to address the global warming issue and improve the energy access throughout the world. The institute promotes innovation in carbon recycling by public relations and sponsoring research and development in the field.

[Carbon Recycling Fund Institute \(in Japanese Only\)](#)

In addition, each of the following industry groups to which the KOBELCO Group belongs have formulated actions plans for carbon neutrality. We will contribute to the achievement of the targets set out in the action plans of each industry group to which we belong by pursuing energy savings and CO₂ reduction in production processes.

Industry Groups	Fiscal 2030 Industry Targets for Reducing CO ₂ Emissions from Production Processes in the Carbon Neutrality Action Plan
The Japan Iron and Steel Federation	30% reduction compared to fiscal 2013
Japan Aluminium Association	31% reduction compared to fiscal 2013
Japan Copper and Brass Association	Reduction of 6% energy intensity versus BAU* with production activity volume of 380,000 tons
The Japan Society of Industrial Machinery Manufacturers	Reduction of 10% in CO ₂ emissions versus fiscal 2013
Japan Construction Equipment Manufacturers Association	Reduce the manufacturing energy consumption rate by 17% from the actual achievement of 2013.

* Business As Usual (BAU): Emissions of greenhouse gases, or emissions per unit, assuming no additional measures are taken

Policies and Commitments to Ensure Consistency with Industry Associations' Initiatives

In order to respond to climate change in a consistent manner, Kobe Steel has established a Groupwide governance system centered on the Sustainability Management Committee.

The Sustainability Management Committee informs and educates employees about our Group Corporate Philosophy, ESG policies, and various initiatives to ensure that employees fully understand our corporate policies concerning these matters.

We collect information not only on the policies set by the Japanese government but also on industry targets and initiatives related to our business, as well as trends in regulations in the countries where we conduct business. Such information is shared with internal stakeholders, including directors and management.

When the KOBELCO Group engages in any activities that may influence the national government, local governments, industry associations, etc., all members of the Group shall report such activities to the Sustainability Management Committee in advance. The committee shall confirm whether such activities are consistent with the Group Corporate Philosophy and ESG policies. The committee shall report such activities to the Executive Council and the Board of Directors for oversight in accordance with the importance of such activities.

In addition, if the efforts of industry associations/groups are not in line with the Group Corporate Philosophy or ESG policies, Kobe Steel shall put forward its opinions to industry associations/groups and work to ensure that their initiatives are consistent with its policies.

Initiatives to Save Energy and Reduce CO₂ Emissions

■ Initiatives to Save Energy and Reduce CO₂ Emissions in the Steel & Aluminum Business

The Steel & Aluminum Business is working to improve various facilities and operations, including switching to LED lighting at plants and replacing air compressors.

We will continue to implement energy conservation measures and reduce environmental impact, striving to achieve the industry targets set in the Carbon Neutrality Action Plan.

■ Initiatives to Save Energy and Reduce CO₂ Emissions in the Welding Business

The Welding Business is increasing the efficiency of facilities and reducing energy loss by switching to LED lighting at business sites and systematically upgrading electric machinery for higher efficiency.

In fiscal 2021, we introduced LED lighting and updated to more efficient electric motors systematically at all locations.

We will continue to take steps to save energy and further reduce environmental impact in order to achieve a low-carbon society.

■ Initiatives to Save Energy and Reduce CO₂ Emissions in the Advanced Materials Business

The Advanced Materials Business aims to increase energy efficiency by increasing production efficiency and introducing high-efficiency facilities.

We will continue to take steps to save energy and further reduce environmental impact to achieve each milestone in the industry targets set in the Carbon Neutrality Action Plan.

■ Initiatives to Save Energy and Reduce CO₂ Emissions in the Machinery Business

As demand for energy-saving compressors, heat pumps, and other products increases, the Machinery Business is striving to improve energy efficiency through high-efficiency equipment and higher productivity.

We will continue to take steps to save energy and further reduce environmental impact to achieve the industry targets set in the Carbon Neutrality Action Plan.

Response to Climate Change

● Examples of Energy-Saving and CO₂ Reduction Initiatives in the Group (Fiscal 2021)

Production Facility / Company Name	Location	Examples of Initiatives
Kakogawa Works, Kobe Steel, Ltd.	Kakogawa, Hyogo Prefecture	Upgraded air compressors
Ibaraki Plant, Kobe Steel, Ltd.	Ibaraki, Osaka Prefecture	Switched a portion of plant lighting to LED lighting
Saijo Plant, Kobe Steel, Ltd.	Higashihiroshima, Hiroshima Prefecture	Upgraded dust collectors
		Upgraded power transformers
Fukuchiyama Plant, Kobe Steel, Ltd.	Fukuchiyama, Kyoto Prefecture	Switched a portion of plant lighting to LED lighting
		Reduced load on electrical machinery through process improvements
Moka Plant, Kobe Steel, Ltd.	Moka, Tochigi Prefecture	Switched a portion of plant lighting to LED lighting
Chofu Works, Kobe Steel, Ltd.	Shimonoseki, Yamaguchi Prefecture	Switched heat sources at certain buildings at plants
Daian Works, Kobe Steel, Ltd.	Inabe, Mie Prefecture	Switched a portion of plant lighting to LED lighting
Kobe Corporate Research Laboratories, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Upgraded heating, ventilation, and air-conditioning (HVAC)
		Switched a portion of plant lighting to LED lighting
Takasago Works, Kobe Steel, Ltd.	Takasago, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
Amagasaki Works, Shinko Wire Company, Ltd.	Amagasaki, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Improved insulation performance of furnaces
Onoe Works, Shinko Wire Company, Ltd.	Kakogawa, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Upgraded transformer
Nishikinohama Works, Shinko Wire Company, Ltd.	Kaizuka, Osaka Prefecture	Switched a portion of plant lighting to LED lighting
Kobelco Compressors Corporation Harima Plant	Harima Town, Kako District, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Upgraded boiler
Koshuha-Foundry Co., Ltd.	Hachinohe, Aomori Prefecture	Switched a portion of plant lighting to LED lighting
		Upgraded high-voltage transformer to high-efficiency product
Harima Plant, Kobelco Eco-Solutions Co., Ltd.	Harima Town, Kako District, Hyogo Prefecture	Repaired air leaks
Shinko Industrial Co., Ltd.	Kurayoshi, Tottori Prefecture	Switched a portion of plant lighting to LED lighting
		Reduced the number of compressors
Kobelco Power Kobe Inc.	Kobe, Hyogo Prefecture	Reduced driving steam
Kobelco Spring Wire (Foshan) Co., Ltd.	China	Reused lubricant and heat insulation sand, and reduced power consumption by switching motor for turbulation of water treatment chemicals
Hangzhou Kobelco Construction Machinery Co., Ltd.	China	Switched a portion of plant lighting to LED lighting
Kobe Precision Technology Sdn. Bhd.	Malaysia	Switched a portion of plant lighting to LED lighting
		Upgraded air compressors
Kobe Aluminum Automotive Products (KAAP)	United States	Switched a portion of plant lighting to LED lighting
Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.	China	Switched a portion of plant lighting to LED lighting
Kobelco Singapore Kobelco Pte Ltd.	Singapore	Increased efficiency of water usage
KOBELCO ALUMINUM PRODUCTS AND EXTRUSIONS INC.	United States	Used energy-efficient lighting
		Used inverter-type compressor
KOBELCO MIG WIRE (THAILAND) Co., Ltd.	Thailand	Repaired air leaks
		Switched a portion of plant lighting to LED lighting
Thai-Kobelco Welding Co., Ltd.	Thailand	Repaired air leaks
		Upgraded chiller to inverter-type
Kobe Aluminum Automotive Products (China) Co., Ltd.	China	Switched a portion of plant lighting to LED lighting

● Response to the CDP Climate Change Questionnaire

Kobe Steel, Ltd. has been responding to questionnaires from CDP* since fiscal 2009. Please refer to the following link for our response to the 2022 Climate Change Questionnaire.

* An international NGO that operates a global information disclosure system for managing environmental impacts. It sends environment-related questionnaires to companies and compiles the results to analyze and evaluate on a common scale.

[2022 Climate Change Questionnaire \(Date submitted: July 28, 2022\) \(in Japanese Only\)](#)

Environmental Management

Thorough Risk Management

● Concept Policies

The KOBELCO Group identifies environmental risks in its business activities and takes steps to reduce these risks, while properly managing risks in accordance with daily operating procedures. Through environmental audits and other activities, the Group continues to ensure thorough compliance with laws and regulations and reinforces environmental management.

● Management Structure Structure

For details, please refer to "Environmental Management Structure" on page 10.

● Targets Strategies and Targets

The KOBELCO Group has set the following two targets within the Medium-Term Management Plan (Fiscal 2021–2023):

- Enhance the environmental management structure by continuing conducting on-site environmental audits by the Head Office and expanding this to applicable Group companies
- For overseas Group companies, promote the same level of environmental management as in Japan and improve risk management through activities such as on-site environmental audits

● Results Results

In fiscal 2021, we conducted paper-based environmental audits on all of the Group's business sites in Japan, including non-production locations. We also carried out on-site environmental audits at 11 production sites. In this manner, we confirmed the management situation of each business location in Japan. At overseas Group companies, on-site environmental audits are conducted regularly, and in fiscal 2021 they were implemented at Group companies in Singapore and China.

● Status of Compliance (Fiscal 2021) Results

At Company business locations and Group companies in Japan, there was one case where air quality values exceeded regulation standards, and five cases where water quality values exceeded regulation standards. All the cases were discovered by self-inspections and reported promptly to relevant authorities, with corrective measures taken. No fines or punishments were imposed.

At overseas Group companies, there were two cases where air quality values exceeded regulation standards, and one case where water quality values exceeded regulation standards. In one of the air quality cases, a fine of 30,000 Chinese yuan (equivalent to approximately 500,000 Japanese yen) was received.

● The KOBELCO Group's Initiatives Results

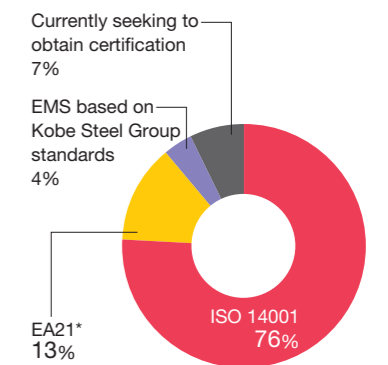
Strengthening Environmental Management (Promoting an environmental management system)

The KOBELCO Group employs environmental management systems (EMS) based on ISO 14001 and reinforces environmental management through a plan-do-check-act (PDCA) cycle. At Kobe Steel, Ltd., certifications were obtained at all 11 locations (an integrated certification for Fujisawa Plant, Ibaraki Plant, Saijo Plant, and Fukuchiyama Plant) and the Engineering Business, with 17 Group company locations in Japan and 12 Group companies overseas having also obtained certification. The percentage of locations that have obtained certification for environmental management systems at all 45 main production sites is 89%.

For details on the acquisition status of environmental management systems, please refer to page 53.

Each business location periodically conducts drills for possible emergency situations. Issues are identified in follow-up meetings after the drills and steps are taken to improve responsiveness.

Training on the handling of the leak prevention gate assuming a spill of untreated water (Kobelco Actec Co., Ltd.)



Environmental Activity Evaluation Program (Eco-Action 21): A certification and registration program formulated by the Ministry of the Environment, for more accessible environmental management systems based on ISO 14001.



Environmental Management

Environmental Audits for Domestic Business Locations

The KOBELCO Group conducts paper-based audits based on checklists of risks for each business location every year to ensure compliance with laws and regulations at Kobe Steel and all business locations of domestic Group companies.

As of April 2021, on-site environmental audits had been conducted regularly at 12 business locations of Kobe Steel and 27 business locations of 18 domestic Group companies with high environmental risks. These are strict on-site environmental audits to check documents, such as measurement records and various reports, and inspect work sites for waste storage and other conditions. The audits also entail interviews with personnel in charge.

Results of Measures in Fiscal 2021

- Paper-based audits: 12 business locations of Kobe Steel, (399 business locations of 95 domestic Group companies, as of April 2021)
- On-site environmental audits: 3 business locations of Kobe Steel, and 7 business locations at 7 domestic Group companies



On-site environmental audit (Moka Plant)

Environmental Management Structures at Overseas Business Locations

Our overseas business locations also have environmental management structures in place, just like our business locations and Group companies in Japan. Kobe Steel aims to further strengthen environmental management by sharing information among business divisions at Kobe Steel and with overseas business locations.

In the United States and China, where many Group production sites are located, the regional headquarters for respective regions, Kobe Steel USA Inc. and Kobelco (China) Holding Co., Ltd., have environmental managers who are well-versed in local laws and regulations to assist other Group companies and take steps to mitigate risks.

Environmental Audits for Overseas Business Locations

The KOBELCO Group implements on-site environmental audits once every two to five years at overseas business locations. During these audits, the environmental manager at the regional headquarters, who is well-versed in local laws and regulations, or a local consultant is appointed to review compliance with environmental laws and regulations as well as to recommend steps to reduce risks and provide guidance.

A total of 32 overseas Group companies are subject to on-site environmental audits: 7 in the United States, 10 in China, 14 in Asia excluding China, and 1 in Europe. During on-site environmental audits, we grasp the actual state of environmental management and identify problem areas, based on which necessary corrective measures are undertaken.

In fiscal 2021, we conducted a total of three on-site audits, involving two companies in China and one company in Singapore. Going forward, we will continue to implement initiatives to strengthen environmental management at overseas business locations.

Monitoring of Environmental Risks in Investment Projects

The KOBELCO Group established systems for checking compliance with environmental laws and regulations as well as environmental risks associated with investment projects at each business location. In addition, we employed an environmental checklist system through which the head offices double-check the laws and risks pertaining to projects that entail particularly large investments.

These checks are to confirm that, for example, chemical storage tanks are not installed underground in order to prevent soil contamination and check whether or not effective measures are in place for preventing leaks in cases when storage tanks are located near drainage channels.

Promoting Environmental Initiatives with Full Employee Participation

● Concept Policies

The KOBELCO Group is working to improve environmental awareness through Eco-Office activities to create an energy-efficient and comfortable work environment and to sustain environmental education/learning to enable all employees to take action for the environment.

● Management Structure Structure

For details, please refer to "Environmental Management Structure" on page 10.

● Targets Strategies and Targets

The KOBELCO Group has set targets in the Medium-Term Management Plan (Fiscal 2021–2023) to continue initiatives such as stratified training, e-learning environmental training for Group companies and encourages all employees to use the KOBELCO Eco-Life notebook in an effort to increase environmental awareness.

● Results Results

In fiscal 2021, we worked to increase our employees' environmental awareness and knowledge through the KOBELCO Group Environmental Meeting, stratified training, and e-learning. Also, we promoted environmental awareness among employees in their home lives through the KOBELCO Eco-Life Notebook.

● The KOBELCO Group's Initiatives Results

KOBELCO Group Environmental Conference

The KOBELCO Group Environmental Conference is held every year for the purposes of sharing environmental information and promoting cross-divisional environmental initiatives. In fiscal 2021, participants confirmed their commitment to steadily implementing the Group's carbon-neutral strategy, shared useful examples of ways to reduce the environmental burden at the business locations where they work, and reviewed changes to environmental laws and regulations.



KOBELCO Group Environmental Conference (held online)

Environmental Training and Study

Since fiscal 2006, we have continually incorporated environmental training and study into our stratified training program for employees in specific positions at respective business locations. Additionally, we provide e-learning programs regularly via the intranet.

Stratified training conducted in fiscal 2021 included topics such as compliance with environmental laws and regulations along with environmental management and our initiatives to take on the challenge of realizing carbon neutrality by 2050, serving to raise environmental awareness of all participants.

Environmental Management

Environmental Training and Study at Overseas Business Locations

In the United States and China, we hold environmental seminars and networking events for employees in charge of environmental management at Group companies in order to advance their skills and share information on the latest developments in environment-related laws and regulations. Employees who will be transferred to overseas business locations are given environmental training prior to their departure with the aim of heightening the consciousness of environmental risks, ensuring compliance with local laws and regulations, and preventing environmental problems.



Networking event in China

Promoting Environmental Qualifications

In order to strengthen environmental management and raise environmental awareness, we are encouraging employees to acquire environmental qualifications (such as for pollution control managers or qualified persons for energy management).

Employees Acquiring Environmental Qualifications in Fiscal 2021 (Kobe Steel, Ltd.)

Qualification	Number of Qualified Personnel
Pollution Control Manager (air)	294
Pollution Control Manager (water)	232
Pollution Control Manager (noise/vibration)	193
Pollution Control Manager (dust)	53
Pollution Control Manager (dioxins)	67
Pollution Control Chief Manager	5
Qualified Person for Energy Management	264
Certified Environmental Measures	20

Disclosure of Environmental Information

● Concept Policies

The KOBELCO Group actively discloses environmental information to communicate its environmental management initiatives to stakeholders. At our business locations, we continue with environmental communication efforts, including regularly holding dialogue with community members.

● Management Structure Structure

[For details about the management structure, please refer to page 10.](#)

● Targets Strategies and Targets

The KOBELCO Group set targets in the Medium-Term Management Plan (Fiscal 2021–2023) to continue initiatives such as the disclosure of information in an effort to communicate with all stakeholders.

● Results Results

In fiscal 2021, we continued to disclose environmental information via our integrated report, corporate website, public monitors, and other measures. Also, we set up booths at various exhibitions and introduced our Group's environmental technologies and products.

● KOBELCO Group's Initiatives Results

Issuing Integrated Report

We disclose environmental information as important non-financial information.

[KOBELCO Group Integrated Report](#)

Communication with Local Communities

In order to gain the understanding of community members in the area of Kakogawa Works, the Kobe Wire Rod & Bar Plant, and the Kobe Power Plant regarding our environmental preservation efforts, we regularly hold information sessions. (In fiscal 2021, information sessions on the Kobe Wire Rod & Bar Plant and Kobe Power Plant were canceled to prevent the spread of COVID-19.)

Toll-free phone numbers (within Japan) have also been set up at Kakogawa Works, the Kobe Wire Rod & Bar Plant, and the Kobe Power Plant to answer environment-related inquiries. We will continue to value the opinions of people in local communities.

[Toll-free phone numbers for environment-related inquiries \(in Japanese Only\)](#)

Disclosing Environmental Information via Public Monitors

Kakogawa Works and the Kobe Wire Rod & Bar Plant (including the Kobe Power Plant) provide real-time information on the environment, including soot and smoke emissions from the steelworks, through monitors set up in various locations.

	Locations of Public Monitors
Kakogawa Works environmental information	Kakogawa City Hall, Harima Town Hall, and local community centers in Befu and Onoe, both in Kakogawa
Kobe Wire Rod & Bar Plant environmental information (includes the Kobe Power Plant)	Nadahama Science Square, Nadahama Garden Baden

Environmental Management

Environmental Accounting

● Concept Policies

The KOBELCO Group continues to work to reduce its environmental impacts.

We will continue to disclose information to better grasp the costs and benefits associated with our environmental conservation activities, and to deepen stakeholder understanding of our efforts.

● Environment-Related Investments and Results Results

Kobe Steel, Ltd. invests in the installation and continual maintenance of environmental equipment and pursues environmental measures on a variety of fronts.

In fiscal 2021, we invested approximately 0.65 billion yen, primarily to reduce CO₂ emissions and prevent water pollution. Expenses in fiscal 2021 totaled 36.0 billion yen.

Moreover, we invested about 29% of total expenses, or roughly 10.3 billion yen, in research and development for technology development, including making automobile weight-reduction proposals that combine competitiveness of cutting-edge materials such as high-tensile strength steel and aluminum with automotive solution technologies, demonstrating our strengths as a company that operates the steel, aluminum, and welding businesses. Of these, we invested approximately 4.8 billion yen as R&D expenses related to climate change.

We will continue to implement measures to reduce environmental impacts.

Breakdown of Capital Investment and Expenses [Kobe Steel, Ltd.]

(Millions of yen)

Item			Fiscal 2019		Fiscal 2020		Fiscal 2021	
			Capital investment	Expense	Capital investment	Expense	Capital investment	Expense
Expenses in business areas	Environmental expenses	Air pollution prevention	80	9,540	210	7,610	220	9,090
		Water pollution prevention	620	4,940	210	3,940	80	4,660
	Resource recycling expenses	10	9,030	10	8,950	—	9,400	
	Climate-related expenses	3,210	—	1,230	—	350	—	
Management activities expenses	EMS registration/renewal		—	50	—	40	—	40
	Environmental impact monitoring/measuring		—	300	—	250	—	280
	Personnel expenses for environmental measures/organizations		—	2,020	—	1,880	—	1,930
R&D expenses	Development of eco products and reduction of environmental impact of manufacturing processes		—	9,390	—	8,960	—	10,260
	Of which, R&D related to climate change		—	5,770	—	4,510	—	4,760
Social activities expenses	Environmental organization support, advertising		—	10	—	10	—	10
Other expenses	Pollution levy		—	320	—	300	—	280
Total			3,920	35,600	1,660	31,900	650	36,000

Appropriate Management of Water Resources

Concept Policies

The manufacturing sites of the KOBELCO Group use large quantities of water for cooling, cleaning, and other purposes, and we recognize that water shortages constitute a risk. There is also the risk of operations being impacted by flood damage such as torrential rain, which tends toward increasing severity. Furthermore, we recognize that violations of environmental laws and regulations, ordinances, and agreements carry the risk of affecting the environment and living things in public waters. On the other hand, we see the business of purifying water and providing safe water as an opportunity.

The WRI Aqueduct evaluation shows that the risk of water shortages and flood damage at our Group domestic production sites is low. Nevertheless, to prepare for all eventualities, we are working to reduce the amount of water resources used in our facilities by promoting more efficient water use in the production process and the use of recycled water and improving the water recycling rate. In addition, to address wastewater risks, we will not only comply with regulations, but we will also strive to reduce the discharge of pollutants into public water areas by cleaning up wastewater from the production process with a treatment system suitable for the characteristics of the wastewater.

Management Structure Structure

The Environmental Management & Disaster Prevention Subcommittee deliberates, reports, and evaluates policies, action plans, and results of initiatives concerning the appropriate management of our Group's water resources at least once a year. This management cycle is properly implemented. Important matters are reported and submitted to the Executive Council through the Sustainability Management Committee, to which the subcommittee reports.

 For details, please refer to "Environmental Management Structure" on page 10.

Targets and Results Strategies and Targets Results

1. Targets

We have set the following targets and are working to address water shortage and wastewater risks.

- Initiatives to Address Water Shortage Risk

Water recycling rate target: maintain a rate of 95% or higher.

In the KOBELCO Group, we have achieved a high water recycling rate of 95% or higher, as a result of thoroughly implementing efficient water use in the production process and use of recycled water. We will continue our thorough efforts to use recycled water and reduce water usage with the goal of maintaining a water recycling rate of 95% or higher.

- Initiatives to Address Wastewater Risk

Targets for water pollutants discharged are COD: 474 tons/year or less; total nitrogen: 2,513 tons/year or less; total phosphorus: 23 tons/year or less

For pollutant load, which is an indicator of wastewater pollution, we have set targets for COD, total nitrogen, and total phosphorus for business sites located in areas with wastewater risk, and are working to prevent such contamination.

2. Results

- In fiscal 2021, the water recycling rate was 95.7%, thus achieving the target.

- Water pollutant load was COD: 224 tons/year; total nitrogen: 1,887 tons/year; total phosphorus: 3 tons/year, thus achieving targets.

By purifying water with a treatment system suitable for wastewater from the manufacturing process, we are working to promote the use of recycled water and reduce the pollutant load of wastewater discharged into public water areas.

Appropriate Management of Water Resources

Water Intake, Discharge, and Recycling Rate Data for the Past Three Years (Kobe Steel, Ltd.; unit: 10,000 m³)¹

Item	Fiscal 2019	Fiscal 2020	Fiscal 2021
Water withdrawal by source			
Fresh water (Tap water and industrial water provided by the waterworks bureau in each area) ²	4,899	4,782	5,067
Groundwater (recyclable)	481	510	525
Seawater for cooling	267,406	257,072	263,576
Water withdrawal total ³	272,786	262,364	269,169
Water discharge total by discharge destination			
Rivers	169	183	190
Sea water	270,012	259,652	266,145
Sewage	63	56	71
Discharge total	270,245	259,891	266,406
Discharge by each treatment method ⁴			
No treatment (including discharge to sewage)	—	471	426
Primary	—	900	902
Secondary	—	17	21
Tertiary	—	1,433	1,481
Fresh water withdrawal and discharge			
Water withdrawal total	4,899	4,782	5,067
Water discharge total	2,297	2,820	2,829
Consumption	2,541	2,472	2,763
Total recycled water	117,171	124,441	125,392
Recycling rate ⁵	96%	96%	96%

¹ Calculated for a scope covering 99% or more of the Group's total water usage (covering Group companies with water usage of 1 million m³/year from among the Company's production sites and Group companies)

² The water withdrawal sources for tap water and industrial water are mainly rivers.

³ The sum of the breakdown figures and the total might not match due to rounding of each item.

⁴ Simple treatment: Removing pollutant and floating particle by physical process (e.g. precipitation)

Standard treatment: Decomposes organic matter by biologic treatment

Advanced treatment: Treat suspended particle, colloid and dissolved matter (nutrient, heavy metal, inorganic pollutant, and other pollutant after simple and standard treatment

⁵ The recycling rate is calculated as: (Total recycled fresh water) / (Total recycled fresh water + Total fresh water withdrawal). The calculation of total recycled fresh water includes some estimates based on equipment specifications.

Data on Water Pollution Load* (Kobe Steel, Ltd. and domestic Group companies)

Item	Target	Fiscal 2020	Fiscal 2021
Water discharge total	—	2,598,130,000 m ³	2,664,060,000 m ³
COD	474 t	243 t	224 t
Total nitrogen	2,513 t	1,915 t	1,887 t
Total phosphorus	23 t	3 t	3 t

* Covers 10 business sites in regions subject to regulations on total water pollution load

The KOBELCO Group's Initiatives

Results

Improvement of Water Recycling Rate and Reduction of Pollution Load

● Development of Water Management Plans in the Group

Of the Group's 32 major production sites in Japan, 14 that account for 44% have formulated water management plans, monitor water intake, discharge, and recycling; and are working to properly manage water resources and reduce environmental impact.

● Initiatives to Reduce Water Usage at Business Sites

At Kakogawa Works, we are promoting the effective use of water resources, such as by monitoring withdrawal and discharge through continuous measurement of flow rates at drains, and by recycling water to use again at the site after purifying wastewater from each production process through coagulation sedimentation, sand filtering, etc. In this way, the water recycling rate reaches approximately 97%.

● Collaboration with External Bodies to Reduce Water Use

In Toyama Prefecture, where Nippon Koshuha Steel Co., Ltd. is located, the amount of water allocated to companies is ensured, but in order to leave enough water for snow clearing, every year the prefecture calls on factories, workplaces, offices, and snow-clearing equipment managers to voluntarily save water from December to February. In order to do its part, Nippon Koshuha Steel is working to reduce its water usage as much as possible.

Preparation for Flood Damage and Other Natural Disasters

As the type and severity of a natural disaster can vary by site, each site regularly checks the latest hazard maps provided by local authorities and prepares for the risk accordingly.

Evaluation of Water Shortage and Water Stress

Every year, each business site estimates the amount of water it expects to use in the subsequent fiscal year and determines whether the amount of contracted industrial water meets its needs. When a water shortage is anticipated, each business site secures substitute water resources and evaluates how this will affect production.

The Head Office evaluates water stress of the region where the business sites are located with WRI Aqueduct and reports any problems (if any) to necessary directors and executive officers.

In the WRI Aqueduct assessment for fiscal 2021, none of the Group's business sites or Group companies in Japan are located in regions of high water stress or above and no production sites posed issues. In addition, we have secured a certain volume of water from the supply sources, and we believe that the risk of water withdrawal affecting production is low.

At Kakogawa Works, for example, the risk of water intake affecting production is thought to be low because upstream from the water used is the Gongen Dam (total storage capacity: 11.12 million tons), constructed to ensure a stable supply of industrial water from the Kakogawa River as well as the Kakogawa Weir (total storage capacity: 1.96 million tons) and the Heiso Dam (total storage capacity: 9.40 million m³), which were constructed to ensure the flow rate of industrial water.

● Assessment of Supply Chain Water Shortages and Water Stress

As well as identifying risks from past cases of flood damage in areas from which we procure raw materials, we analyze water risk in those areas using WRI Aqueduct, and are working to diversify raw materials suppliers based on the results of this risk analysis.

Appropriate Management of Water Resources

Expenses Associated with Water-Related Risks and Investment to Mitigate Water-Related Risks (Fiscal 2021)

R&D expenses for water treatment-related projects and water pollution prevention projects used for the prevention of abnormal water discharge or inspection/maintenance of water treatment facilities are presented below.

(Millions of yen)

Item	Fiscal 2019		Fiscal 2020		Fiscal 2021	
	Equipment investment	Expenses	Equipment investment	Expenses	Equipment investment	Expenses
Expenses for water pollution prevention*	620	4,940	210	3,940	80	4,660
R&D expenses for water treatment-related projects	—	790	—	530	—	320

* Performance for Kobe Steel, Ltd. For more information, please see the "Environmental Management" on pages 29 to 34.

Compliance with Laws and Regulations Results

We comply with regulatory limits stipulated by laws and regulations. If stricter regulatory limits have been set by agreements with local governments, we strive to comply with them.

In fiscal 2021, there were three cases in Japan where water quality values exceeded regulation standards, and one overseas. All the cases were discovered by self-inspections and promptly reported to the relevant authorities. No fines or punishments were imposed.

Response to the CDP Water Security Questionnaire

Kobe Steel, Ltd. has been responding to questionnaires from CDP,¹ an international NGO, since fiscal 2009. Please refer to the following for our response to the 2022 Water Security Questionnaire.

¹ An international NGO working on environmental issues. It sends environment-related questionnaires to companies and compiles the results to analyze and evaluate on a common scale.

[2022 CDP Water Security Questionnaire \(Date submitted: July 26, 2022\) \(in Japanese Only\)](#)

Promotion of Resource Recycling (Waste Reduction) and Raw Materials Usage Reduction

Concept Policies

To make effective use of limited resources, the KOBELCO Group implements measures to control waste. We add value to by-products created during manufacturing processes, develop and introduce new applications for materials, and actively pursue recycling. The Group also reduces paper consumption by reviewing packaging specifications for products to be shipped for the reuse of packaging/shipping supplies, and by actively promoting digitization and IT adoption in documents used at office work across the entire Group.

Additionally, we have set recycling targets for main by-products, and are seeking to improve the recycling rate in order to reduce the final disposal amount.

Management Structure Structure

[For details, please refer to "Environmental Management Structure" on page 10.](#)

Targets Strategies and Targets

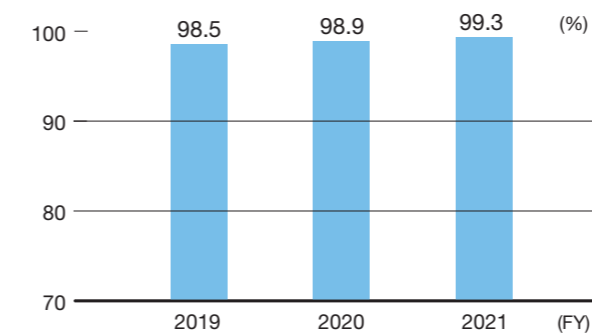
We actively promote yield improvement and reduction of auxiliary material consumption. We have set the fiscal 2025 target of achieving a recycling rate of 99% for major by-products (slag, dust, and sludge).

Results Results

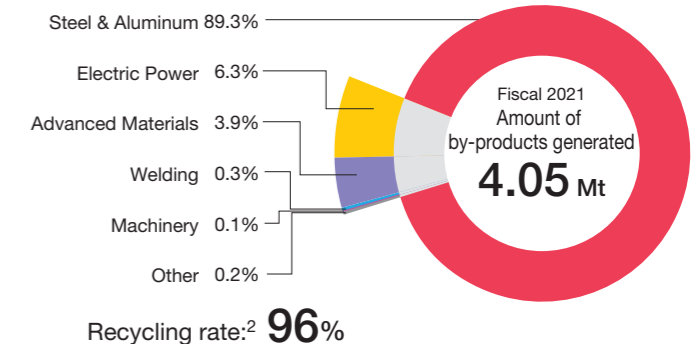
The recycling rate of major by-products (slag, dust, and sludge) in fiscal 2021 was 99.3%. We will continue to work on raising the recycling rate of by-products and reducing final disposal amounts in order to achieve these targets.

In fiscal 2021, a total of 4.05 million tons of by-product materials were generated by the KOBELCO Group¹ and the recycling rate was 96%. We will continue to reduce final landfill disposal volume by controlling the amount of by-products produced, increasing recycling, and developing new recycling technologies and offering added value.

Recycling Rate of Major By-Products (Slag, Dust, and Sludge) (Kobe Steel, Ltd.)



By-Products Generated (including domestic Group companies in Japan)



¹ The information above covers 99% or more of the amount of by-products generated by the KOBELCO Group in Japan.

² Recycling rate = Amount of recycled resources / Amount of by-products

Promotion of Resource Recycling (Waste Reduction) and Raw Materials Usage Reduction

Amount of By-Products, Recycled Resources, and Landfill Disposal over the Past Three Years (including domestic Group companies)¹

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Amount of by-products (t)	4,118,779	3,188,926	4,051,021
Amount of recycled resources (t)	3,912,532	3,021,888	3,901,504
Amount of landfill disposal (t)	180,808	135,923	119,932
Other (volume reduction, t)	25,439	31,155	29,585
By-product recycling rate ²	95%	95%	96%
Amount (rate) of specially controlled industrial waste generated (%) ³	21,986 (0.53%)	23,949 (0.75%)	21,136 (0.52%)

¹ The information above covers 99% of the environmental impact of the KOBELCO Group in Japan.
² By-products (total) recycling rate = Amount of recycled resources / Amount of by-products
³ Rate = Amount of specially controlled industrial waste generated / Amount of by-products generated

Transportation Amount of Specially Controlled Industrial Waste Disposed of over the Past Three Years* (including domestic Group companies)

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Transportation amount of specially controlled industrial waste (t)	19,356	15,656	16,935

* Amount of specially controlled industrial waste for which processing is outsourced

Main Resources Used at Kobe Steel, Ltd. over the Past Three Years





Main Raw Materials	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Iron ore	1,000 t	10,380	9,310	10,470
Coking coal / coke	1,000 t	5,360	4,920	5,340
Aluminum ingots, copper ingots, etc.	1,000 t	430	430	490
Total	1,000 t	16,170	14,650	16,300

Initiatives of the KOBELCO Group

Results

● Controlling Waste Generation and Promoting Recycling

Of the by-products produced, steel slag, which is produced in large amounts, is recycled more than 99% into construction and other materials, thereby contributing to a recycling-oriented society. Most steel slag products are designated as specified procurement items under the Act on Promoting Green Procurement for public work projects as materials that benefit environmental conservation. Going forward, we will continue to expand the applications of steel slag products that contribute to carbon neutrality and biodiversity.

Application	Details
<p>Cement materials</p> 	<p>Granulated blast furnace slag is pulverized and mixed into ordinary cement as a raw material for cement. This reduces CO₂ emissions generated in the cement manufacturing process because the firing process of clinker, an intermediate product of cement, is no longer required.</p>
<p>Roadbed material</p> 	<p>Roadbed material is made by pulverizing/granulating steel slag and ash stone. It has hydraulic properties and provides strong support. The roadbed material can contribute to conservation of the natural environment by being utilized as a substitute for natural resources.</p>
<p>Ground improvement material</p> 	<p>By replacing cement stabilizers with steel slag, it is possible to build a robust ground base at low cost, contributing to national resilience and reducing CO₂ emissions during material manufacturing.</p>
<p>Steel slag artificial stone</p> 	<p>Steel slag artificial stone is a form of artificial stone made by solidifying steel slag with cement. Steel slag is expected to make a contribution to absorb and hold CO₂ by helping to restore marine resources by providing nutrients in the form of iron and other substances contained within the slag to encourage luxuriant seaweed growth. Steel slag is already being used in submerged bank construction work contracted by the City of Kobe.</p>

Major Initiatives in the Business Divisions (Japan)

Business Division	Examples of Initiatives to Reduce the Generation of By-Products/Waste and Decrease Landfill Disposal
Steel & Aluminum	Reduction of steel slag generation and development of new applications Development of recycling technologies for dust Recycling of arc furnace ash Reuse of aluminum scrap generated in the plant
Welding	Recycling sorted waste flux into roadbed material and cement material Reuse of product packaging materials
Advanced Materials	Reduction of steel slag generation and development of new applications Reuse of aluminum scrap generated in the plant
Machinery	Reuse of shipping boxes for machinery by strengthening packaging materials
Electric Power	Recycling of coal ash and gypsum, which is a by-product of flue gas desulfurization equipment Study on facilities underway to utilize sewage sludge fuel

Promotion of Resource Recycling (Waste Reduction) and Raw Materials Usage Reduction

Initiatives at Overseas Group Companies

Company Name	Examples of Initiatives to Reduce the Generation of Waste and Decrease Landfill Disposal
Kobelco Spring Wire (Foshan) Co., Ltd. (KSW)	Reuse of lubricants and sand
Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.	Reuse of pallets, reuse of packing PT bands
Kobelco Aluminum Products and Extrusions, Inc. (KPEX)	Recycling of waste oil
Kobe Aluminum Automotive Products (China) Co., Ltd. (KAAP-C)	Reuse of cut chips and waste reduction by adding sludge treatment equipment
Hangzhou Kobelco Construction Machinery Co., Ltd. (HKCM)	Reducing waste by compressing paint sludge
Kobelco Construction Machinery (China) Co., Ltd. (KCMC)	Reduction of the volume of sludge by compressing and drying it
Kobe Aluminum Automotive Products, LLC (KAAP)	Reuse of aluminum scrap

Initiatives to Control Waste Generation and Recycling in Collaboration with Outside Entities

Initiative	Details
Initiatives to effectively use underutilized energy in local communities —From turning wastewater sludge into fuel to producing and supplying hydrogen	<ul style="list-style-type: none"> Kobelco Eco-Solutions Co., Ltd., which has wastewater sludge treatment technology, and Kobelco Power Kobe Inc. (the Kobe Power Plant), which operates coal-fired power plants, plan to turn wastewater sludge into fuel and use it as wastewater biomass fuel at the power plant. (As using wastewater sludge biomass is an appropriate method for the pulverized coal-fired power generation business.) We plan to use wastewater sludge biomass fuel as a portion of the fuel for generating electric power to produce hydrogen, which will be supplied to fuel-cell vehicles (FCVs). This initiative will contribute to the spread of FCVs, reduction of CO₂ emissions in local communities, and improvement in air quality. <p>For more information, please see the following: Kobe Steel Group Integrated Report 2019, Page 21</p>
Study group for expanding usage of steel slag	<ul style="list-style-type: none"> In a study group established by Hyogo Prefecture (Hyogo Eco-Town Promotion Council), we are conducting research to expand the use of steel slag in industry-government-academia collaboration/cooperation. The KOBELCO Group participates as a member of the following research working group. The Construction Method for Disaster Risk Reduction Working Group aims for the practical utilization of low-cost and effective reinforcement method for old road fill, whose aseismatic performance is decreased. Working toward actual use of fill mixed with steel slag, we are conducting aseismatic reinforcement tests using it. <p>For more information, please see the following: Hyogo Eco-Town Promotion Council (in Japanese Only)</p>

● Initiatives to Control and Recycle Industrial Waste Containing Plastic Products

In addition to controlling the occurrence of industrial waste containing plastic products, the Group outsources processing to a provider that recycles these materials and recovers waste heat from them. Looking ahead, we will continue with our initiatives to control occurrence and recycle these products.

Reduction of Environmental Impacts

Concept Policies

As part of its environmental management policies, the KOBELCO Group is committed to environmentally friendly manufacturing. We pursue this commitment on a variety of fronts—including improvements to sustainable manufacturing processes, updates to equipment, introduction of efficient state-of-the-art equipment, and introduction of pollution control equipment—to reduce environmental impact from soot and other sources. We will continue to implement these initiatives.

Management Structure Structure

[For details, please refer to “Environmental Management Structure” on page 10.](#)

Water Pollution Measures

The KOBELCO Group strives to conserve water through such measures as efficient use of water in manufacturing processes and wastewater recycling.

Additionally, by purifying drainage from manufacturing processes using specialized treatment systems, we reduce levels of polluting substances in public water resources.

● Targets Strategies and Targets

The KOBELCO Group has set the target in the Medium-Term Management Plan (Fiscal 2021–2023) of reducing environmental impact from air emissions, etc., through meticulous operational management and facility management.

● Results Results

The actual water recycling rate in fiscal 2021 was approximately 96%, exceeding our target of achieving 95% or more. We also set targets for water pollution load (COD, total nitrogen, and total phosphorus). All of the targets were achieved.

Data on Water Pollution Load* (Kobe Steel, Ltd. and domestic Group companies)

[For details, please refer to “Appropriate Management of Water Resources” on page 36.](#)

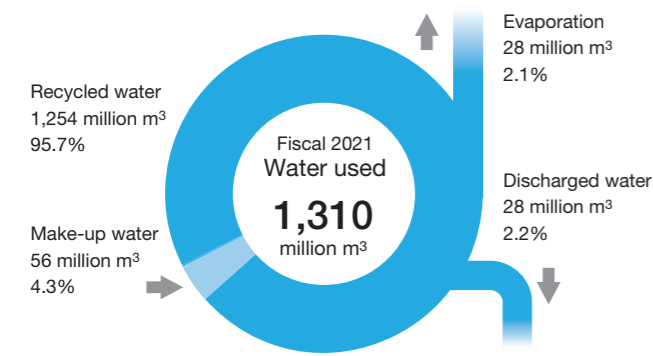
* Covers 10 business sites in regions subject to regulations on total water pollution load.

Reduction of Environmental Impacts

● Initiatives of the KOBELCO Group Results

At each business location, we are recycling water to use again at the site after purifying wastewater from each production process through coagulation sedimentation, sand filtering, etc. In this way, the water recycling rate reaches approximately 96%.

Water Recycling Status (including domestic Group companies with significant water use)



Each KOBELCO Group business site remains aware of regulatory water quality requirements and evaluates their compliance with these levels. Please see below for water discharge data for each business site, including the results of water quality measurements.

[For Fiscal 2021 Data on Air and Water Discharge for each KOBELCO Group Business Site, please refer to pages 54 to 61.](#)

Air Pollution Measures

The KOBELCO Group is working to control air pollutant emissions by introducing low-NOx combustion facilities along with enforcing appropriate management of exhaust gas treatment facilities and dust collectors.

● Targets Strategies and Targets

Our Group's goal during the Medium-Term Management Plan (Fiscal 2021-2023) is to continue meticulous operational management and facility management, and to work to reduce the environmental impacts of soot and smoke, and other emissions.

● Results Results

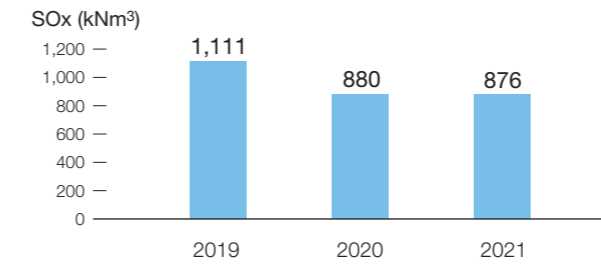
In fiscal 2021, we continued to control emissions by thoroughly managing soot and smoke. However, we exceeded our voluntary steelworks influence value targets for dustfall (measurement sites: 3.0 tons/km²/month or less at Kakogawa Shinko Building, Befu Elementary School, and Onoe Elementary School) at Kakogawa Works for three consecutive months from May to July 2021.

● Initiatives of the KOBELCO Group Results

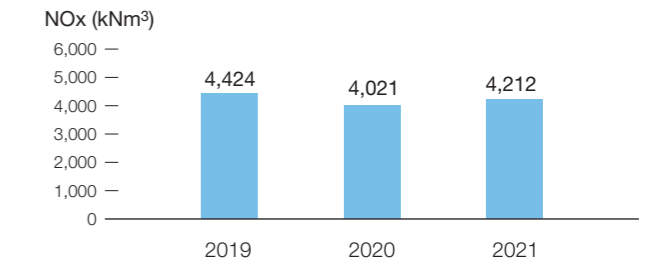
■ Limiting SOx and NOx Emissions (SOx and NOx emissions over the past three years)

We have taken measures to limit sulfur oxide (SOx) emissions during manufacturing processes, such as conserving energy to reduce fuel consumption, using low-sulfur fuels, and switching to city gas, while also implementing exhaust-related measures, such as desulfurization. Likewise, to reduce nitrogen oxide (NOx) emissions, we have implemented low-NOx combustion technology and energy-saving measures.

SOx Emissions (including domestic Group companies)



NOx Emissions (including domestic Group companies)



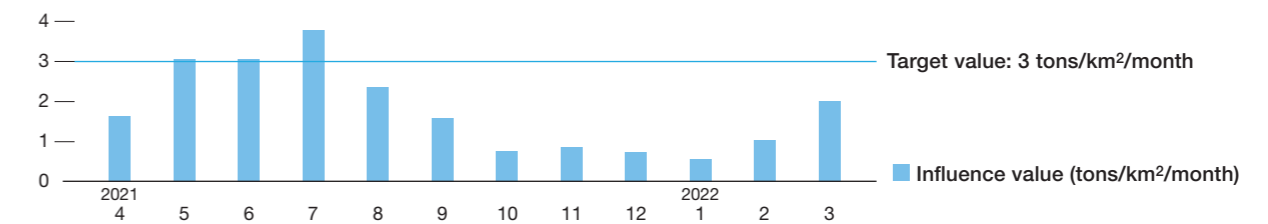
■ Measures to Counter Dust at Kakogawa Works

At Kakogawa Works, voluntary targets for dustfall in three neighboring locations have been set at 3.0 tons/km²/month or less. In fiscal 2021, we fell short of the voluntary targets for three months from May to July 2021. After investigating, we determined the following two causes.

- (1) Water sprinkling used to limit the release of dust around the sintering plant was blown sideways in the wind, resulting in inadequate dust control; and
- (2) Industrial water sprayed continuously on the dust prevention net along the border of the site experienced algae growth resulting in blockages that increased the amount of dust scattering over the net.

In the future, we will add a dust collector for the sintering plant and mitigate blockages of the dust prevention net through regular cleaning in an effort to achieve the voluntary target consistently.

Steelworks Influence Value Related to Dustfall (Kakogawa Shinko Building)



Appropriate Management of Chemical Substances

We established the KOBELCO Group Policy on Controlling Hazardous Chemical Substances to ensure the appropriate handling of chemical substances from procurement to manufacturing and quality control.

KOBELCO Group Policy on Controlling Hazardous Chemical Substances Policies

We comply with all domestic laws and regulations concerning the handling of chemical substances and implement the following actions:

- Request suppliers to handle chemical substances properly at the time of procurement of raw materials;
- Identify the risks to employees' health caused by chemical substances and ensure a safe working environment;
- Properly manage chemical substances used in processes and reduce their use in order to mitigate environmental impacts; and
- Comply with the laws and regulations of the countries and regions to which products are shipped, and respond appropriately and promptly to customer requests regarding chemical substances contained in products.

● Targets Strategies and Targets

In addition to accurately assessing the use, disposal, and transfer of chemical substances covered under the PRTR Law¹ and Chemical Substance Control Law,² we engage in activities to limit the use and output of such substances.

The Group's targets involve working on the appropriate management of chemical substances and activities to reduce or replace them. We also appropriately store and manage waste electrical machinery with PCB and equipment using fluorocarbons in accordance with the PCB Special Measures Law³ and Fluorocarbons Control Law.⁴

¹ Law Concerning Pollutant Release and Transfer Register (PRTR): Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

² Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

³ Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes

⁴ Act on Rational Use and Appropriate Management of Fluorocarbons

Reduction of Environmental Impacts

● Results Results

In fiscal 2021, we completed registration for disposal of high-concentration PCB waste (transformers, fluorescent light stabilizers, etc.) located in areas where the treatment deadline was approaching, and have outsourced the processing sequentially. Also, we expect to complete disposal at business locations in other areas by the statutory deadline. Regarding the equipment containing low-concentration PCB, we thoroughly investigated the in-use equipment and contracted the processing for some of them. In addition, through audits and other means, we verified that appropriate action is being taken under the Act on Rational Use and Appropriate Management of Fluorocarbons.

■ Annual Transfer and Release of Substances Subject to PRTR Reporting over the Past Three Years

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Substances subject to reporting	48	46	46
Air emissions	581 t	470 t	429 t
Releases to public water areas	64 t	57 t	63 t
Drainage	0.5 t	0.3 t	0.5 t
Transfers outside the premises (waste)	652 t	588 t	625 t

* The information above covers 99% of the KOBELCO Group's release and transfer of chemical substances in Japan.

** Detailed results in fiscal 2021 are listed below:

 [For more details on annual transfer and release of substances subject to PRTR reporting, please refer to page 62.](#)

■ Air Emissions of Volatile Organic Compounds (VOC) and Other Hazardous Substances over the Past Three Years (including emissions by domestic Group companies) (unit: t/year)

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Volatile organic compounds (VOCs)	577	469	428
Other hazardous substances	Lead	0	0
	Manganese and its compounds	0.1	0.1

* Calculated for VOCs relevant to the KOBELCO Group, out of those specified as Class 1 Designated Chemical Substances in Appended Table 1 of the Ordinance for Enforcement of the Law Concerning Pollutant Release and Transfer Register

** The information above covers 99% of the environmental impact of the KOBELCO Group in Japan.

● Initiatives of the KOBELCO Group Results

■ Examples of Initiatives to Reduce Chemical Substance Use and Output

Production Facility / Company Name	Location	Activities
Kobelco Construction Machinery Co., Ltd. Ogaki Factory	Ogaki City, Gifu Prefecture	Introduced electrostatic coating to enhance coating efficiency
Nippon Kosshuha Steel Co., Ltd. Toyama Works	Imizu, Toyama Prefecture	Stopped use of tetrachloroethylene in the coating process

Contribution to Biodiversity

Concept Policies

The protection of biodiversity—rich ecosystems living on Earth—is an important theme in environmental activities. The KOBELCO Group has established its own KOBELCO Biodiversity Guidelines, which arrange activities it has been working on as environmental management from the perspective of biodiversity. In line with the guidelines, the Group is promoting contribution to biodiversity through business activities and cooperation with local communities.

KOBELCO Biodiversity Guidelines Policies Strategies and Targets

We recognize the importance of preserving biodiversity and will carry out activities accordingly based on the following guidelines.

1. We will make every effort to minimize the impact that our business activities have on biodiversity on an ongoing basis.
2. We will actively develop technologies, products, and services that contribute to biodiversity.
3. We will disclose details of our biodiversity initiatives and share information with the public.
4. We will carry out biodiversity activities in partnership with local communities.
5. We will ensure that all of our employees actively take biodiversity into consideration at all times.

The KOBELCO Group's Business Activities and Relationship with Biodiversity Results

● Evaluation on Production Sites and Their Impact on Biodiversity

We used IBAT* to evaluate the potential impacts that operations of the Group's production sites have on locations important to preserving the biodiversity of the surrounding area.

The results found that there are no protected natural areas (including wetlands registered under the Ramsar Convention, UNESCO natural world heritage sites, or sites under IUCN protected area categories 1 [strict nature reserve] to 3 [natural monument or feature]) within a three kilometer radius of our production sites. Furthermore, the results did not find any examples where our operations damaged biodiversity directly.

* IBAT stands for Integrated Biodiversity Assessment Tool; a tool that can access basic data and the latest information on nature conservation.

● Collaboration with Other Organizations

The Keidanren (Japan Business Federation) and the Keidanren Committee on Nature Conservation have formulated the Declaration of Biodiversity by Keidanren and Action Policy, with the aim of creating a sustainable society by building a society in harmony with nature. Kobe Steel, Ltd. endorsed the declaration in December 2019.

Contribution to Biodiversity

Initiatives of the KOBELCO Group

Results

Measures to Mitigate Dependence/Impact on Biodiversity

● Measures against Global Warming

To mitigate impact on biodiversity caused by climate change, we have created a roadmap for reducing CO₂ in the steelmaking process and electric power business aiming for carbon neutrality by 2050, and we are now carrying out activities under this roadmap.

 [For details on the roadmap for CO₂ reduction, please refer to “Response to Climate Change” on pages 19 and 20.](#)

● Appropriate Management of Water Resources

To lower our dependence on water resources, we are working to reduce our use of water in production processes by optimizing water use, and by reusing and recycling water. Our goal is to maintain a water recycling rate of at least 95%.

We also set targets for water pollution load including COD, total nitrogen, and total phosphorus targeting our business sites located in areas with wastewater risks.

 [For details, please refer to “Appropriate Management of Water Resources” on pages 35 to 38.](#)

● Controlling Waste Generation and Promoting Recycling

To make effective use of limited resources, we have implemented measures to control waste. Along with these, we are working to add value to by-products created during manufacturing processes, develop and introduce new applications of materials, and actively pursue recycling.

We have set the fiscal 2025 target of achieving a recycling rate of 99% for major by-products (slag, dust, and sludge).

 [For details, please refer to “Promotion of Resource Recycling \(Waste Reduction\) and Raw Materials Usage Reduction” on pages 39 to 42.](#)

● Supply Chain

We explain to our business partners our Group’s efforts for production activities that consider biodiversity, such as preventing overexploitation of resources, encompassing our suppliers of raw materials and ask them to take action.

 [For details, please refer to “Building Responsible Supply Chains” on pages 86 to 88.](#)

Example of a Product That Contributes to Biodiversity

Steel slag has earned a favorable reputation from fishermen, since demonstration testing has shown it to be effective in the restoration of the marine environment, including seaweed flourishing due to the nutrients such as iron and minerals that it contains. As a result, iron and steel slag hydrated matrix was adopted as a material for the construction of submerged breakwaters in the Suma district. Going forward, we will continue to promote the use of steel slag products as materials for marine and port construction, taking advantage of our experience in using these products to improve marine environments.



Submerged breakwater construction material
(Filling material: steel slag hydrated matrix)

Creating a Biotope in Nadahama Science Square

At Nadahama Science Square (Nada Ward, Kobe City), which is a facility for communication with local residents, we set up biotope and grow *Sanguisorba tenuifolia*, *Pulsatilla cernua*, and *Synurus excelsus*, etc. We work to preserve biodiversity and regularly hold nature observation events for local children through our association with NPO Rokko Nature Learning and specialists. (In fiscal 2021, we canceled the event to prevent the spread of COVID-19.)

We will preserve biotope and contribute to the maintenance of a rich ecosystem.



Biotope in Nadahama Science Square

KOBELCO GREEN PROJECT

As an environmental and social contribution activity, we promote forest development activities that contribute to the conservation and promotion of biodiversity, as well as the KOBELCO Forest Fairy Tale Prize, which nurtures children’s love for nature, and environmental education outreach activities at children’s centers.



 [Forest Fairy Tale Prize website \(in Japanese Only\)](#)

Since 2011, we have been carrying out forest development activities at two locations in Hyogo Prefecture led by employee volunteers.

At the KOBELCO Forest in Miki City, we participate in the Corporate Forest Creation Project promoted by Hyogoken Ryokka Suishin Kyokai (Public Interest Incorporated Association) and help with activities at the Hyogo Prefectural Mikiyama Forest Park to create more abundant forests.

At the ECOWAY Forest in Kobe’s Nada Ward, we participate in the Ministry of Land, Infrastructure, Transport and Tourism’s Rokko Mountain Range Greenbelt Development Project to help prevent landslide disasters, to preserve and nurture diversity in ecosystems and species, and to promote better urban environments and scenic views. These activities are led by the Society for Learning about the Nature of Mt. Rokko, an NGO. Specific activities include forest thinning, underbrush clearing, and tree planting to develop a forest comprised of trees of various ages and species and with a balance of trees of varying heights and underbrush. The activities help to preserve and promote biodiversity.



 [History of forest development activities \(in Japanese Only\)](#)

Environmental Data

Material Balance

We promote environmental management taking the environment into consideration at every stage of our operations. As part of this approach, the Group continuously strives for greater energy efficiency; effective use of by-product gases, waste heat, water, and other resources; and the recycling of by-products.

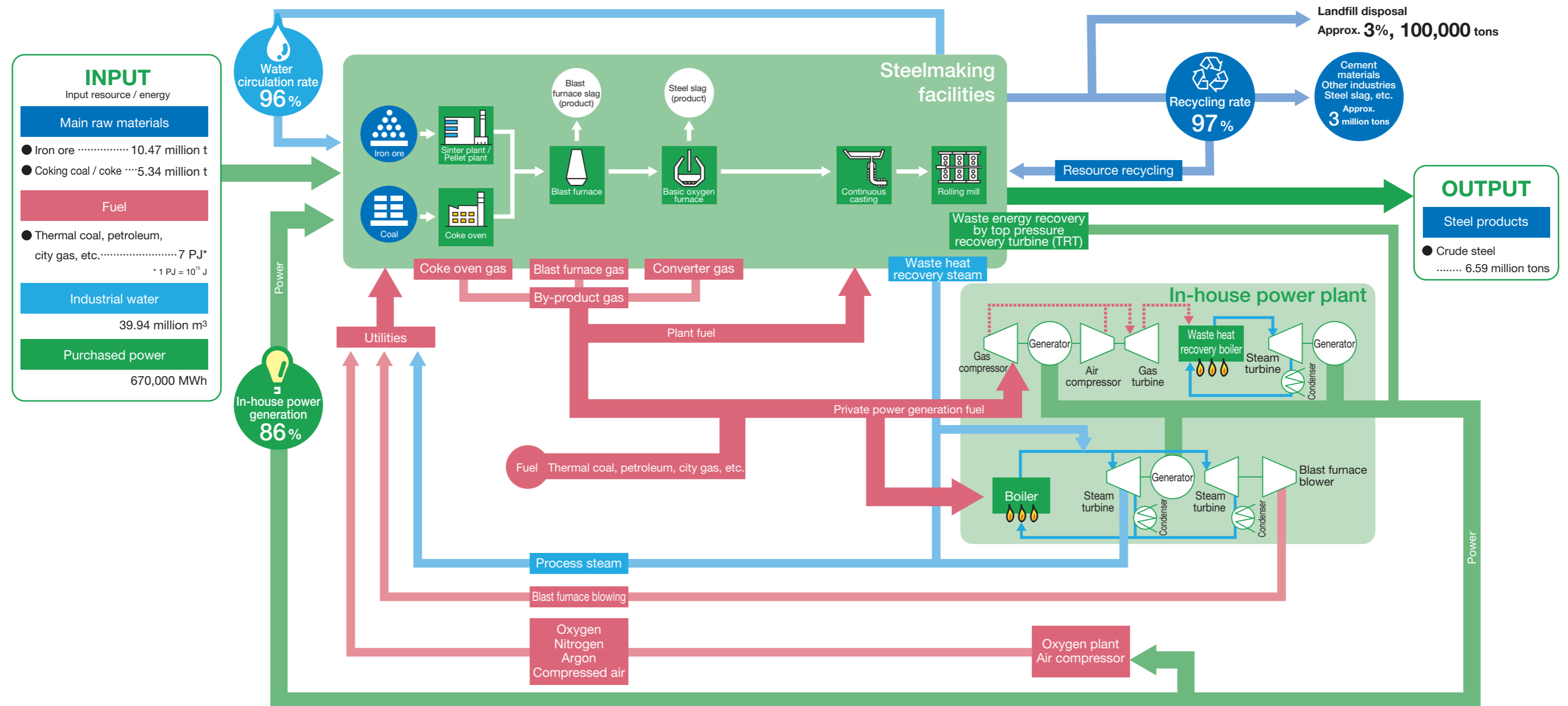
● Iron, Steel & Titane Business

At our Company, 94% of the energy used is consumed by the Iron, Steel & Titane Business. In fiscal 2021, this business division used 10.47 million tons of iron ore; 5.34 million tons of coking coal and coke; 7 PJ¹ of fuels such as coal, oil and city gas; and 670,000 MWh of purchased power. Nearly all of the by-product gases—including coke oven gas, blast furnace gas, and converter gas—derived from production processes are effectively reused as fuel for reheating steel or for use in in-house power plants.

In addition, by-products produced during production processes, such as iron and steel slag,² dust, and sludge, are also turned to effective use as raw materials in applications such as cement and roadbeds. Together with in-company reuse, 97% of the by-products are recycled in this manner. In the future, Kobe Steel will continue to carry out environmentally friendly manufacturing practices throughout all aspects of its operations, striving for more efficient use of resources and energy and advancing the development of new technologies to that end.

¹ 1 PJ = 10¹⁵ J

² Iron slag and steel slag are by-products separated and recovered during iron and steel refining. They are also called blast furnace slag and steelmaking slag.



Environmental Data

● Welding Business

Using metal wire rods, hoops, fluxes, soluble glass, and other raw materials, the welding business produces welding electrodes and welding wires. In fiscal 2021, the Fujisawa, Ibaraki, Saijo, and Fukuchiyama plants used a total of 140,000 tons of raw materials, 57,000 MWh of electricity, and 0.2 PJ of city gas and other fuels to manufacture 130,000 tons of products. This generated 11,000 tons of by-products, of which 97% was successfully recycled.

■ Resource and Energy Use in the Welding Business (Fiscal 2021)

INPUT		OUTPUT	
Raw materials		Products	
Wire rods, hoops, fluxes, soluble glass, etc.	140,000 t	Welding rods, welding wires, etc.	130,000 t
Energy		By-products	
Purchased power	57,000 MWh	Amount produced	11,000 t
City gas, etc.	0.2 PJ	Recycling rate*	97%

* Recycling rate indicates the rate of waste that is not consigned to landfills of the total amount of waste generated.

● Aluminum and Copper Businesses

Using ingots and scrap as raw materials, the aluminum and copper businesses produces a variety of aluminum and copper products. In fiscal 2021, the business segments used 490,000 tons of raw materials, 510,000 MWh of electricity, and 4.2 PJ of city gas and other fuels to create 460,000 tons of products.

During melting and casting, 32,000 tons of by-products, such as slag, dust, and wastewater sludge, were produced. However, 95% of these by-products were successfully recycled.

■ Resource and Energy Use in the Aluminum and Copper Businesses (Fiscal 2021)

INPUT		OUTPUT	
Raw materials		Products	
Aluminum ingots, copper ingots, etc.	490,000 t	Aluminum and copper products	460,000 t
Energy		By-products	
Purchased power	510,000 MWh	Amount produced	32,000 t
City gas, etc.	4.2 PJ	Recycling rate*	95%

* Recycling rate indicates the rate of waste that is not consigned to landfills of the total amount of waste generated.

■ Main Resources Used at Kobe Steel, Ltd. over the Past Three Years

Main Raw Materials	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Iron ore	1,000 t	10,380	9,310	10,470
Coking coal / coke	1,000 t	5,360	4,919	5,340
Aluminum ingots, copper ingots, etc.	1,000 t	430	430	490
Total	1,000 t	16,170	14,660	16,300

Locations with EMS Certification

■ Kobe Steel, Ltd.

Business Division	Scope of Certification	Type of EMS
Steel & Aluminum	Kakogawa Works	ISO 14001: 2015
	Kobe Wire Rod & Bar Plant	ISO 14001: 2015
	Moka Plant	ISO 14001: 2015
Advanced Materials	Chofu Works	ISO 14001: 2015
	Daian Works	ISO 14001: 2015
Welding	Production Center (Fujisawa Plant, Ibaraki Plant, Saijo Plant, Fukuchiyama Plant)	ISO 14001: 2015
Engineering	Engineering Business	ISO 14001: 2015
Head Office, Other	Takasago Works	ISO 14001: 2015
	Kobe Corporate Research Laboratories	EA21 ¹

¹ Environmental Activity Evaluation Program (Eco-Action 21): A certification and registration program formulated by the Ministry of the Environment, for more accessible environmental management systems based on ISO 14001.

■ Major Group Companies

Business Division	Company Name	Scope of Certification	Type of EMS
Steel & Aluminum	Shinko Wire Company, Ltd.	Head office, Amagasaki Works	EA21
		Onoe Works	EA21
		Nishikinohama Works	EA21
	Kobelco Logistics, Ltd.	Marine Transportation Dept.	ISO 14001: 2015
		Kanto Logistics Center	EA21
	Shinko Bolt, Ltd.	Head office and plant, sales offices	EA21
	Nippon Koshuha Steel Co., Ltd.	Head office, Osaka Branch Office, Nagoya Branch Office, Toyama Works, NK Seiko Co., Ltd.	ISO 14001: 2015
	Koshuha-Foundry Co., Ltd.	Head office plant, Tokyo Branch Office, Tohoku Core Center	ISO 14001: 2015
	Shinko Aluminum Wire Co., Ltd.	Head office	ISO 14001: 2015
	Kobelco Spring Wire (Foshan) Co., Ltd.	Head office plant	ISO 14001: 2015
Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.	Head office plant	ISO 14001: 2015	
Kobe Precision Technology Sdn. Bhd.	Head office plant	ISO 14001: 2015	
Advanced Materials	Shinko Leadmikk Co., Ltd.	Head office plant (Mojji)	ISO 14001: 2015
	Kobe Aluminum Automotive Products (China) Co., Ltd.	Head office plant	ISO 14001: 2015
	Singapore Kobe Pte. Ltd.	Head office plant	ISO 14001: 2015
	Kobe Aluminum Automotive Products, LLC	Head office plant, Office	ISO 14001: 2015
Welding	Hanshin Yosetsu Kizai Co., Ltd.	Okayama Plant	EA21
	Kobe Welding of Tangshan Co., Ltd.	Head office plant	ISO 14001: 2015
	Thai-Kobelco Welding Co., Ltd.	Head office plant, Bangkok Office	ISO 14001: 2015
Machinery	Kobelco MIG Wire (Thailand) Co., Ltd.	Head office plant (Certified with Thai-Kobelco Welding Co., Ltd.)	ISO 14001: 2015
	Shinko Engineering Co., Ltd.	Head office plant, Sales Operations, Osaka Branch Office, Sapporo Sales Office, Nagoya Sales Office	ISO 14001: 2015
Engineering	Kobelco Compressors Corporation	Harima Plant	ISO 14001: 2015
	Kobelco Eco-Solutions Co., Ltd.	Head office, Technical Research Center, Harima Plant, branch offices, sales offices, other locations	ISO 14001: 2015
Electric Power	Kobelco Power Kobe Inc.	Kobe Power Plant	ISO 14001: 2015
Head Office, Other	Kobelco Construction Machinery Co., Ltd.	Hiroshima Factory	ISO 14001: 2015
		Ogaki Factory (Certified with Shinko Engineering Co., Ltd.)	ISO 14001: 2015
		Okubo Factory	ISO 14001: 2015
	Hangzhou Kobelco Construction Machinery Co., Ltd.	Head office plant	ISO 14001: 2015
	Kobelco Construction Machinery (China) Co., Ltd.	Head office	ISO 14001: 2015
Kobelco Construction Machinery Southeast Asia Co., Ltd.	Tasith Factory, Pluakdaeng Factory	ISO 14001: 2015	

Environmental Data

Fiscal 2021 Data on Airborne Release and Water Discharge at Each KOBELCO Group Business Site

Air and water quality data from all of Kobe Steel's business sites as well as its major Group companies are reported below.

For exhaust gases, NOx, dust, and dioxins from representative facilities are included, along with regulation values.

For wastewater, COD (or biochemical oxygen demand (BOD) in some cases), suspended solids (SS), oil, and dioxins are included, along with regulation values.

Air Quality Data

Regulation values are based on the Air Pollution Control Act, prefectural ordinances, conventions, and the Act on Special Measures against Dioxins.

Water Quality Data

Regulation values are based on the Water Pollution Prevention Act, the Sewerage Act, prefectural ordinances, conventions, and the Act on Special Measures against Dioxins.

Steel & Aluminum

■ Kakogawa Works

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	250	33
	Boiler	60	10
	Heating furnace	100	43
Dust (mg/Nm ³)	Boiler	100	5
	Boiler	50	8
	Heating furnace	100	2
Dioxins (ng-TEQ/Nm ³)	Industrial waste incinerator	5	0.0061
	Sintering plant	1	0.000032

The latest environmental data from Kakogawa Works can be viewed from our website (updated monthly) (in Japanese only).
http://www.kobelco.co.jp/about_kobelco/csr/information

■ Kobe Wire Rod & Bar Plant

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	250	38
	Heating furnace	130	79
	Heating furnace	100	55
Dust (mg/Nm ³)	Boiler	200	3
	Heating furnace	100	2
	Heating furnace	100	<1
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

The latest environmental data from Kobe Wire Rod & Bar Plant can be viewed on our corporate website (updated monthly) (in Japanese only).
https://www.kobelco.co.jp/about_kobelco/csr/information

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	5	4.4
SS (mg/L)	20	10
Oil (Mineral oil) (mg/L)	1	<1
Dioxins (pg-TEQ/L)	10	0.006

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	15	3.9
SS (mg/L)	30	1
Oil (Mineral oil) (mg/L)	1	<1
Dioxins (pg-TEQ/L)	—	—

■ Moka Works

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Melting furnace	180	37
	Boiler	250	30
	Waste incinerator	300	47
Dust (mg/Nm ³)	Melting furnace	300	<5
	Boiler	150	<1
	Waste incinerator	250	29
Dioxins (ng-TEQ/Nm ³)	Melting furnace	5	0.2
	Boiler	10	0
	Waste incinerator	10	0

■ Shinko Wire Company, Ltd. (Amagasaki Works)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	150	34
	Heating furnace	130	26
	Heating furnace	180	16
Dust (mg/Nm ³)	Boiler	50	<1
	Heating furnace	100	<2
	Heating furnace	100	<5
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Shinko Wire Company, Ltd. (Onoe Works)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Heating furnace	170	22
	Boiler	150	31
Dust (mg/Nm ³)	Heating furnace	250	3
	Boiler	100	1
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Shinko Wire Company, Ltd. (Nishikinohama Works)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	25	19.1
SS (mg/L)	50	14
Oil (Mineral oil) (mg/L)	5	1.2
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	20	6
SS (mg/L)	30	8
Oil (Mineral oil) (mg/L)	2	<1
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	15	5.7
SS (mg/L)	25	12
Oil (Mineral oil) (mg/L)	2	<0.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	300 mg/l or less (5 days BOD)	2
SS (mg/L)	300	3
Oil (Mineral oil) (mg/L)	5	1
Dioxins (pg-TEQ/L)	—	—

Environmental Data

■ Shinko Bolt, Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Nippon Koshuha Steel Co., Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	180	79
	Melting furnace	—	—
	Heating furnace	180	170
Dust (mg/Nm ³)	Boiler	200	62
	Electric arc furnace	100	1.3
	Heating furnace	180	24
Dioxins (ng-TEQ/Nm ³)	Electric arc furnace	—	0.5

■ Shinko Aluminum Wire Co., Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Heating furnace	180	100
	Heating furnace	180	38
	Heating furnace	180	42
Dust (mg/Nm ³)	Heating furnace	100	2
	Heating furnace	100	2
	Heating furnace	100	2
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Advanced Materials

■ Chofu Works

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	150	21
	Melting furnace	200	49
	Melting furnace	180	36
Dust (mg/Nm ³)	Boiler	100	9
	Melting furnace	300	75
	Melting furnace	200	25
Dioxins (ng-TEQ/Nm ³)	50 m smoke stack	5	0.085

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	25	7
SS (mg/L)	70	7
Oil (Mineral oil) (mg/L)	3	<1
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	20	6
SS (mg/L)	50	13
Oil (Mineral oil) (mg/L)	3	0.8
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	25	4
SS (mg/L)	90	1.8
Oil (Mineral oil) (mg/L)	5	0.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	30	4.3
SS (mg/L)	50	2
Oil (Mineral oil) (mg/L)	2.5	<1
Dioxins (pg-TEQ/L)	10	0.07

■ Daian Works

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Melting furnace	120	56
	Boiler	110	40
Dust (mg/Nm ³)	Heating furnace	120	42
	Melting furnace	100	14
Dioxins (ng-TEQ/Nm ³)	Boiler	100	5
	Heating furnace	100	<20
Dioxins (ng-TEQ/Nm ³)	Melting furnace	5	0.0075
	Melting furnace	1	0.016

■ Shinko Leadmikk Co., Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Welding

■ Fujisawa Plant

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Ibaraki Plant

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Drying furnace	230	18
	Boiler	150	32
	Calcining furnace (Firing)	200	38
Dust (mg/Nm ³)	Drying furnace	200	1
	Boiler	100	1
	Calcining furnace (Firing)	300	4
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	10	3
SS (mg/L)	10	4
Oil (Mineral oil) (mg/L)	2 (mineral oil 1)	<0.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	1,500	38
SS (mg/L)	1,500	2
Oil (Mineral oil) (mg/L)	Mineral oil 5 (fauna and flora 150)	Mineral oil <1 (fauna and flora <1)
Dioxins (pg-TEQ/L)	10	0.00029

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	60	13
SS (mg/L)	90	9
Oil (Mineral oil) (mg/L)	10	<1
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	300	121
SS (mg/L)	300	33
Oil (Mineral oil) (mg/L)	5	1.2
Dioxins (pg-TEQ/L)	—	—

Environmental Data

■ Saijo Plant

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Drying furnace	250	47
	Drying furnace	230	35
Dust (mg/Nm ³)	Drying furnace	350	5
	Drying furnace	200	2
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Fukuchiyama Plant

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Heating furnace	160	98
	Heating furnace	160	51
	Boiler	135	24
Dust (mg/Nm ³)	Heating furnace	20	4
	Heating furnace	20	2
	Boiler	10	2
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Hanshin Yosetsu Kizai Co., Ltd

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Melting furnace	180	<36
	Drying furnace	150	29
	Firing furnace	175	47
Dust (mg/Nm ³)	Melting furnace	100	60
	Drying furnace	100	20
	Firing furnace	100	30
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Machinery

■ Kobelco Compressors Corporation (Harima Plant)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	—	—
SS (mg/L)	—	—
Oil (Mineral oil) (mg/L)	5	0.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	300	2.8
SS (mg/L)	300	1.5
Oil (Mineral oil) (mg/L)	3	<0.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	30	7.2
SS (mg/L)	30	4
Oil (Mineral oil) (mg/L)	—	—
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	50	9.1
SS (mg/L)	90	9
Oil (Mineral oil) (mg/L)	5	0.5
Dioxins (pg-TEQ/L)	—	—

■ Shinko Engineering Co., Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	Melting furnace	200	5
	Melting furnace	200	<2
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Engineering

■ Kobelco Eco-Solutions Co., Ltd. (Harima Plant)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Firing furnace	180	106
	Firing furnace	180	91
	Firing furnace	180	43
Dust (mg/Nm ³)	Firing furnace	250	1
	Firing furnace	250	2
	Firing furnace	250	2
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Electric Power

■ Kobelco Power Kobe Inc.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	24	17.1
	Boiler	24	17.6
Dust (mg/Nm ³)	Boiler	10	4
	Boiler	10	4
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

The latest environmental data from Kobelco Power Kobe Inc. can be viewed on our corporate website (updated monthly) (in Japanese only).
https://www.kobelco.co.jp/about_kobelco/csr/information

■ Kobelco Power Kobe No. 2 Inc.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	15 ¹ 20 ²	9.6
Dust (mg/Nm ³)	Boiler	5	<1
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

1 During normal operations
 2 Outside of normal operations

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	1.65 (kg/day)	0.72
SS (mg/L)	60	1
Oil (Mineral oil) (mg/L)	5	1
Dioxins (pg-TEQ/L)	—	—

Company included in water quality data: Kobelco Construction Machinery Co., Ltd. (Ogaki Factory)

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	15	5
SS (mg/L)	28	3
Oil (Mineral oil) (mg/L)	5	ND
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	15	2.5
SS (mg/L)	30	19
Oil (Mineral oil) (mg/L)	1	<1
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	15	2.5
SS (mg/L)	30	5
Oil (Mineral oil) (mg/L)	1	<1
Dioxins (pg-TEQ/L)	—	—

Environmental Data

■ Kobelco Power Moka Inc.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Gas turbine	70	3.7
	Gas turbine	70	4.6
	Boiler	130	64
Dust (mg/Nm ³)	Gas turbine	50	<5
	Gas turbine	50	<5
	Boiler	100	<1
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

The latest environmental data from Kobelco Power Moka Inc. can be viewed on our corporate website (updated monthly) (in Japanese only).
(https://www.kobelco.co.jp/about_kobelco/csr/information)

Head Office

■ Takasago Works

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Boiler	130	14
	Heating furnace	170	50
	Steel powder reduction	150	18
Dust (mg/Nm ³)	Boiler	100	4.4
	Heating furnace	250	0.5
	Steel powder reduction	200	9.4
Dioxins (ng-TEQ/Nm ³)	Steel powder reduction	5	0.014

■ Kobe Corporate Research Laboratories

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Cold/hot water generator	48.57	33
Dust (mg/Nm ³)	Cold/hot water generator	50	<1
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Kobelco Construction Machinery Co., Ltd. (Hiroshima Factory)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Frame undercoating	230	24
	Frame finishing coating	230	37
	ATT* coating	230	12
Dust (mg/Nm ³)	Frame undercoating	200	5
	Frame finishing coating	200	4
	ATT coating	200	6
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

* Adhesive transfer tape (ATT)

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	—	—
SS (mg/L)	—	—
Oil (Mineral oil) (mg/L)	—	—
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	15	5.6
SS (mg/L)	26	9
Oil (Mineral oil) (mg/L)	1.5	<0.5
Dioxins (pg-TEQ/L)	—	—

Company included in water quality data: Sputtering Target Division of Kobelco Research Institute, Inc.

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	2,000	3.1
SS (mg/L)	2,000	6
Oil (Mineral oil) (mg/L)	5	<1
Dioxins (pg-TEQ/L)	10	0.025

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	—	—
SS (mg/L)	—	—
Oil (Mineral oil) (mg/L)	35	39
Dioxins (pg-TEQ/L)	—	—

In April 2021, oil exceeded the sewage exclusion standard value. Necessary countermeasures are being implemented to prevent recurrence.

■ Kobelco Construction Machinery Co., Ltd. (Ogaki Factory)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Kobelco Construction Machinery Co., Ltd. (Okubo Factory)

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	Drying furnace	230	18
	Drying furnace	230	10
	Drying furnace	230	10
Dust (mg/Nm ³)	Drying furnace	200	2.5
	Drying furnace	200	1.7
	Drying furnace	200	2.4
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

■ Shinko Industrial Co., Ltd.

Air

Substance	Facility	Regulation Value	Actual Measurement (Max.)
NOx (ppm)	N/A	—	—
Dust (mg/Nm ³)	N/A	—	—
Dioxins (ng-TEQ/Nm ³)	N/A	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
COD (mg/L)	—	—
SS (mg/L)	—	—
Oil (Mineral oil) (mg/L)	—	—
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	600	7.1
SS (mg/L)	600	12
Oil (Mineral oil) (mg/L)	5	4.5
Dioxins (pg-TEQ/L)	—	—

Water

Substance	Regulation Value	Actual Measurement (Max.)
BOD (mg/L)	160	2.4
SS (mg/L)	200	<1
Oil (Mineral oil) (mg/L)	5	<0.5
Dioxins (pg-TEQ/L)	—	—

Environmental Data

KOBELCO Group Annual Transfer and Release of Hazardous Substances Subject to PRTR Reporting (Fiscal 2021)

Unit: kg

Substance		Release ¹	Transfer ²
1	Zinc compounds (water-soluble)	674	3,000
20	2-aminoethanol	0	43
53	Ethylbenzene	68,030	1,6271.9
57	Ethylene glycol monoethyl ether	76	60
71	Ferric chloride	0	200,000
74	P-octylphenol	0	0
80	Xylene	96,067	18,476
85	Glutaraldehyde	0	0
87	Chromium and chromium (III) compounds	115	65,798.2
88	Chromium (VI) compounds	0	1,500.7
132	Cobalt and its compounds	81.1	2,400
144	Inorganic cyanide compounds (except complex salts and cyanates)	48	1,100
149	Carbon tetrachloride	220	670
186	Dichloromethane; methylene dichloride	27,300	545
240	Styrene	0	0
262	Tetrachloroethylene	43,000	33,900
272	Copper salts (water-soluble, except complex salts)	370	14
273	1-dodecanol; n-dodecyl alcohol	0	0
277	Triethylamine	5,570	310
281	Trichloroethylene	3,800	2,300
296	1,2,4-trimethylbenzene	29,296.8	3,801
297	1,3,5-trimethylbenzene	9,000	859
300	Toluene	145,880	18,444.2
304	Lead	0	0
305	Lead compounds	7.9	5,600
308	Nickel	5.5	5,350.2
309	Nickel compounds	607.8	42,410
321	Vanadium compounds	17.2	9,900
333	Hydrazine	13	0
349	Phenol	0	0
368	4-tert-butylphenol	0.1	20
374	Hydrogen fluoride and its water-soluble salts	51,136.6	4,739
389	Hexadecyltrimethylammonium chloride	0	0
392	N-hexane	50	0
400	Benzene	30	0
405	Boron compounds	1,300.7	268
407	Poly (oxyethylene) alkyl ether (alkyl C=12-15)	4,800	15,001.4
408	Poly (oxyethylene) octylphenyl ether	14	1,400
410	Poly (oxyethylene) nonylphenyl ether	230	1,200
412	Manganese and its compounds	3,127	141,701.2
438	Methylnaphthalene	200	7,200
448	Methylenebis (4,1-phenylene) diisocyanate	0	0
453	Molybdenum and its compounds	1,174.5	20,816.1
459	Tris (2-chloroethyl) phosphate	0	0
460	Tritolyl phosphate	0.99	0

1 Total releases to air and public water areas

2 Total transfers outside the premises and to sewage

Human Rights and Labor

Basic Stance Policies

Recognizing that respect for human rights is a vital corporate social responsibility, the KOBELCO Group, as a global business group, fully respects the Universal Declaration of Human Rights, International Bill of Human Rights, and ILO Core Labour Standards for the protection of human rights adopted by the United Nations. In order to clearly demonstrate its commitment to respect human rights, based on the Guiding Principles on Business and Human Rights and other international standards, the KOBELCO Group has established the Kobe Steel Group Basic Policy on Human Rights.

For the Kobe Steel Group Basic Policy on Human Rights, please refer to the following.
https://www.kobelco.co.jp/english/about_kobelco/csr/files/policy_en.pdf

Management Structure Structure

- With the objective of mitigating the risk of human rights violations in all of our business activities, we believe that it is important to face all stakeholders who are affected by human rights issues and understand their issues. Based on our Group's Basic Policy on Human Rights, we will conduct human rights due diligence that will lead to the avoidance and prevention of human rights violations associated with our business activities, and strive to properly respond to human rights issues related to our business activities while valuing dialogue with relevant stakeholders.
- In the event that a serious problem of human rights violations occurs, a report is submitted to the person responsible for human rights issues, and then the Board of Directors receives a report on the details, discusses them, investigates the facts of the matter, and takes appropriate action.

For details on human rights due diligence, please refer to page 75 of KOBELCO Group Integrated Report 2022.

KOBELCO Group Initiatives Strategies and Targets Results

● Activities to Educate and Enlighten Employees on Human Rights Policies and Respect for Human Rights

In its Action Guide for Employees, which has been distributed to all employees, the KOBELCO Group sets forth standards of behavior that respect human rights. As well as encouraging each and every employee to act in such a way as to respect human rights, we strive to prevent the occurrence of human rights violations by incorporating education that leads to greater awareness of the Basic Policy on Human Rights and of human rights, such as by implementing training for new employees and training for those who have been promoted. We will continue to provide all employees, including executives, with the necessary education on respect for human rights on a regular basis.

On the occasion of Human Rights Day in December of every year, we implement initiatives such as the distribution of messages by directors and executive officers and the use of educational posters, clearly stating our attitude of zero tolerance for discrimination or harassment, while instilling human rights awareness more deeply throughout the entire Group both in Japan and overseas, and creating opportunities to reflect on respect for human rights.

● Efforts to Eliminate Discrimination

The KOBELCO Group ensures a healthy workplace free from harassment and discrimination on the grounds of race, creed, color, religion, nationality, language, ethnicity, sex, sexual orientation, gender identity, marital status, age, physical characteristics, disease, disability, social status, property, and place of origin. We provide equal opportunities for hiring, promotion, treatment, pay raises, and placement without any disadvantages.

● Respect for the Rights of Workers

The KOBELCO Group complies with the labor laws and practices of the countries and regions in which it operates, and respects the rights of its employees to freedom of association and collective bargaining. We do not engage in discrimination, harassment, retaliation, or any other disadvantageous treatment on the grounds of exercising their right to organize or bargain collectively as workers, such as joining a labor union, requesting collective bargaining, or participating in collective bargaining.

With regard to wages and working hours, we comply with the laws and regulations of the respective countries, regions, and industries, paying wages that are at least the level of the minimum wage, appropriately managing working hours, and observing regulations in upper limits for overtime.

The KOBELCO Group strives to build sound and positive labor-management relations through sincere dialogue with each and every employee and their representatives. Specifically, meetings of the following labor council and committees are held, with discussions being conducted on management policy, operational conditions, management issues such as production and safety and health, as well as various working conditions and work-life balance. Labor unions and other organizations are also formed at the individual major Group companies.

■ Major Labor-Management Discussions

Major Labor-Management Discussions	
Central Production Committee (Twice a year)	Discusses matters such as corporate management and production planning, corporate structure, improvement of technology, and improvement of efficiency.
Central Labor Council (Once or twice a year)	Discusses such issues as improving working conditions and wages (including negotiations on the living wage advocated by the labor union).
Specialized Committee on Employment (Twice a year)	Discusses the reduction of long working hours, promotion of work style reform, and support for balancing childcare and nursing, etc.

● Prohibition of Child Labor and Forced Labor

In the Kobe Steel Group Basic Policy on Human Rights, it is made clear that child labor and forced labor are prohibited in all countries and regions where our business activities are conducted. We implement regular monitoring surveys of Group companies, and strive to prevent the occurrence of those problems in the business activities of the KOBELCO Group.

● Initiatives to Prevent Harassment, and Specific Measures for Dealing with Problems in Which Allegations Have Been Made

In order to create workplace environments in which harassment does not occur, it is clearly stated in the Basic Policy on Human Rights and in the employment regulations of each company that harassment will not be tolerated. In addition, we implement regular education in the form of e-learning and group training for employees so that each and every individual in the workplace has a proper understanding of harassment and does not turn a blind eye to problems.

In preparation for any occurrence of harassment, we have put in place a system whereby stakeholders both inside and outside the Company can anonymously report or consult. Also, we have set up consultation desks at each business site that can be used by all employees. In the event of a consultation, we will confirm the facts, investigate the case, and explain the results of the investigation to the whistle-blower with their consent. We are also reviewing the workplace environment and taking thorough preventive measures. In both cases, the privacy of whistle-blowers and persons concerned is ensured.

■ Number of Harassment Consultations

Fiscal 2019	39 cases
Fiscal 2020	28 cases
Fiscal 2021	30 cases

Human Rights and Labor

● Communication with Stakeholders

The KOBELCO Group believe it is important to understand human rights issues from the perspective of stakeholders affected by these issues. Based on our Group's Basic Policy on Human Rights, we will construct a human rights due diligence system that will lead to the avoidance or prevention of human rights issues associated with our business activities, and strive to appropriately address human rights issues related to our business activities while valuing dialogue with relevant stakeholders.

● Efforts to Support Local Communities

The KOBELCO Group undertakes activities rooted in the local communities where its business sites are located.

The KOBELCO Group supports employees' volunteer activities and has established a system that allows employees to take days off to participate in such activities.

 For details on the KOBELCO Group's social contribution activities, please refer to "Communities (Communication with Stakeholders)" on pages 89 to 91.

Safety and Health

Basic Policies and Philosophy

Policies

The KOBELCO Group operates under the basic philosophy that safety and health are fundamental to business operations and take priority over all business activities. Under this principle, we naturally comply with relevant laws and regulations and carry out various safety and health activities to create a vibrant workplace where employees can work in a safe and secure environment.

Based on our Companywide Safety and Health Management Policy, each business site formulates its own safety and health management policy, safety and health targets, and safety and health action plans, and promotes improvements through the PDCA cycle. In addition, we work together with contractors and other important external stakeholders involved in the Group's business to ensure the implementation of thorough safety and health management.

As a result of our efforts, occupational accidents have decreased, and the lost time injury frequency rate has been low. We will continue these activities based on our recognition that protecting the lives and health of employees is the utmost priority in terms of fulfilling corporate social responsibilities. At this point in time, the Company has not obtained external certification such as ISO 45001. However, the Environment and Safety Department plays a central role in on-site inspections and audits based on Occupational Safety and Health Management Systems (OSHMS) for all business sites, Group companies, and relevant contractors. The department identifies weaknesses and provides cross-sectional support from the perspectives of personnel, facilities, and management, in an effort to improve the level of safety and health.

■ Fiscal 2022 Safety and Health Policy (Priority items)

Safety	<ol style="list-style-type: none"> 1. Develop human resources capable of practicing risk prediction and safety verification and steadily promote skill management 2. Conduct risk management of facilities and work and further promote safety 3. Create a system to drive a virtuous cycle of safety and health management and activities 4. Strengthen and support the safety and health management and activities of Group companies (including overseas companies)
Health	<ol style="list-style-type: none"> 5. Make the system for handling hazardous substances widely known and practiced and maintain and manage improvement activities in the workplace environment 6. Strengthen activities to prevent the new onset of mental illnesses (particularly those related to sleep management) and continue early detection and treatment 7. Follow up with individuals at high risk of illness, and implement initiatives aimed at reducing smoking rates 8. Take initiatives to address COVID-19 (including BCP for dealing with infectious disease)

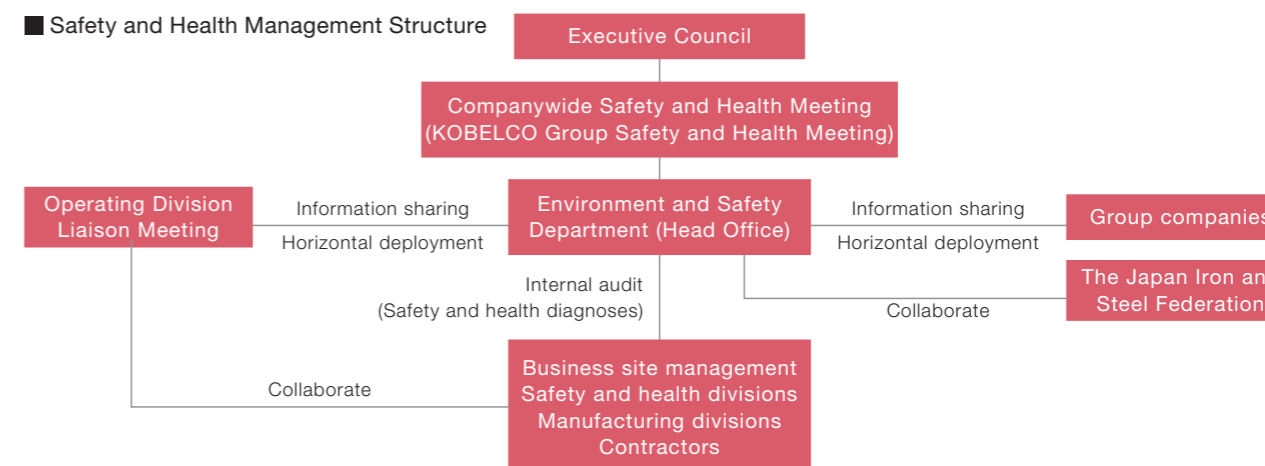
Structure

Structure

The KOBELCO Group holds Companywide Safety and Health Meetings (Group Safety and Health Meetings) attended by the executive officer who is responsible for safety and health at Kobe Steel and the safety and health officer at each Group company, to decide on policies, targets, issues, and initiatives for improvements related to safety and health activities. In terms of business site management, the Company's safety and health division plays a central role in safety and health activities implemented in cooperation with manufacturing divisions and business partners, while the Head Office's Environment and Safety Department is primarily responsible for internal audits (safety and health diagnoses) involving checking and following up on activities and their management status.

At the same time, when an occupational accident occurs, we strive to prevent similar accidents from occurring by rapidly clarifying the cause and taking improvement measures, as well as holding Operating Division Liaison Meetings in cases where horizontal deployment is required.

■ Safety and Health Management Structure



Safety and Health

Targets for Accident Reduction (Fiscal 2022) Strategies and Targets

Accidents leading to death or serious injury (involving three or more people at the same time): Zero
Lost time injury frequency rate: 0.10 or less

Targets of the Group Medium-Term Management Plan (Fiscal 2021–2023)

Fatal accident	0 cases
Lost time injury frequency rate	0.10

Targets for Fiscal 2022 (April 1, 2022–March 31, 2023)

Fatal accident	0 cases
Lost time injury frequency rate	0.10

Achievements against Targets Strategies and Targets Results

Our safety and health targets are zero fatal accidents and lost time injury frequency rate of 0.10 or less.

Results: Number of Lost Time Injuries and Lost Time Injury Frequency Rates (with/without No-Lost Time Injuries*) over the Past Five Years (Numbers in parentheses represent fatal accidents.)

Fiscal Year	Kobe Steel Employees ¹		Employees of Contractors ²		Overall Lost time injury frequency rate
	Number of lost time injuries	Injury frequency rate Lost time / No-Lost Time combined	Number of lost time injuries	Injury frequency rate Lost time / No-lost time combined	
2021	7 cases (1 case)	0.29 / 0.33	5 cases (0 cases)	0.16 / 0.19	0.22
2020	8 cases (0 cases)	0.33 / 0.46	8 cases (0 cases)	0.24 / 0.33	0.28
2019	7 cases (0 cases)	0.29 / 0.37	3 cases (0 cases)	0.09 / 0.17	0.17
2018	5 cases (0 cases)	0.21 / 0.25	14 cases (0 cases)	0.39 / 0.39	0.32
2017	9 cases (1 case)	0.38 / 0.38	8 cases (1 case)	0.22 / 0.25	0.29

* The lost time injury frequency rates with no-lost time injuries combined are calculated from the total of lost time injuries and no-lost time injuries.

Issues include partial weakness in basic management and activities (variations between workplaces), such as policy management (insufficient sharing of activity targets and of plans and activities for the improvement of issues), skills management (insufficient clarification and documentation of work procedures and variations caused by dependence on individual employees), and risk management (ensuring completeness and appropriateness of risk assessments and risk reduction).

In fiscal 2022, based on the steady implementation of the priority items set out in the Medium-Term Management Plan, we will promote the creation of a PDCA framework to link various activities by implementing the following items: (1) Checking and following up the implementation of all-hands activities for raising safety awareness and watching out for each other, (2) Continued implementation of safety and health diagnoses and support activities, (3) Promoting further safety by establishing Companywide standards for machine safety, and (4) Reestablishing a reliable system to implement Group standards at overseas Group companies and taking steps to improve safety at business sites that have experienced accidents.

¹ All employees of Kobe Steel (including seconded employees and temporary or part-time employees)

² Employees of companies under contract with Kobe Steel (including temporary employees)

(Employees of contractors: Average number of people in total at business sites FY2021: 14,118, FY2020: 14,693, FY2019: 15,328)

Initiatives of the KOBELCO Group Results

● Response to Fatal and Injury Accidents (Initiatives to prevent similar accidents)

We investigate the causes of injuries and fatal accidents and take corrective measures for such accidents that have occurred in the KOBELCO Group and relevant contractors, and deliver reports to and have discussions with related departments and labor unions at Safety and Health Committee and other meetings.

Specifically, we clarify the causes and identify issues in accidents that have occurred by focusing on the four categories of factors: human factors, mechanical factors, environmental factors, and management factors, and work to prevent recurrences by considering and taking preventive measures from three different perspectives (management, technical, and educational).

We put together the causes and preventive measures into an Accident Investigation Report, which is reflected in the Groupwide safety rules, and deploy it to other business sites and Group companies to prevent similar accidents. In the event of an occupational accident, we promptly disclose information to the public in accordance with the Accident Reporting Guidelines of the Japan Iron and Steel Federation.

● Thorough Measures against Accident Risks

In order to address potential risks of accidents in work and facilities, we regularly conduct risk assessments of new business planning projects as well as existing projects, and work to reduce those risks and enhance the inherent safety of machinery and facilities.

● Supervision by the Board of Directors and the Executive Council

Our Company's Board of Directors and Executive Council oversees and deliberates risk management in safety and health, the progress of disaster preparations and accident prevention, implementation status of horizontal deployment, and the progress of various activities set out in the safety and health management policies, under the initiative of the director who oversees Companywide safety and health.

● Central Safety and Health Committee

The Central Safety and Health Committee, chaired by the executive officer responsible for Companywide safety and health, is a forum where we have discussions with labor union representatives concerning risk management in safety and health, the progress of disaster preparations and accident prevention, implementation status of horizontal deployment, and the progress of various activities set out in the safety and health management policies.

The safety and health management policies, which are deliberated and formulated by the Central Safety and Health Committee, have been implemented at all our business sites. At each business site, the Safety and Health Committee, which is attended by the management, the labor union (full-time personnel) and representatives of the labor union at each workplace (non-full-time personnel), discusses the details of the policies and the progress of various activities and strives to ensure a safer and healthier workplace environment through dialogue between labor and management.

● Training on Safety and Health

At the Head Office and other business sites, we provide safety and health training, led by the Head Office, for new employees (in their first to fifth years), newly appointed supervisors (chief operators, general foremen, and assistant managers), and line managers. In fiscal 2021, all 778 eligible employees received such training. A breakdown of the number of trainees in each course is shown in the table to the right.

Number of Trainees in Fiscal 2021

Target	Number of trainees	
	Fiscal 2020	Fiscal 2021
New employees (Years 1–5)	629	223
Supervisors	65	539
Line managers	–*	16

* Training not held due to the COVID-19 pandemic

● Initiatives to Address Global Health Issues

Currently, there are many countries around the world where local residents are experiencing serious situations due to life-threatening health problems such as HIV (AIDS), tuberculosis, and malaria. The KOBELCO Group is committed to actively addressing such global health issues.

For our employees transferred overseas, we provide healthcare services and support tailored to respective regions, including health checkups (before departure, during overseas assignment, and after returning to Japan) and immunizations based on local conditions. We regularly exchange information with local contact staff and send industrial physicians to visit our overseas business sites to provide medical visit services. In this way, we strive to manage the health of employees posted overseas by providing medical support and information on the local medical environment.

As we expand our business in Thailand, Malaysia, India, Vietnam, and other countries around the world, we are working to appropriately address global health issues such as HIV (AIDS), tuberculosis, and malaria by distributing overseas health management handbooks containing information on immunizations and overseas life (understanding of diseases, precautions on daily life, etc.) to employees and their families who are newly posted overseas.

● Safety and Health Management for Employees Transferred Overseas and Those on Business Trips

For employees working overseas, we have a system in place to determine whether they can be transferred or not through a health checkup performed before the transfer takes place. Employees are also obligated to undergo regular health checkups even after they are transferred, and we follow up appropriately, as required.

In addition, through a partnership with International SOS, which provides support services for safety and health around the world, we have put in place a system for gathering the latest information on local safety, and for receiving appropriate guidance and assistance in the event of trouble overseas.

● Response to COVID-19

Kobe Steel established a Companywide COVID-19 response headquarters. In accordance with the requests from the government and the status of infections, we put in place specific measures and rules, issue notices, and ensure the information sharing and thorough implementation of Action Guidelines to Prevent Infection.

We will continue to carefully assess the situation and respond from the perspectives of both continuing business operations and implementing infection control.

 [The KOBELCO Group's COVID-19 initiatives](#)

Disaster Preparedness

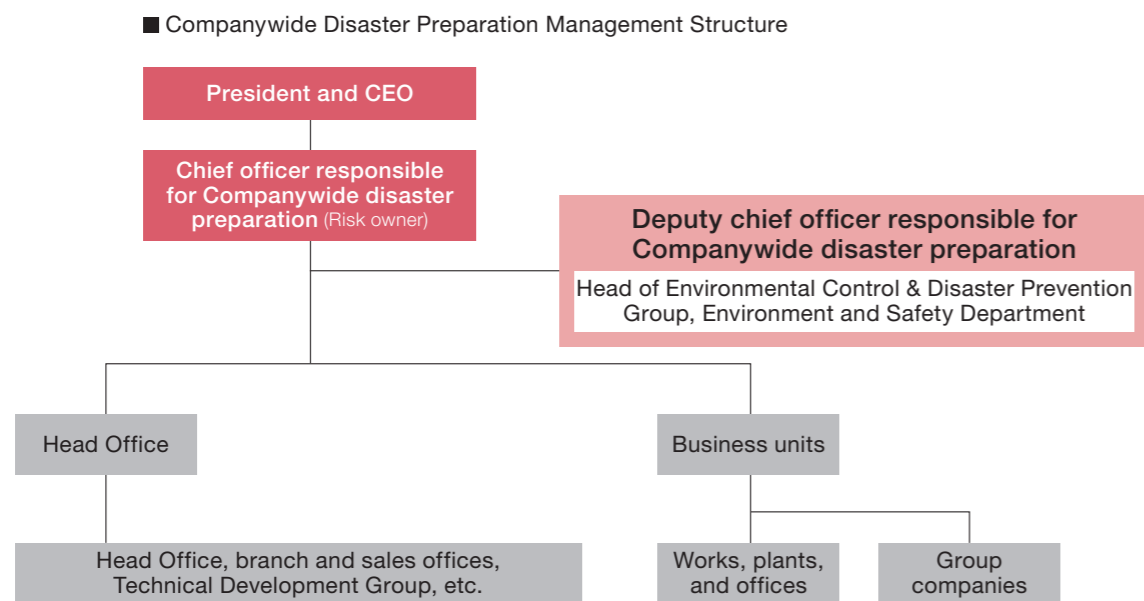
Recognizing facility accidents, natural disasters, and violations of disaster prevention laws and regulations as risks that have a material impact on the overall management of the Group, the KOBELCO Group is working to address these risks across the Group.

Companywide Disaster Preparation Management Policy Policies



Management Structure Structure

In the Companywide risk management structure, the KOBELCO Group regards “prevention of facility accidents” and “preparations for and recovery from natural disasters” as the top risks and “compliance” as a significant risk. The chief officer responsible for Companywide disaster preparation promotes disaster preparation management activities as a risk owner.



Message from the Chief Officer Responsible for Companywide Disaster Preparation

We engage in disaster preparation activities with the aim of becoming a corporate group that is trusted by the community and society.

The KOBELCO Group envisions a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives. To that end, we believe that we must work to strengthen our disaster preparation management, recognizing the need to prevent accidents that could damage the trust placed in us.

Therefore, disaster preparation management activities are carried out according to three basic principles: prevention of facility accidents, strengthening preparations for natural disasters, and complying with laws and regulations.

Efforts to enhance the sophistication of our business continuity plan (BCP) in preparation for large-scale earthquakes such as a Nankai Trough Earthquake and the initiatives to prevent facility accidents such as fires and explosions which affect customers' business continuity are important issues. We will focus on activities to prepare for these risks and take necessary measures in a speedy and steady manner. Also, we continuously confirm compliance with disaster preparation-related laws and regulations, aiming to be a corporate group that is resilient to disasters and that earns the trust of the community and broader society.

Daisuke Ogura
Chief officer responsible for
Companywide disaster preparation
(Executive Officer)

Initiatives of the KOBELCO Group Results

Prevention of Facility Accidents

● Response to Facility Accident Risk

Recognizing facility accidents (fires and explosions) at production sites as a risk to be addressed across the Group, we make Groupwide efforts to prevent them before they occur. In particular, we conduct inspections and reviews of both tangible and intangible measures for facilities which could have a major impact on customers in case of fire or explosion. In addition, we continue striving to prevent accidents throughout the KOBELCO Group by taking measures such as sharing information on accidents both inside and outside the Company, thoroughly preventing recurrence of similar and other accidents, and implementing special initiatives in coordination with voluntary action plans of industry associations.

Strengthening Preparedness for Natural Disasters

● Business Continuity Plan (BCP)

The KOBELCO Group is formulating a BCP with the following basic policies: (1) Ensuring the lives and safety of employees, and (2) Ensuring the provision of technologies, products, and services to customers. As one of our ongoing initiatives, we have conducted seismic reinforcement and instituted anti-flood measures according to the geographic conditions of each site, in order to reduce damage from natural disasters such as earthquakes and tsunamis. At present, we are mainly working to further enhance business plans for the restoration period.

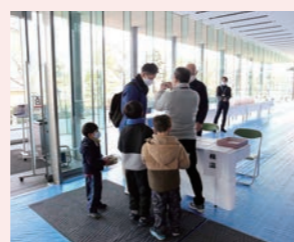
Disaster Preparedness

Training Drill

KOBELCO 1.17 Walk

On January 22, 2022, we hosted the KOBELCO 1.17 Walk (training to confirm the route to work on foot) to remember the Great Hanshin-Awaji Earthquake that occurred on January 17, 1995 with the goal of raising awareness of disaster preparation across the entire Group.

Employees walked from their homes or a designated railway station under the assumption that public transportation was disrupted due to a major earthquake forcing employees to walk to and from work. With maps handed out beforehand containing directions to their home, 56 participants confirmed the location of tsunami flood zones, convenience stores, and restrooms along their route in person. We intend to continue holding this event together with the training already held by the Kobe and Tokyo head offices in which employees walk home from work.



Finish line (Kobe Head Office)

● Response to Wind and Flood Damage

To prepare for wind and flood damage, which has become increasingly severe in recent years, the KOBELCO Group has been working systematically by checking hazard maps and other information and studying measures against anticipated disaster risks at each business site of our Group.

Compliance with Disaster Preparation-Related Laws and Regulations

● Disaster Preparedness Inspections

We conduct paper-based inspections and on-site inspections of KOBELCO Group facilities in order to verify compliance with disaster prevention laws and regulations and to minimize risks that could potentially lead to accidents.

We will continue to reinforce the disaster preparation management structure throughout the Group.

KOBELCO Group Disaster Prevention Conference

We organize the KOBELCO Group Disaster Prevention Conference every year in an effort to share information and strengthen disaster prevention initiatives. We share information on natural disasters and related problems with the aim of reducing disaster risks.

Contributions to Society in Disaster Preparation

● Businesses, Products, and Technologies That Contribute to Disaster Preparation

To strengthen preparations for natural disasters, the KOBELCO Group is developing businesses, products, and technologies that contribute to society. The main initiatives are as follows.

Item	Company Name	Description
Power generation business	Kobelco Power Moka Inc.	Our power generation business was selected as a private-sector initiative for building national resilience by the Cabinet Office (2015).
Vehicle-type mobile power station	Shinko Engineering Co., Ltd.	The vehicles are equipped with diesel engine generators as well as cables and equipment required for supplying electrical power, and can be driven to any location where electrical power is required.
High-strength bolt	Shinko Bolt, Ltd.	A product with high strength and tensile force used in steel structure joints of buildings, civil engineering structures, and bridges.
Structural analysis	Kobelco Research Institute, Inc.	Analyzes structures during earthquakes by computer simulation.

● Disaster Preparation Initiatives Contributing to Local Communities

Some of the KOBELCO Group's business sites have a helicopter landing pad for rescue operations during a disaster. Some business sites have also concluded disaster agreements with local governments to provide assistance in case of a disaster in the form of provision of supplies, temporary evacuation shelters, or water for firefighting activities.

Human Resources

Basic Policy

Policies

Strategies and Targets

The KOBELCO Group believes that in order to fulfill its social responsibilities as a corporate group, it is important to develop human resources who understand and can implement its corporate philosophy. The Medium-Term Management Plan (Fiscal 2021–2023) particularly sets out the goals of “building a new personnel system to make changes, taking on challenges, and producing results,” “encouraging the growth of future generations and developing a spirit of taking on new challenges,” “further promoting work style reforms,” and “developing diversity and inclusion initiatives.” To achieve these, the KOBELCO Group is moving forward with a variety of initiatives.

Strategies and Targets

Item	Previous Plan	Initiatives in the Medium-Term Management Plan (FY2021–2023)
Reforming the personnel system	<ul style="list-style-type: none"> Clarification of evaluation standards Retirement age extension Promoting feedback 	<p>Building a new personnel system to heighten awareness of making changes, taking on challenges, and producing results</p> <ul style="list-style-type: none"> Clarify expected roles and abilities Review the seniority-based personnel system (with a focus on roles and results) Make careful selections of managerial positions and promote the appointment of professional human resources
Strengthening personnel development	<ul style="list-style-type: none"> Leader training (strengthening selective training, promoting executive training) 	<p>Encouraging the growth of future generations and developing a spirit of taking on new challenges</p> <ul style="list-style-type: none"> Early development and systematic placement of management personnel Introduction and establishment of selective and autonomous education Enhanced education to strengthen <i>monozukuri</i> capabilities
Diversity and inclusion (D&I)	<ul style="list-style-type: none"> Supporting women's active participation Improving work-life balance of all employees 	<p>Creating new value by utilizing the diversity of individuals</p> <ul style="list-style-type: none"> Strengthen support for diverse work styles and active participation of minorities Improve internal communication and build a diversity network* <p>* Grassroots activities where volunteers work on improving D&I in the workplace</p>
Work style reforms	<ul style="list-style-type: none"> Promoting telecommuting Increasing the number of paid days off taken Improving meeting and email efficiency 	<p>Further promoting work style reforms</p> <ul style="list-style-type: none"> Business improvement and penetration of standard business practices Improvement of the office work environment Development of flexible work styles and employment systems

Results

● Development of Human Resources in Technical Positions

To maintain and enhance *monozukuri* capabilities that are the source of our competitiveness, we have established various types of educational programs that are centered on on-the-job training (OJT) and classified by rank and job type. Younger employees, up to their fifth year after joining the Company, gather at the Kakogawa training center every year, to receive education in the knowledge and skills required for operations. In addition, we work to enhance the technical level of employees by holding annual technical competitions and encouraging employees to acquire skill certifications.

For managers and supervisors, who play key roles in the workplace, we provide training programs that specialize in management and communication as well as basic knowledge of safety, the environment, quality, etc., and conduct training aimed at building a better work environment. Going forward, we will continue to review and modify the content and structure of internal education programs in accordance with every change in the environment, both inside and outside the Company.



A technical competition

Human Resources

● Early Development and Systematic Placement of Management Personnel

We draw up succession plans for key positions at the general manager level and above, and conduct cross-field rotations for gaining a wide range of work experience. We also conduct selective training at multiple levels aimed at improving management skills.

● Promoting a Shift to a Selective/Autonomous Education System

We are reducing the ratio of conventional standard/stratified programs, and shifting toward selective and autonomous education under the slogan “self-directed, self-driven.” While employees are encouraged to autonomously build their own careers and learn on their own, the Company will provide growth opportunities for them and support the active participation of diverse human resources.

■ Fiscal 2021 Results of Skills Development Training

Item	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total training hours per year	347,495	210,948	215,667
Average training hours per person	30	18	19

■ Fiscal 2021 Results of Skills Development Training

Item	Stratified Training				Selective/Open Training	Training on Individual Issues ¹	Language Training
	Managers	Career-Track Employees	General Positions				
Total number of trainees	285	1,619	5,388	7,292	1,728	12,626	1,320
Total training hours	5,084	36,280	99,362	140,726	42,184	11,511	21,246
Average training hours per person	18	22	18	19	24	1	16

Note: Leader training (selective training, etc.) is included in stratified training for managerial positions for the purposes of this calculation.

1. Training for various issues related to compliance and diversity, as well as safety and health training, etc.

Diversity and Inclusion (D&I)

Activity Policy Policies

We have been working to enhance the growth potential of the entire organization by encouraging people with diverse backgrounds and values to make the most of their abilities in the workplace. We believe this will lead to vigorous development of our business. As stated in Medium-Term Management Plan (Fiscal 2021-2023) as well as in the messages from the directors and executive officers, our Group has positioned the development of D&I as an important management issue and set forth its vision for the future, basic policy, and key performance indicators (KPIs). Our Group will further strengthen its D&I development so that people with diverse backgrounds and values can fully demonstrate their abilities in the workplace.

Vision for the Future

Creating a work environment where diverse human resources can all play active roles

- Each employee achieves self-improvement by demonstrating their own individuality and strengths.
- “KOBELCO One Team” takes on challenges and creates new value from diverse ideas and experiences.

Basic Policy

Value unique strength of individuals

- Accept each other’s diverse individuality, and leverage strengths.
- Exchange opinions, deepen mutual understanding, and promote active participation of human resources.

Promote a variety of work styles

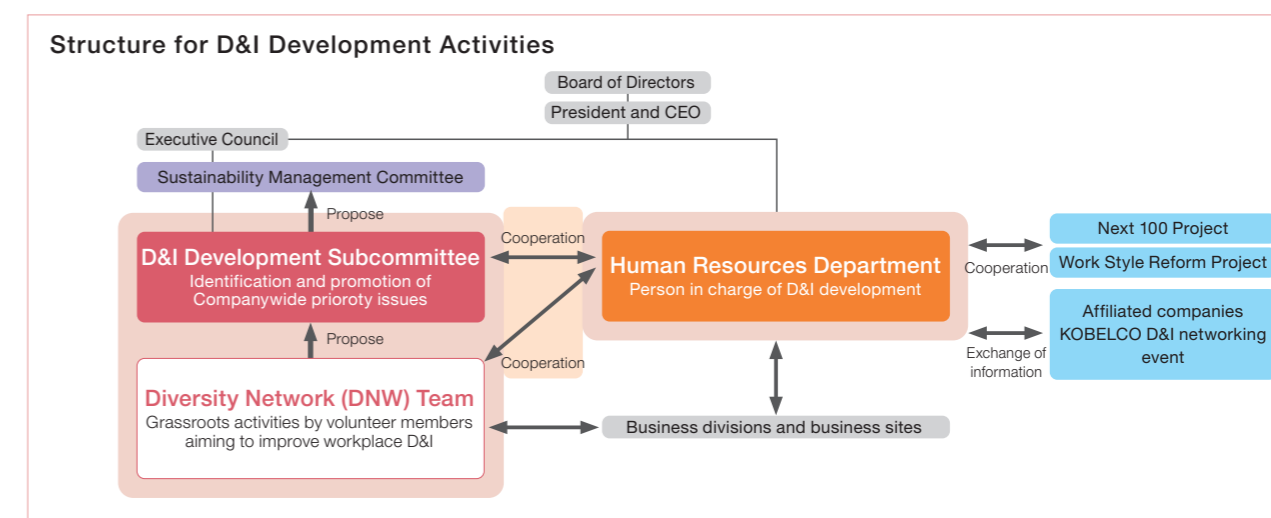
- Create a workplace environment where employees can work comfortably regardless of their job types, restrictions in work style, or life stages.
- Create a workplace that is highly motivating and fulfilling.

Take on the challenge of creating new value

- Interact with and learn from each other beyond organizational boundaries.
- Respect new ideas that come from different standpoints and ways of thinking.
- Create a corporate culture where employees can take on challenges without fear of failure.

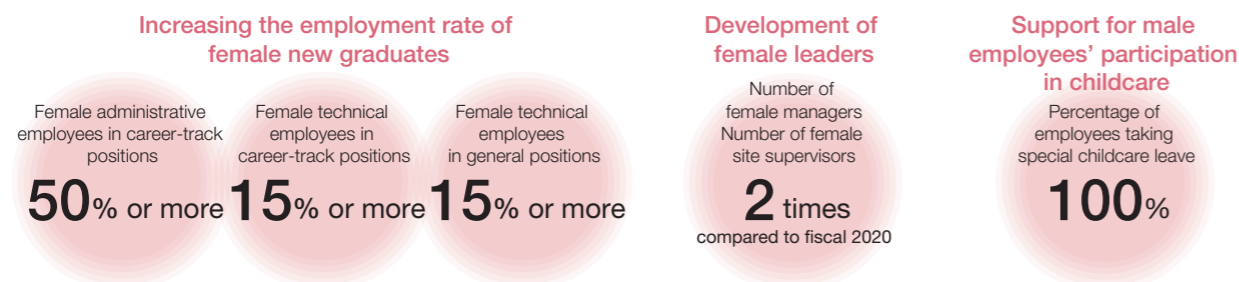
Organizational Structure for D&I Development Structure

The Human Resources Department plays a leading role in D&I development activities and cooperates with various projects. We have established a D&I Development Subcommittee and Diversity Network Team to strengthen cross-organizational activities. By doing so, we will further strengthen our D&I development activities.

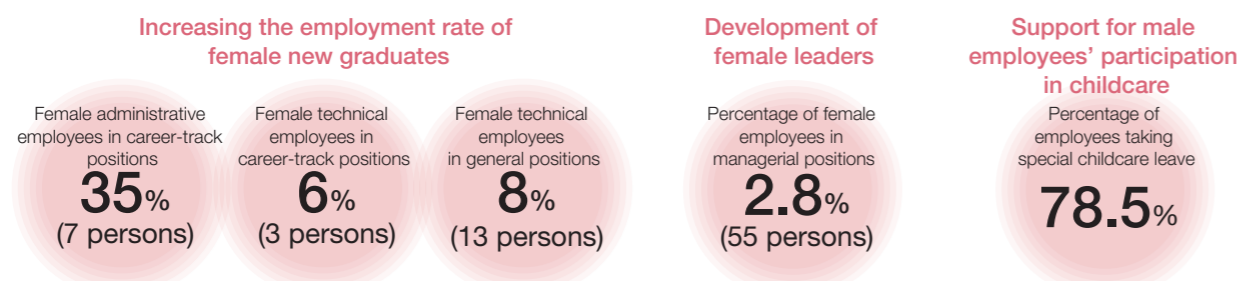


Diversity and Inclusion (D&I)

KPIs Strategies and Targets



Fiscal 2021 Results Results



External Awards and Assessments Results

- Awarded Gold for 2021 in PRIDE Index (index for LGBTQ-related initiatives by companies)

For details, please refer to "Initiative to Support LGBT People" on page 79.

- Declaration on Action by Male Leaders Coalition for Empowerment of Women, Cabinet Office / Endorsement of the "30% by 2030" challenge
- Registered as a company supporting the Tokyo metropolitan government's "barrier-free mindset" initiative
- Received "Platinum Kurumin" certification in recognition of its support for child-rearing
- Received "Hyogo work-life balance company" award

Supporting the Participation of a Diverse Array of Employees in the Workplace

Promoting Womens' Participation in the Workplace Policies Strategies and Targets Results

We aim to create a workplace in which all employees, regardless of gender, can work actively.

As we have been promoting positive recruitment of women, the total number of female employees is increasing. We are also promoting initiatives that seek to raise the percentage of women appointed to managerial positions.

Percentage of Women in the Workforce

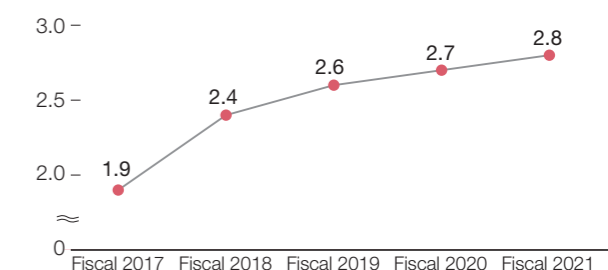
	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Percentage of women in the workforce (Including Group companies)	9.60%	9.90%	10.60%	10.30%	14.30%	14.20%

* The percentages of women in the workforce in fiscal 2016–2019 represent the domestic Group only.

Initiative to Develop Female Leaders

We are working to develop female leaders with the numerical target of increasing the number of female managers and site supervisors by a factor of 2 compared to fiscal 2020.

Percentage of Female Managers (Kobe Steel)



Action Plan on the Act on Promotion of Female Participation and Career Advancement in the Workplace

Our Company has formulated the Second Action Plan under the Act on the Promotion of Female Participation and Career Advancement in the Workplace, which aims to realize a society in which women can fully demonstrate their qualities and capabilities.

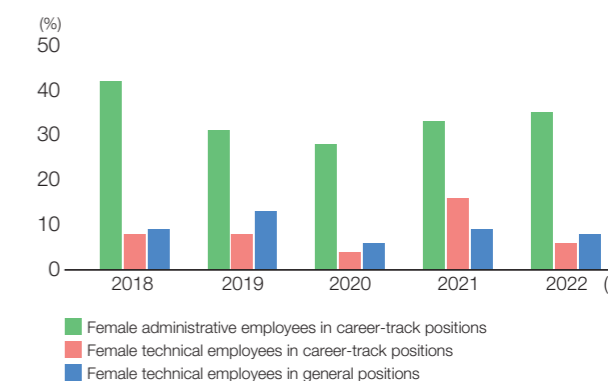
Second Action Plan (Fiscal 2021–2023)

Target 1	Increase the employment rate of female new graduates to: 50% for administrative career-track positions; 15% for technical career-track positions; and 15% for general technical positions.
Target 2	Reduce the retirement rate of female employees who have not reached 10 years of service at the Company (to less than 15%)
Target 3	Promote active communication beyond organizational boundaries (Improve scores in the employee awareness survey)

Initiative to Increase the Number of Female New Graduates Employed

To promote active participation by women, beginning with new joiners for fiscal 2022, we have set new targets and are proceeding with initiatives aimed at increasing the number of new graduates hired.

Percentage of Female New Graduates Recruited by Job Types



Diversity and Inclusion (D&I)

● Introduction of Maternity Work Clothes

For safety reasons, the KOBELCO Group requires the wearing of standardized work clothing at all manufacturing sites, such as plants. Because the number of women hired is increasing not only in career-track positions but also at manufacturing sites, we have introduced maternity work clothes to help pregnant women to work safely and comfortably.

The fit of the maternity work clothes can be adjusted through the use of buttons and other features around the stomach area of the top garment, while the waist of the pants is made out of knitted material that stretches easily, thus adapting to the changes in body shape that occur with pregnancy. In addition, when women working on sites become pregnant, we work to transfer them to roles that lessen the physical burden.



Initiative to Support Foreign Employees **Results**

Non-Japanese employees come from various backgrounds, including different countries and regions of the world, and also have diverse values. We strive to draw out and leverage their respective strengths to generate synergies. As of April 1, 2022, the Company has 85 non-Japanese employees, who are actively participating in a wide range of fields.

● Cross-Cultural Management Training for the Supervisors of Foreign Employees

We hold regular training sessions to help supervisors who have foreign employees as subordinates deepen their understanding of differences in cultural backgrounds and learn management skills that are useful in their daily management.

● Providing a Guidebook for Workplaces with Foreign Employees

We have created and distributed a guidebook that summarizes necessary information and essential knowledge about cultural differences for workplaces that have employees from overseas.



● Exchange Meetings for Foreign Employees

With the aim of encouraging foreign employees to create their own networks, share their respective experiences, and increase enthusiasm for future career formation and long-term employment, we host these meetings at the same time as training sessions for cross-cultural communication.



● Provision of a Prayer Room

At some offices, we have set up prayer rooms for employees who need to pray periodically. Customers visiting our offices from overseas can make use of them as well.

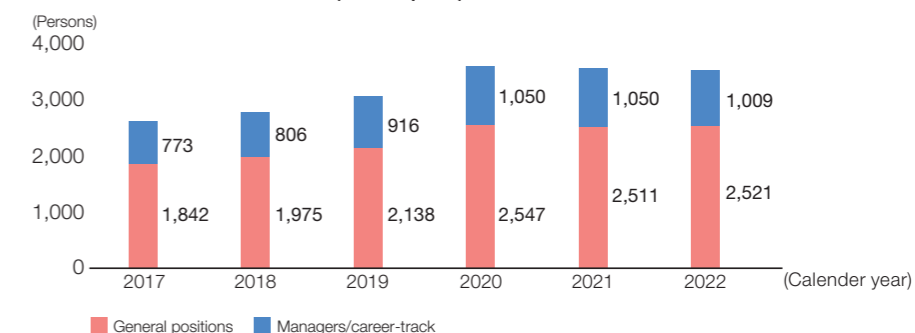


Initiatives for Mid-career Hires **Results**

The Company actively promotes mid-career hiring, and many employees who were hired mid-career are playing active roles in our Company.

In order to create an environment in which they can leverage know-how that is new to the Company and demonstrate their abilities at an early stage, we work to provide education and training at the time of joining.

■ Number of Mid-Career Hires (As of April 1)



Initiatives for Employment of Persons with Disabilities **Results**

Kobe Steel has been actively promoting the recruitment of employees with disabilities and establishment of a comfortable work environment that allows them to fulfill their individual potential.

Recruitment activities are conducted throughout the year with the aim of having an increased number of employees with disabilities. Our efforts include collaboration with local employment service centers (called Hello Work in Japan) and polytechnic schools for those with disabilities, participation in joint job interview events, school visits, and more.

As of June 1, 2022, the percentage of people with disabilities employed at Kobe Steel is 2.57%.

■ Percentage of Employees with Disabilities

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Percentage of employees with disabilities (Non-consolidated)	2.38%	2.30%	2.35%	2.37%	2.34%	2.56%

Initiative to Support LGBT People **Results**

We are working to promote greater understanding of the LGBT community.

We provide training to senior management and managers/supervisors and e-learning to all employees on LGBT topics. Also, we have established the KOBELCO Familyship Program, in which LGBT individuals who are unable to legally marry can use the internal family program in the same way as legally married couples in order to create an environment in which all employees can work with their unique qualities fully demonstrated.

We are also working to increase the number of people who become an Ally¹ through seminars and by distributing stickers with the KOBELCO LGBT ALLY logo. In November 2021, we received the highest ranking of Gold in the PRIDE Index² in recognition of these initiatives.

¹ An Ally is a person who acts proactively for LGBT issues as one's own matter
² An index that evaluates companies/organizations for their initiatives for LGBT and other sexual minorities in the workplace. Established by "work with Pride," a voluntary organization that supports the promotion and establishment of diversity management for sexual minorities.

■ KOBELCO LGBT ALLY Logo



■ Gold Award in 2021 PRIDE Index



Diversity and Inclusion (D&I)

Work Style Reform Policies Strategies and Targets

With the goal of establishing a fulfilling workplace environment that enables the acquisition and retention of outstanding human resources, the KOBELCO Group is working on work style reform activities for our employees, which include increasing the amount of annual leave taken, supporting a balance between work and family life, and increasing operational efficiency.

In our work style reform activities, we are undertaking a variety of initiatives, from the development of systems and tools to the transformation of the corporate culture and mindset, with the aim of creating a work style that allows each and every employee to work with enthusiasm, demonstrate their fullest potential, and continue to create new value.

Development of Systems and Tools Results

• Telework system

We have introduced a work system that allows employees to autonomously choose the right place to work, with an awareness of improving productivity. We recommend that employees flexibly choose between coming to the office and teleworking depending on their work characteristics and circumstances.

• Flextime system

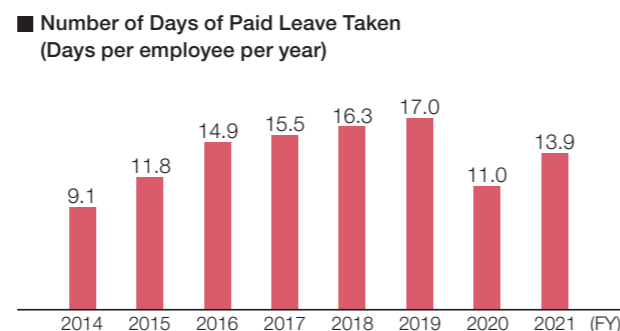
We have introduced a work system that allows employees to autonomously decide when to start/end work and how long they work each day according to their work and life circumstances.

• Planned annual leave system

With the aim of ensuring that both supervisors and subordinates have awareness of the need to take planned rest, each individual is encouraged to create an annual plan based on the necessary communication between supervisors and subordinates for planned taking of annual leave.

• Use of Microsoft Teams

We have introduced Microsoft Teams as a tool for promoting online meetings and communication.



Transformation of Corporate Culture and Mindset Results

• Supporting work-life balance

Each department takes steps to support work-life balance by encouraging employees to finish work by 7 p.m., setting no-overtime days, and designating days for everybody to leave the office at a set time.

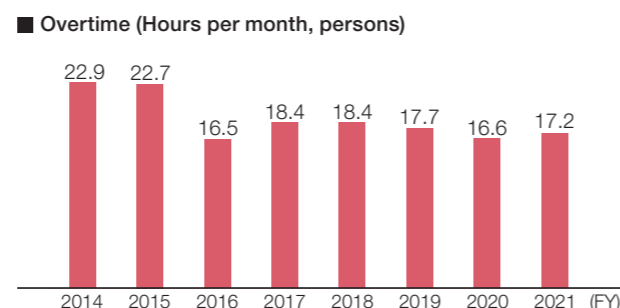
By being conscious of the end of work hours, employees can work more efficiently and effectively. This leads to improved work-life balance.

• Promoting operational improvement

We present awards for initiatives aimed at operational improvements and increasing efficiency in each workplace. Through this, we aim to promote operational improvement and create a culture of mutual praise and recognition. We also distribute videos that introduce the concepts and techniques of operational improvement and introduce examples of business improvement and standardization initiatives at each workplace.

• Dissemination of information to raise awareness of work style reforms throughout the Company

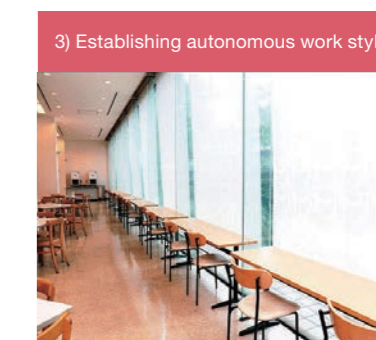
A dedicated page has been set up on the corporate intranet to disseminate information related to work style reforms.



1) Revitalizing communication
Communication area
The communication area promotes casual communication with co-workers in the cafeteria.



2) Making effective use of the office
Meeting area
The meeting area can be used without reservations or payment. Perfect for last-minute guests and meetings. Fully equipped with monitors.



3) Establishing autonomous work styles
Solo work area
The solo work area facilitates the holding of online meetings and concentrating on work for a short period of time.

• Initiatives for effective use of office space

Making effective use of the cafeteria, we have set up not only spaces for communication and meetings, but also solo work areas to encourage autonomous work styles.

• Encouraging addressing by name, not title

We encourage employees to call each other by their names in emails and at the workplace. While it is only encouragement, this approach has taken root and led to smoother communications within the Company.

• Shift to less formal attire

We have introduced the option of less formal attire at the Head Office, branch offices, and sales offices with the aim of fostering fresh and flexible thinking, and a sense of autonomy in a comfortable working style.

Work-Life Balance

Support for Work-Life Balance

Policies

Strategies and Targets

Results

We are actively working to establish an environment that facilitates work-life balance.

Childcare Support

We are moving forward with initiatives to promote a balance between work and childcare, regardless of gender. Our initiatives in childcare support have gained recognition, and the Company received the "Platinum Kurumin"² certification as an Outstanding Childcare Support Company (in 2019).

Our Company has received Kurumin¹ certification twice in the past (2012 and 2015). The Platinum Kurumin certification was awarded to our Company for the recognition of our efforts such as promoting work style reform activities, which increased the rate of employees taking annual paid leave, and encouraging employees to take the Company's own special leave for childcare, which boosted the rate of male employees taking leave.



1 A certification awarded by the Minister of Health, Labour and Welfare to companies that support childcare based on the Act on Advancement of Measures to Support Raising Next-Generation Children. It is awarded when certain requirements are fulfilled, such as formulating and reporting an action plan and achieving targets.

2 A special certification awarded to Kurumin-certified companies that have implemented initiatives aiming for a higher standard and fulfilled certain conditions, with the designation of Outstanding Childcare Support Company.

Usage of Main Childcare Support Systems

Results

● Usage of Childcare Support Systems

■ Percentage of Employees Taking Childcare Leave¹ and Average Number of Days Taken²

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Male	6.4%	8.2%	16.5%
	80 days	76 days	57 days
Female	100.0%	97.3%	100.0%
	522 days	470 days	431 days

1 Percentage of employees taking leave for a child born within the fiscal year.

2 The period of the Company's childcare leave is up to three years. The number of employees includes those who continue to be on leave from the previous fiscal year.

■ Percentage of Employees Taking Special Leave for Childcare

	Fiscal 2019	Fiscal 2020	Fiscal 2021
Male	87.4%	77.8%	78.5%

● Support for Male Participation in Childcare

Strategies and Targets

With the aim of facilitating the participation of men in childcare, employees with children may take five days of special leave for childcare for each child of less than three years, and we are conducting activities to encourage the taking of such leave by setting a goal of increasing the percentage of male employees with an infant less than one year old taking childcare leave to 100% by the end of fiscal 2023.

We inform eligible employees of this system through emails and letters, and we also hang posters and other notices in workplaces and Company housing to encourage people to take leave under the childcare leave system and related systems. Through a dedicated diversity page on the corporate intranet, we provide information on how to take childcare leave and introduce testimonials from male employees who have taken childcare leave.



Nursing Care Support

Policies

We support work-life balance at all stages of life. For nursing care, we have assigned nursing care counsellors in every location as part of a system for responding to requests for advice from employees. And, we also have a system in place that allows employees to take up to three years of nursing care leave as a period to make necessary arrangements for nursing care. In addition, we are working to create a workplace environment where employees can balance work and nursing care by creating a handbook to support the balancing of work and nursing care and posting it on the Company intranet.

Other Support for Work-Life Balance

Policies

In order to enable employees to continue working, not only through child rearing, but also through various life events, we have established various support programs.

● Career Continuation Leave System

Under this system, employees who are living apart from their spouse due to their spouse having been transferred elsewhere, or for other reasons, may take leave of up to three years in order to resolve this separated state.

With the number of households in which both partners work increasing, there has also been an increase in cases where employees of the Company end up separated from their spouse due to the need to stay in their respective work locations. In light of this situation, this system provides a new option that could be an alternative to a commuter marriage or leaving the company (to live with their spouse) in the event of an unwanted separation from their spouse due to each person's need to stay in their respective work locations. By doing so, we aim to help employees who have to live separately from their spouse to continue to work, and at the same time, reduce their anxiety about future separation from their spouse.

● Reemployment Entry System

For employees who enter this system when they resign due to marriage, childcare, nursing care, or transfer of their spouse, and who subsequently request reemployment at the Company, due to a change in circumstances, within five years of having resigned, this system matches the candidate with the Company's re-employment needs.

Entering the system at the time of resignation enables employees who had no choice but to resign for childcare or other reasons to select the Company as a destination for reemployment when searching for a place to work.

● System Supporting Early Return from Childcare Leave

This system allows employees, with a child under one year old, who have returned to work after childcare leave to receive a subsidy equal to the difference between the licensed and unlicensed nursery usage fees (a maximum of 50,000 yen for up to a year) when their child has to be placed in an unlicensed nursery in spite of the attempt to enter a licensed nursery.

One major issue when it comes to returning to work from childcare leave is finding a nursery to take care of the child. In many cases, employees wish to leave their children at licensed nurseries, which are less expensive, but it may not be easy to have their children taken care of for the desired period at licensed nurseries as many of them have no vacancies. In this situation, they can have the option of leaving their child at an unlicensed nursery, but the reality is that many choose to extend their leave from the workplace due to the higher childcare fees of unlicensed nurseries. This system aims to reduce these barriers to returning from childcare leave early by providing subsidies.

Making Various Systems for Supporting Work-Life Balance Known to All

We distribute various handbooks to all employees who have had a baby, or who take nursing care leave.



Health and Productivity Management

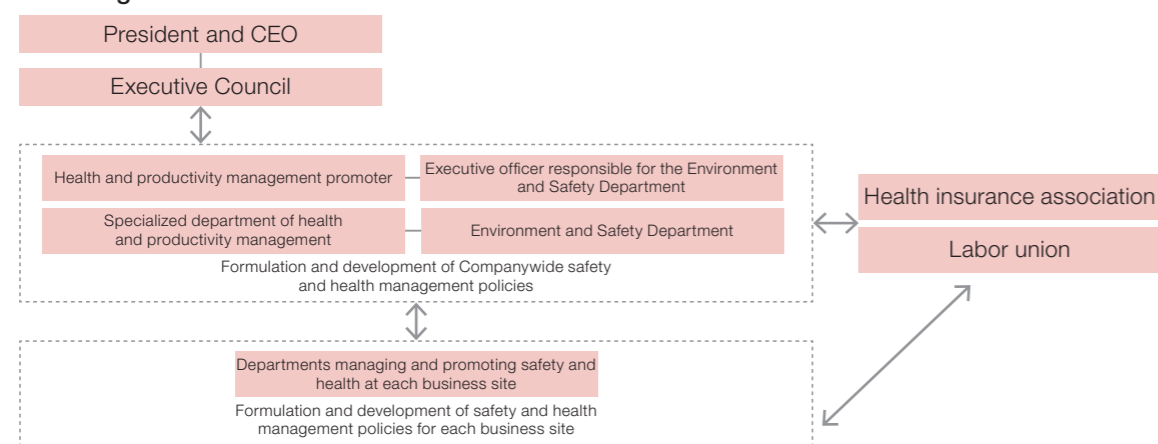
Basic Policy (Declaration of Health and Productivity Management) Policies

The KOBELCO Group believes that safety and health are fundamental to its business operations and take priority over all business activities. In accordance with this principle, we are building a vibrant workplace environment in which people can work safely and healthily.

Objectives and Management Structure for the Promotion of Health and Productivity Management Structure

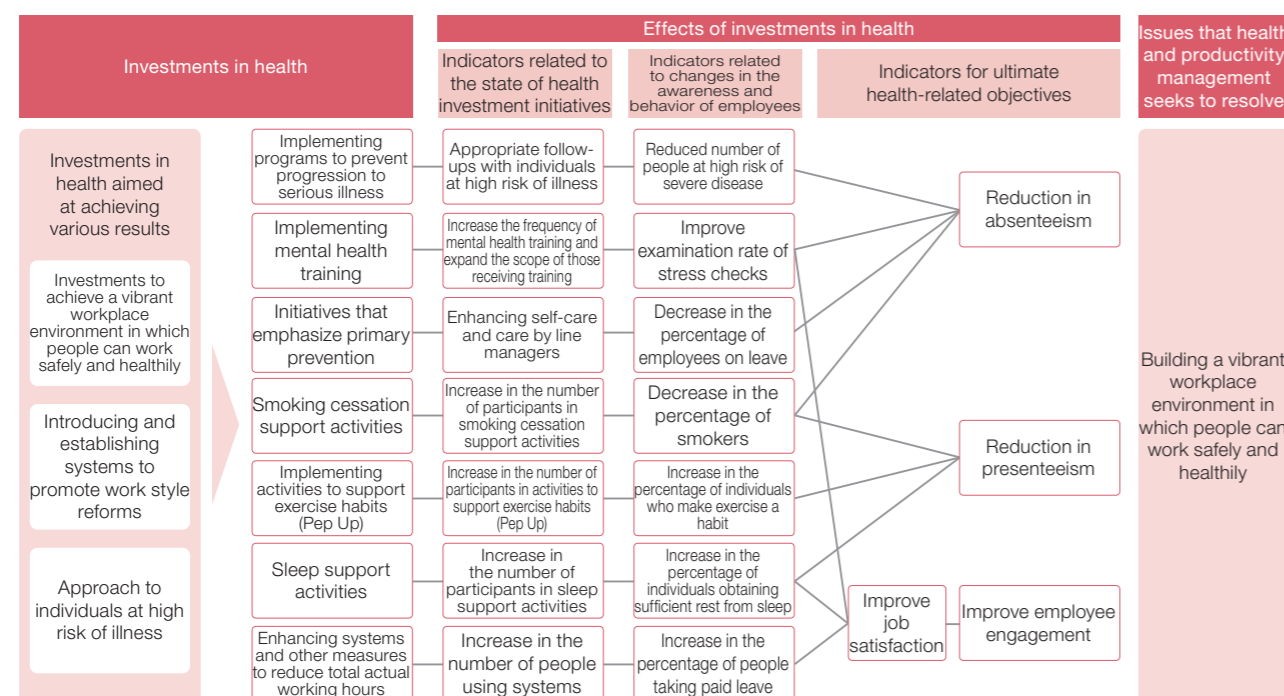
Based on the basic policy, we are promoting health and productivity management as an issue of paramount importance to corporate activities of our Company, which embraces a corporate culture that places the highest priority on safety and health, regardless of the social and business environment, recognizing that it contributes to corporate growth and sustainability.

Management Structure



Health and Productivity Management Strategy Map Strategies and Targets

In order to build a vibrant workplace environment in which people can work safely and healthily, the following strategy map is used for the effective promotion of various measures.



Main Health and Productivity Management Initiatives Results

Mental Health

	Main Contents
Primary prevention	<ul style="list-style-type: none"> Self-care Awareness through stress checks Mental health education Care by line managers Organizational management (daily communication within the organizational structure) Mental health education Workplace support based on the results of stress checks Assessments classified into quadrants (motivated organization, low-motivation organization, workaholism, burnout) in accordance with the degree of employee engagement and stress, based on the results of stress checks for each department. Particularly for workplaces that come under "burnout," industrial physicians, departments responsible for safety and health, and departments responsible for human resources and labor relations strive to understand the situation and engage in improvements. (External consultants may be called, as necessary)
Secondary prevention	<ul style="list-style-type: none"> Regular opening of consultation desks ("ask me anything" sessions) staffed by industrial counsellors Support provided by industrial health staff assigned to business sites (industrial physicians, nurses, and industrial counsellors)
Tertiary prevention	<ul style="list-style-type: none"> Support for returning to the workplace provided by industrial health staff assigned to business sites and departments responsible for human resources and labor relations Support by a psychiatric consulting doctor

Physical Health (In cooperation with health insurance association)

	Main Contents
Enhancing health checkups/prevention of progression to serious illness	<ul style="list-style-type: none"> Use of blood tests and endoscopic checkups. Treatment for individuals infected with <i>Helicobacter pylori</i>. Checkups at health screening clinics for employees reaching the age of 50 or 60 as well as their spouses Initiatives to prevent progression to serious illness for individuals at high risk (selected in accordance with the Company's criteria from among those considered to be high risk due to blood pressure or blood sugar levels)
Support for exercise habits and so on	<ul style="list-style-type: none"> As part of our efforts to address lack of exercise, videos of easy stretching and back pain prevention exercises are posted on the corporate intranet. At some business locations, we assess physical fitness age by measuring physical fitness (body composition, forward bends, standing on one leg with eyes closed, reflex measurements, etc.) Education on exercise habits and other matters using the health insurance "Pep Up" system for supporting health promotion
Support for smoking cessation	<ul style="list-style-type: none"> Support for smoking cessation provided by industrial health staff utilizing nicotine patch treatment. (Subsidies for health insurance costs available.) Dissemination of educational materials on smoking cessation created in cooperation with the Kobe Steel health insurance association (through posting on the corporate intranet, etc.)
Support for better sleep	<ul style="list-style-type: none"> Improved the stress check questionnaire by adding sleep-related items. Confirmation and follow-ups of individuals in question by industrial physician. Creation and dissemination of educational materials on sleep (video) Formulation and dissemination of sleep-related materials under the supervision of consulting doctor

Health-Related Data Results

	Target Value	Fiscal 2020 Results	Fiscal 2021 Results
Examination rate of stress checks	100%	95.6%	96.0%
Percentage of individuals at high risk of illness	1.0% ¹	1.9%	2.1%
Percentage of individuals registered with Pep Up	100%	—	86.4% ²
Smoking rate	29.0% ³	32.2%	28.9%
Percentage of individuals obtaining sufficient rest from sleep	70% or more	65.0%	65.8%
Percentage of individuals taking leave of absence due to poor mental health ⁴	—	1.2%	1.2%
Job satisfaction	—	51.4%	50.7%
Work engagement	—	49.3%	48.6%

¹ Reduction of 50% compared to the fiscal 2019 level by fiscal 2023 ² As of April 6, 2022 ³ Reduction of 3% compared to the 2019 level by fiscal 2023 ⁴ Percentage for the most recent three years

Collaborations and Initiatives with Local Communities Results

As a member of the health and productivity management subcommittee of Kobe City's "Health Creation City Kobe," the Company is participating in the following three fields in accordance with the subcommittee operating policy.

Fields of Activity

- Educational activities to promote health and productivity management (seminars, dissemination of information)
- Activities to provide services and content that are useful for health and productivity management
- Activities by the Health and Productivity Management Practice Project Team for research, investigation, and resolution of health and productivity management issues

Building Responsible Supply Chains

In order for the KOBELCO Group to realize KOBELCO's View of the Future, as a responsible member of the global supply chain, we actively promote initiatives to address issues such as human rights and environmental challenges, not only in our own Group but also throughout our supply chains.

The Group has formulated its basic procurement policy toward building responsible supply chains. We will fulfill our social responsibilities while working to grasp the supply chain issues in the procurement of raw and other materials in order to ensure a stable supply of our products and services.

Basic Procurement Policy Policies

Our Company's procurement departments will conduct their activities based on the following basic procurement policies.

1. Compliance with laws, regulations, and other social norms

In conducting purchasing operations, we will comply with relevant domestic and overseas laws, social norms, and internal regulations.

The person in charge of procurement will have no private benefit in any business partner.

We will never have any relationship with antisocial forces and organizations that threaten the order and security of civil society and will not respond to illegal or unjust demands.

2. Fair and impartial transactions

Purchasing operations will be conducted based on reasonable standards, in terms of quality, delivery time, and price, and will be open to the public both in Japan and abroad.

3. Coexistence with the global environment through procurement

When conducting purchasing operations, we will pay attention to social conditions and demands, and give due consideration to environmental protection, resource protection, etc.

4. Strengthening partnerships with business partners

We aim for mutual development by establishing a relationship of trust with our business partners.

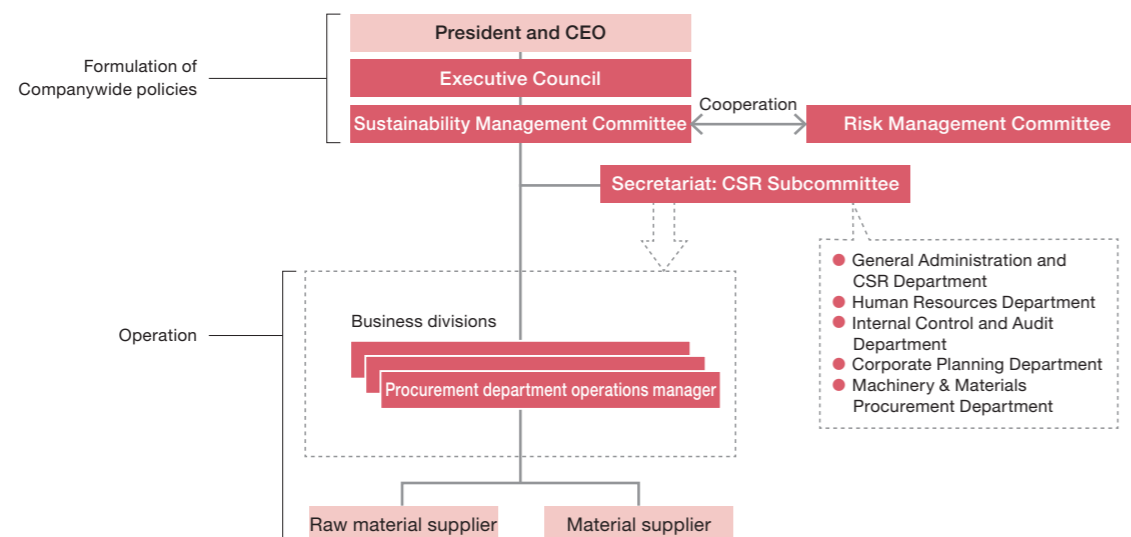
5. Management of confidential information

We will strictly manage information and personal information obtained through purchasing operations and use it only for the permitted purposes.

Promotion System Structure

The Companywide sustainability policy is proposed by the Sustainability Management Committee to the Executive Council for deliberation to build consensus. The approved policy is promoted by operation managers at procurement departments under respective business divisions.

From the viewpoint of risk management, procurement activities are conducted in cooperation with the Risk Management Committee to strengthen the policy implementation.



Requests to Our Business Partners Strategies and Targets

The KOBELCO Group requests its business partners to understand and practice the following in order to work together to build responsible supply chains. We also ask our business partners to ensure that their suppliers thoroughly understand and practice the following.

Social responsibility items for which we request the endorsement and cooperation of our business partners (Details can be found on our corporate website.)

Compliance	Human rights and labor	Safety and health
Environment	Fair trade and ethics	Quality and safety
Information security	Business continuity plan	Social contribution



Approaches to Our Business Partners Results

In fiscal 2021, the KOBELCO Group began activities to promote a deeper understanding of our Group policies among its business partners and initiated surveys on their current status of their initiatives. Going forward, we will continue to work to build responsible supply chains, together with our business partners.

Main Initiatives in Fiscal 2021

(1) Video explaining the KOBELCO Group approach made available

<https://www.kobelco.co.jp/english/sustainability/procurement.html>

(2) Tier 1 suppliers in Japan and overseas were asked to complete a questionnaire survey regarding the state of their initiatives.

Summary of Questionnaire Survey

- Survey recipients: 330 companies (Primary domestic and overseas suppliers of raw and other materials)
- Survey period: February–May 2022
- Responding companies: 271 (response rate: 82%)
- Question items: 9 categories, 116 questions

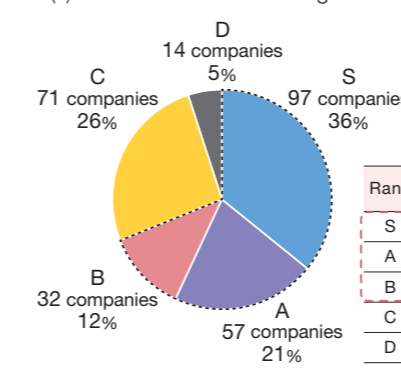
Question Items for the Survey

Following the UN Global Compact Self Assessment Tool, we asked questions about the basic approach to each category, compliance with laws and regulations, and internal management systems, etc.

Category	Number of questions
(1) CSR-related corporate governance	20
(2) Human rights	9
(3) Labor	23
(4) The environment	15
(5) Fair corporate activities	22
(6) Quality and safety	7
(7) Information security	9
(8) Supply chain	7
(9) Living in harmony with the local community	4
Total	116

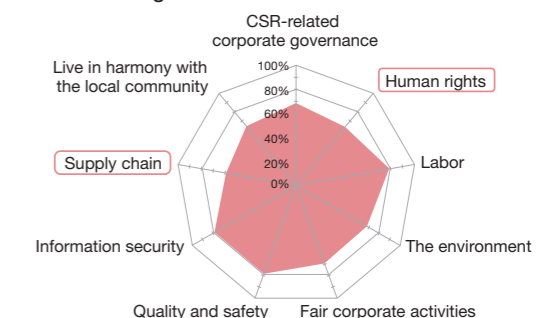
Aggregated Results

(1) Distribution of Percentage Scores



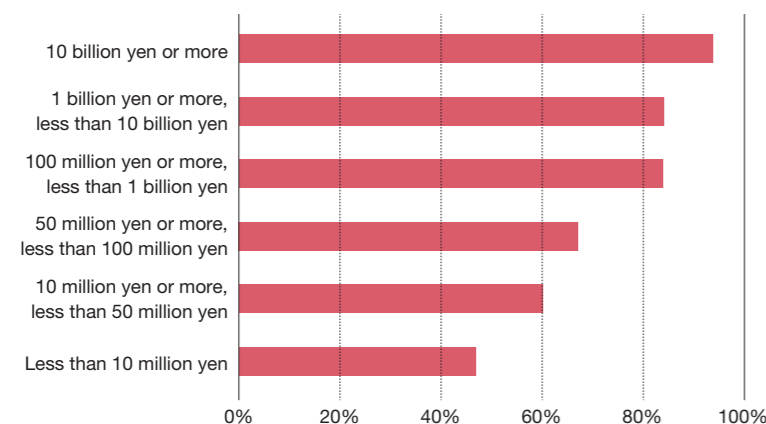
(2) Percentage Scores by Category

Overall Average Scores



Building Responsible Supply Chains

(3) Percentage Scores by Size of Company (By capital)



Item	Less than 10 million yen	10 million yen or more, less than 50 million yen	50 million yen or more, less than 100 million yen	100 million yen or more, less than 1 billion yen	1 billion yen or more, less than 10 billion yen	10 billion yen or more
(1) CSR-related corporate governance	40%	55%	65%	86%	87%	97%
(2) Human rights	36%	51%	58%	82%	80%	91%
(3) Labor	54%	68%	80%	90%	88%	96%
(4) The environment	41%	56%	66%	81%	84%	93%
(5) Fair corporate activities	43%	59%	65%	89%	88%	96%
(6) Quality and safety	49%	72%	79%	91%	91%	96%
(7) Information security	49%	70%	78%	93%	91%	98%
(8) Supply chain	36%	51%	57%	75%	71%	90%
(9) Live in harmony with the local community	44%	56%	60%	72%	77%	91%
Average	44%	60%	67%	84%	84%	94%

(4) Results of Analysis

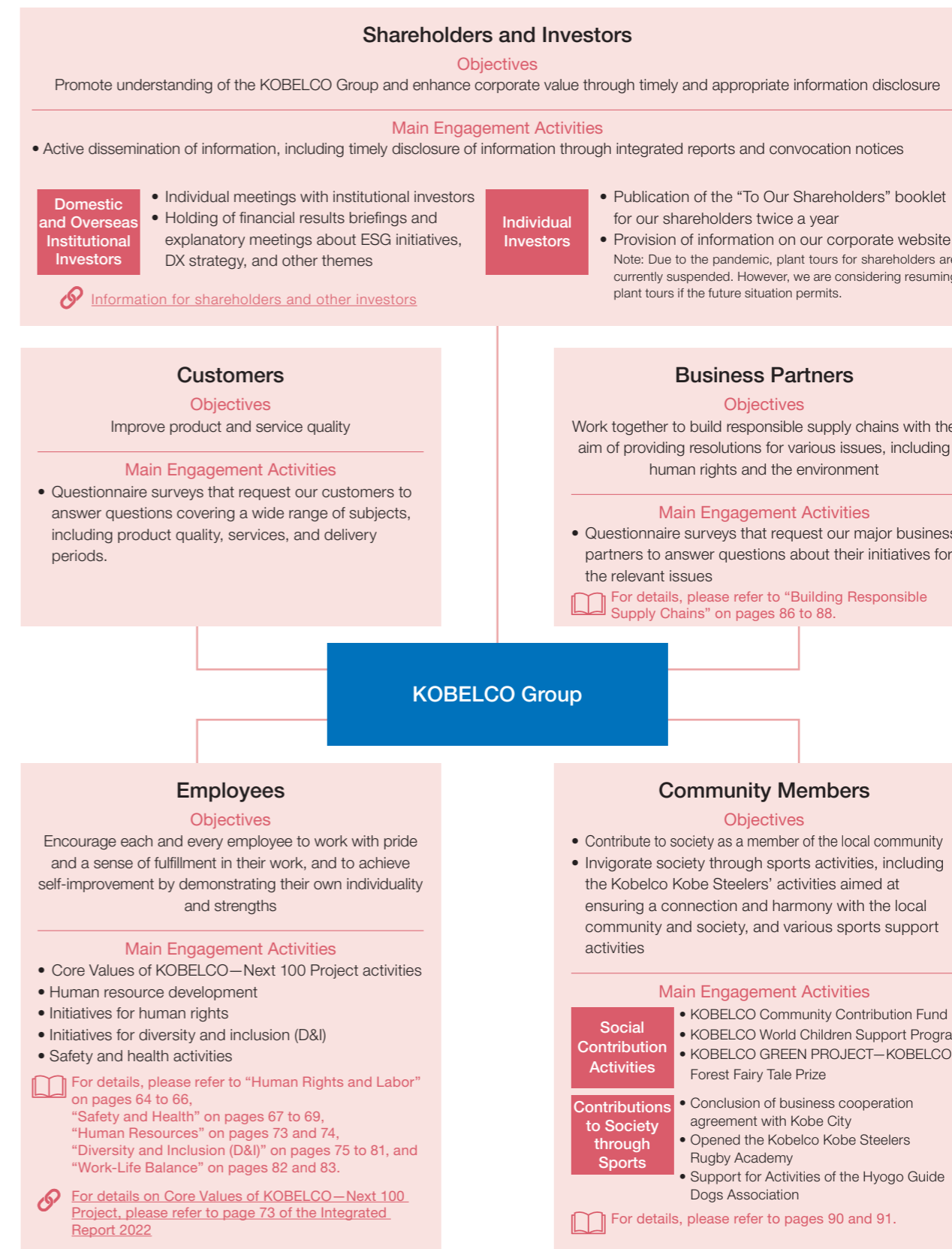
- The average score was 71%.
- 186 companies, accounting for approximately 70% of the total (S to B ranks), scored an average of at least 60%.
- Scores for “human rights” and “supply chain” were relatively low in comparison to “labor” and “quality and safety,” which are the themes that the manufacturing industry has long been working on.
- Since there are differences depending on the size of the company, we believe that more detailed study and analysis are required from various perspectives, such as the business scale and business items.
- In fiscal 2022 and beyond, we hope to gain the cooperation of our business partners through their participation in a questionnaire survey on the state of their compliance with important items such as human rights and conflict minerals.
- We will also work on revising the questionnaire survey items to get a more accurate picture of the situation at our business partners.

Communities (Communication with Stakeholders)

The KOBELCO Group is committed to proactive communication with stakeholders. Recognizing that improving management transparency is a top priority, we are promoting timely, appropriate, and extensive information disclosure.

We also carry out various activities to contribute to local communities, such as community interaction, regional development, environmental activities, and contribution to society through sports.

■ The KOBELCO Group's Main Stakeholders

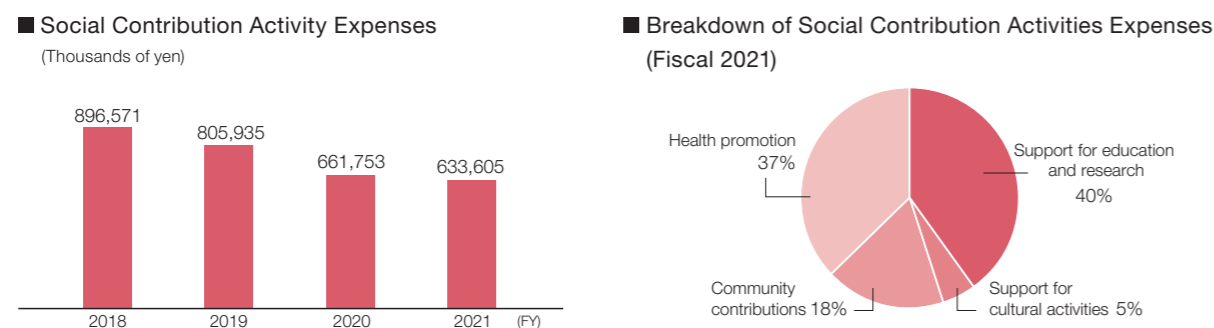


Communities (Communication with Stakeholders)

Social Contribution Activities

We carry out various social contribution activities, including support for children through the KOBELCO Community Contribution Fund and contributions to society through sports. In fiscal 2021, we spent approximately 630 million yen for social contribution activities expenses, such as donations through UNICEF and donations to local governments in areas where our business sites are located.

Since fiscal 2019, social contribution activity expenses have been trending down due to the cancellation of various events and activities, impacted by the COVID-19 pandemic, but we will continue to engage in social contribution activities while taking into account the future situation.



KOBELCO Community Contribution Fund

In fiscal 2006, which marked the 100th anniversary of the Company's founding, we established the KOBELCO Community Contribution Fund, through which we have been carrying out support activities for children. In fiscal 2021, the Company and its Group companies donated approximately 5.62 million yen in total to various facilities and organizations.

Please visit our corporate website for an overview of the fund's support results and initiatives.

[KOBELCO Community Contribution Fund](#)



KOBELCO World Children Support Program

In addition to the KOBELCO Community Contribution Fund, we began the KOBELCO World Children Support Program in fiscal 2021 for making donations to support children living in poverty around the world. In fiscal 2021, we donated a total of 5 million yen to the Japan Committee for UNICEF, 2.5 million yen each to the Ukraine emergency fund and the natural disaster emergency fund.

Going forward, we will continue to make donations every year to support activities carried out by the United Nations and other international organizations.

Contributions to Society through Sports

● Conclusion of Business Cooperation Agreement with Kobe City

The Kobelco Kobe Steelers, whose host town is Kobe City, signed a business collaboration agreement with the city on September 28, 2021, in order to further strengthen collaboration. The agreement aims to:

- 1) Promote sports through rugby
- 2) Improve the health of citizens, promote the sound development of young people, and realize a prosperous social life
- 3) Promote regional revitalization
- 4) Disseminate the attractiveness of Kobe City both in Japan and overseas

To date, the Kobelco Kobe Steelers have been engaged in various activities such as conducting sports lessons, participating in school visit projects, providing support for healthcare workers, and implementing initiatives for regional revitalization. Going forward, we will further deepen our collaboration with Kobe City and move forward with various activities, including the operation of a rugby academy and collaborative projects with relevant agencies in Kobe City.



Kobelco Kobe Steelers Rugby Academy

On October 4, 2021, the Kobelco Kobe Steelers opened a rugby academy for elementary and junior high school students who play rugby at rugby schools or in club activities in Hyogo Prefecture. Through weekly practice, we aim to develop players from Hyogo Prefecture who can lead Japanese rugby and play on a global level, while supporting the development of unique individuals who act with autonomy and independence and contributing to the development of healthy young people in the region.



Support for Activities of the Hyogo Guide Dogs Association

The Kobelco Kobe Steelers has been supporting the activities of the Hyogo Guide Dogs Association, a social welfare corporation whose mission is to train guide dogs and deepen understanding of the local community about accepting guide dogs, and, since 2020, have cooperated in raising funds to support guide dogs and selling charity goods at match venues. In the season from January to May 2022 as well, many visitors came to the booth to participate in our activities.

[Kobelco Kobe Steelers](#)



KOBELCO GREEN PROJECT

● KOBELCO Forest Fairy Tale Prize

Along with the KOBELCO Forest Fairy Tale Prize, we have been engaged in activities such as forest development activities carried out by employee volunteers and environmental education outreach to children's centers. These environmental contribution activities are collectively called the KOBELCO GREEN PROJECT and are promoted by the entire Group with the aim of coexisting and cooperating with society from an environmental perspective as well.

For the KOBELCO Forest Fairy Tale Prize, the KOBELCO Group solicits stories about forests from elementary, junior high, and senior high school students across Japan with the aim of helping children, who will lead the next generation, develop a feeling of cherishing the forest that offers various blessings of nature. The winning stories are transformed into picture books with illustrations by picture book authors. The finished picture books are donated to schools and public libraries under the jurisdiction of the local governments that support this activity. In fiscal 2021 we received a record 819 entries, from which in the elementary student category, Honoka Yasuda's "The Lost Crab Goes for a Walk in the Forest" and in the junior and senior high school category, Mugiho Konishi's "The Forest Real Estate Agent" won the gold prize.



Social and Labor Data

				Fiscal 2019	Fiscal 2020	Fiscal 2021
Number of employees	Consolidated	Consolidated		40,831	40,517	38,106
	Non-consolidated	Non-consolidated		11,560	11,837	11,296
		Men		10,528	10,750	10,231
		Women		1,032	1,087	1,065
		Non-Japanese		85	87	76
Percentage of female managers	Non-consolidated	%	2.6	2.7	2.8	
Percentage of female employees ¹	Non-consolidated/ Consolidated	%	10.3	14.3	14.2	
Percentage of employees with disabilities ²	Non-consolidated	%	2.37 (2.2)	2.34 (2.2)	2.56 (2.3)	
Number of employees taking childcare leave ³	Non-consolidated	Men		35	48	82
		Women		58	63	49
Percentage of employees returning from childcare leave	Non-consolidated	%	100.0	99.1	99.0	
Number of new graduates employed	Non-consolidated	Men		315	349	254
		Women		52	38	39
Turnover of employees with less than 3 years of service (non-consolidated) ⁴	Non-consolidated	%	16.6	5.7	3.4	
Turnover of employees with less than 10 years of service (non-consolidated) ⁵		%	19.1	15.8	19.5	
Number of annual paid leave days taken	Non-consolidated	Days per year/ employee	17	11	13.9	
Overtime hours	Non-consolidated	Hours per month/ employee	17.7	16.6	17.2	
Total hours worked	Non-consolidated	H	2,080	1,978	2,057	
Employee training	Non-consolidated	Total hours of training	H	347,495	210,948	215,667
		Average hours of training per employee	(Hours/ employee)	30	18	19
Voluntary turnover of full-time employees	Regular employees	%	2.1	2.3	2.7	

¹ The figure for fiscal 2019 is consolidated (domestic Group companies only). Figures for fiscal 2020 and 2021 are consolidated (the total of the entire Group).

² Figures in parentheses are the statutory employment rate.

³ The period of the Company's childcare leave is up to three years. The number of employees includes those who continue to be on leave from the previous fiscal year.

⁴ The figure shows the percentage of those who retired with less than three years of continuous service, among the employees who joined the Company during these fiscal years through the regular hiring process (For fiscal 2019 and 2020, the percentage of those retiring by the end of fiscal 2020).

⁵ The figure shows the percentage of those who left the Company with less than 10 years of continuous service, among the employees who joined the Company during these fiscal years through the regular hiring process (The percentage of those who retired by the end of fiscal 2020).

Corporate Governance

Basic Stance on Corporate Governance

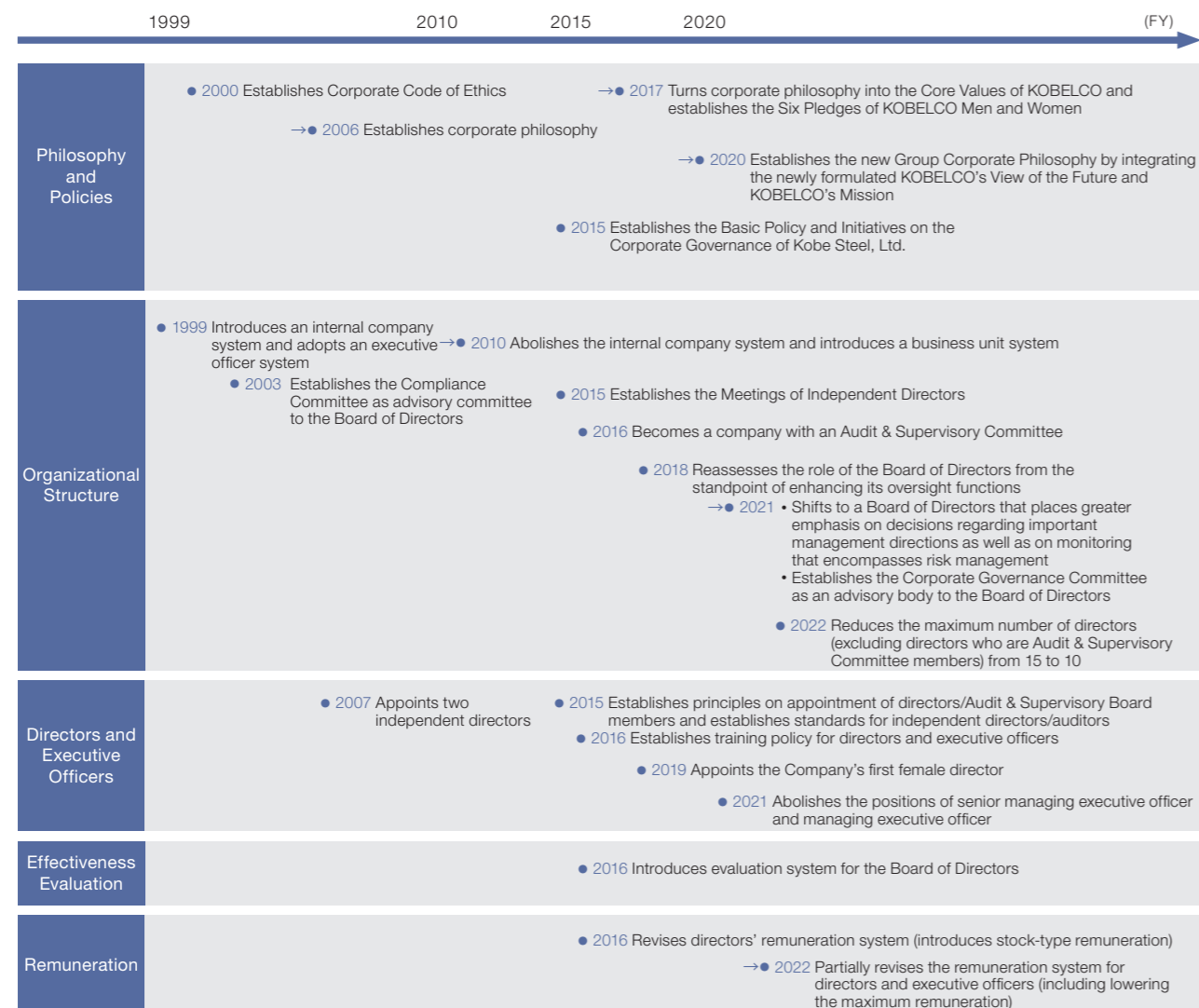
The KOBELCO Group recognizes that corporate value includes not only business results and technological capabilities but also the stance on social responsibility to all stakeholders, such as shareholders and investors, customers, business partners, employees and community members. We believe that working earnestly to improve all of these factors leads to the enhancement of corporate value.

Therefore, corporate governance is not merely a form of the organization, but it is a framework for realizing all the efforts the Group is undertaking. In the development of the framework, the Group places importance on the following: establishing a system that contributes to improving corporate value through appropriate risk-taking, collaborating with stakeholders, promoting appropriate dialogue with investors in the capital market, ensuring the rights of and fairness for shareholders, and ensuring transparency.

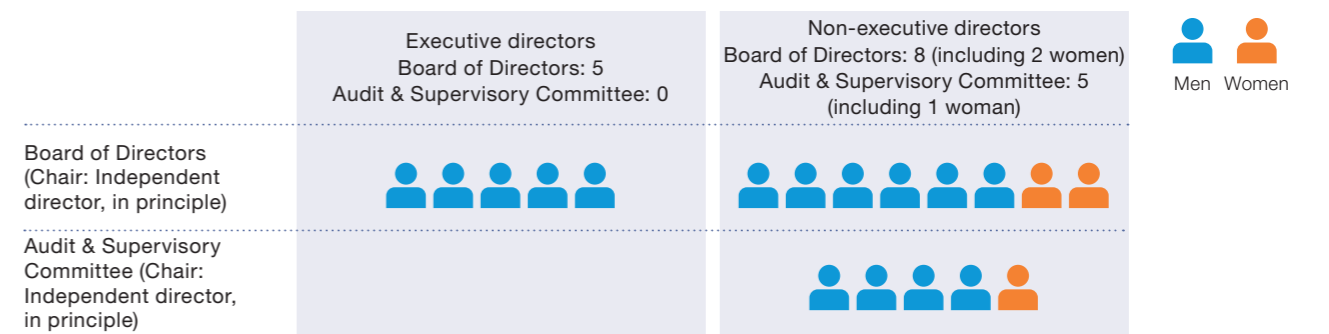
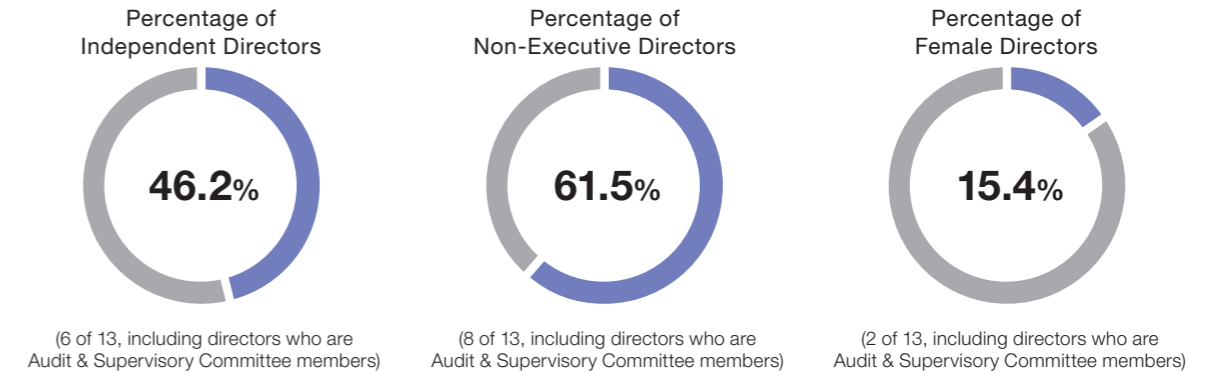
Based on this belief, the Group aims to enhance corporate value over the medium to long term by promoting sustainability management with the Group Corporate Philosophy positioned as the foundation of all business activities.

[Basic Policy and Initiatives on the Corporate Governance of Kobe Steel, Ltd.](#)

Initiatives to Strengthen Corporate Governance



Corporate Governance Highlights



Note: Our Company has registered all six independent directors as independent directors with a financial instruments exchange.

Policy on the Management Structure (Management Structure and the Scope of Delegation in Management)

The Company believes the source of its corporate value lies in synergies generated by a wide range of segments in different demand fields, business environments, sales channels, and business scales, while recognizing that the pursuit of technological development and innovation, which is the cornerstone of the Company's sustainable growth, cannot be achieved without discussions with manufacturing sections.

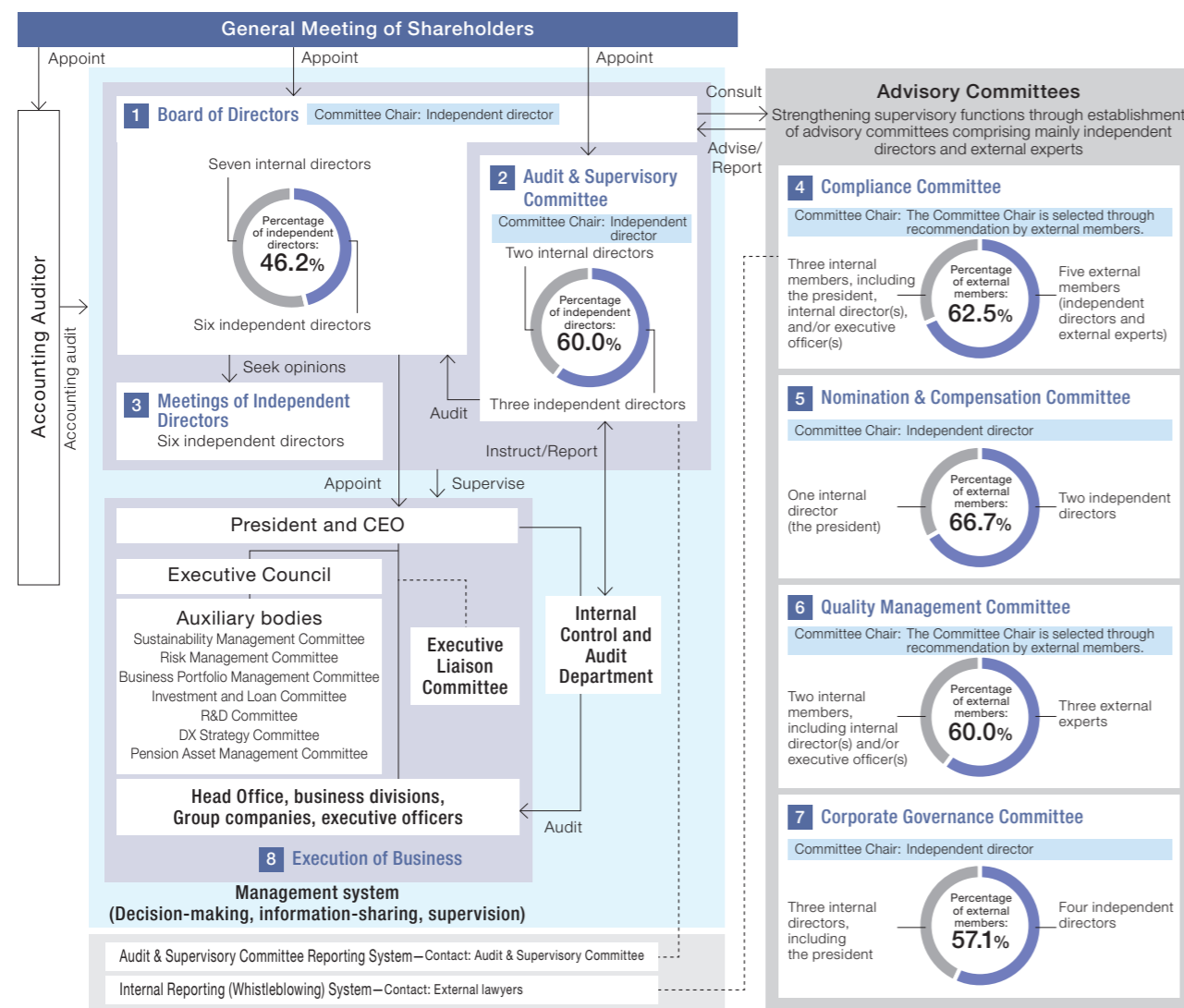
Furthermore, the Company believes it is necessary for the Board of Directors to hold active discussions and make appropriate decisions regarding the risk management and the distribution of management resources for a wide range of businesses, and at the same time, to flexibly supervise business execution. In order to achieve this, it is desirable that the Board of Directors have members with a correct understanding of the Company's business execution without completely separating the supervisory and execution functions.

In line with this approach, the Company has adopted an Audit & Supervisory Committee whose members have voting rights on the Board of Directors. Under this governance structure, the Company aims to enable comprehensive audits of its extensive businesses, maintain and strengthen the supervisory function of the Board of Directors, and accelerate decision-making on management, with no clear boundaries that separate the supervisory and execution functions.

In order to improve the effectiveness of monitoring, the Company has established advisory committees, which are responsible for providing appropriate recommendations to the Board of Directors regarding compliance, nomination and compensation, quality management, and corporate governance. In order to improve the effectiveness of business execution, the Company established the Executive Council as a forum where executives, including the president, discuss important matters. In addition, the Company has set up various committees as auxiliary bodies to the Executive Council in order to oversee and promote important matters related to the entire Company, such as sustainability and business portfolio management. The activities of these committees are monitored by the Board of Directors.

Corporate Governance

Our Corporate Governance System



1 Board of Directors

The number of directors (excluding directors who are Audit & Supervisory Committee members) shall be not more than 10 as stipulated under the Articles of Incorporation of the Company. The Company takes the following measures to ensure that an appropriate number of directors constitutes the Board of Directors to facilitate substantial discussion at meetings of the Board of Directors as well as enhance the auditing function, while considering its diversity.

The Company's Board of Directors places emphasis on determining important management directions and monitoring, including risk management. In addition to the president, directors who oversee the specific functions of Companywide importance shall be appointed as executive directors. In order to further enhance active discussions, appropriate decision-making, and supervision, it is essential to reflect external fair and neutral viewpoints and the viewpoints of stakeholders including minority shareholders. Therefore, in addition to the independent directors who are Audit & Supervisory Committee members, the Company invites several independent directors who are not Audit & Supervisory Committee members to the Board of Directors. The Chairman of the Board of Directors is elected from among the independent directors.

2 Audit & Supervisory Committee

In principle, the Audit & Supervisory Committee of Kobe Steel consists of five directors, including two internal directors and three independent directors. This membership is not only in accordance with the rules of Japan's Companies Act on a company with an Audit & Supervisory Committee, which require at least three non-executive directors (the majority of whom shall be independent directors), but also ensures transparency and fairness and encourages satisfactory auditing for the execution of duties by directors responsible for a wide range of business segments. The Chair of the Audit & Supervisory Committee is selected from among independent directors.

Internal directors who are full-time Audit & Supervisory Committee members are mainly responsible for acting as liaisons between the management team and the Audit & Supervisory Committee and for coordinating with the internal audit departments. Independent directors who are Audit & Supervisory Committee members are responsible for providing expert knowledge with respect to auditing and for maintaining fairness. To ensure these roles are fulfilled, the Company appoints independent Audit & Supervisory Committee members from diverse fields, including legal, financial, and industrial circles. In addition, at least one of the Audit & Supervisory Committee members shall have a considerable degree of knowledge on finance and accounting in order to improve the effectiveness of audits.

3 Meetings of Independent Directors

The Company has established the Meetings of Independent Directors to take full advantage of the independent directors' capabilities. The meetings are a platform where the Company shares with independent directors information regarding the Company's businesses excluding the nomination and compensation of executives.

The Meetings of Independent Directors consist solely of independent directors. Regular meetings are held every quarter and ad-hoc meetings are held when necessary.

The executive directors of the Company attend the Meetings of Independent Directors as appropriate to share information and exchange opinions with the independent directors.

4 Compliance Committee

The Company has established the Compliance Committee as an independent advisory body to the Board of Directors. The committee deliberates matters regarding compliance with laws, regulations, and ethics in the Company's business activities.

The Compliance Committee consists of the president, the director/executive officer overseeing Companywide compliance, the executive officer responsible for Companywide compliance, lawyers (without a retainer agreement executed by the Company) in charge of receiving reports via the Internal Reporting (Whistleblowing) System, independent directors, and external experts. The majority of the committee consists of members from outside the Company. The committee chair is selected through mutual recommendation among the external members.

The Compliance Committee formulates fundamental policies regarding compliance activities, monitors the progress of compliance activities, and submits reports and recommendations on necessary actions to the Board of Directors. The committee holds regular meetings semiannually and ad-hoc meetings when necessary.

5 Nomination & Compensation Committee

The Company has established the Nomination & Compensation Committee as a body to report on matters such as the nomination, appointment, and dismissal of candidates for directors and executive officers, including the appointment of the CEO, as well as the remuneration system for directors and executive officers and other matters, with the aim of further increasing the fairness and transparency of the operation of the Board of Directors. The committee consists of three to five members appointed by the Board of Directors, including the president, with the majority of members comprising independent directors. Meetings are held at least once every fiscal year and as needed. The Board of Directors fully respects the opinions reported by the Nomination & Compensation Committee and decides on the matters reported. The committee chair is selected from among the independent directors.

Corporate Governance

6 Quality Management Committee

The Company has established the Quality Management Committee as an advisory body to the Board of Directors. The committee undertakes the continuous monitoring and makes recommendations regarding quality management enhancement activities within the Group, as well as the monitoring of the effectiveness of measures to prevent recurrence of the quality misconduct. Members of the committee include two internal executives of the Company and three external experts selected by the Board of Directors who have technical or legal knowledge on quality control. The committee chair is selected through mutual recommendation among the external members.

7 Corporate Governance Committee

The Company has established the Corporate Governance Committee as an advisory body to the Board of Directors. The committee deliberates matters regarding corporate governance, including the formulation of basic policies, in order to realize corporate governance that helps to achieve the sustainable growth of the Group and enhance corporate value.

The Corporate Governance Committee consists of the president, the director or executive officer overseeing the Corporate Planning Department, the director or executive officer overseeing the General Administration and CSR Department, and independent directors appointed by the Board of Directors. Independent directors form a majority of the committee. The committee chair is selected through mutual recommendation among the independent directors. The Corporate Governance Committee meets at least once every fiscal year and calls a meeting as needed.

8 Execution of Business

The Board of Directors places emphasis on determining important management directions and monitoring that encompasses risk management. The executive officers shall be responsible for the execution of business. The Company's executive officers are appointed by the Board of Directors. They do not constitute a statutory body, but they are deemed as an important position for executing business entrusted by the Board of Directors. Under this structure, the Executive Council (which meets twice a month) is convened as a forum for deliberating important matters related to management and matters to be discussed by the Board of Directors. The members of the Executive Council include the president, executive directors, the executive officer responsible for the Corporate Planning Department, executive officers nominated by the president (heads of business divisions), presidents of affiliated companies, standing directors who are full-time Audit & Supervisory Committee members, and members appointed for each project.

The Executive Council is not a decision-making body, but a forum for frank discussion aimed at giving additional consideration to the execution of business by each business division and the Group from various aspects. Matters deliberated by the Executive Council are submitted to the Board of Directors as matters to be resolved or reported.

In order to enhance the effectiveness of deliberations by the Executive Council, various committees will be established as auxiliary bodies for important matters related to business strategy, such as sustainability management, risk management, business portfolio management, and investment and loans.

In addition, the Company will establish the Executive Liaison Committee (which meets quarterly) consisting of directors, executive officers and fellows who execute business, and the presidents and officers of affiliated companies nominated by the president.

The Executive Liaison Committee is a forum to share information on important matters related to management, and it is also considered a venue to conduct training by inviting instructors from inside and outside the Company in order to acquire and update as appropriate various knowledge necessary for the integrated management and business execution of the Group.

Knowledge, Experience, and Skills That Are Particularly Expected to Be Demonstrated for the Improvement of the Functions of the Board of Directors (Skills Matrix)

In order to address the Group's medium- to long-term material issues (materiality) and to implement the Medium-Term Management Plan (FY2021–2023), which was formulated and announced in May 2021, we have put together a skills matrix of the knowledge, experience, and skills that the Board of Directors particularly expects the directors to demonstrate for the improvement of the functions of the Board of Directors. These areas of knowledge, experience, and skills will be reviewed as necessary in response to changes in the business environment, the formulation of new management plans, and other changes.

Views on Knowledge, Experience, and Skills That Are Particularly Expected to Be Demonstrated for the Improvement of the Functions of the Board of Directors

- The KOBELCO Group aims to enhance corporate value over the medium to long term by promoting sustainability management with the Group Corporate Philosophy positioned as the foundation of all business activities.
- In order for the Board of Directors to appropriately determine important management directions and conduct monitoring that encompasses risk management, aimed at enhancing the KOBELCO Group's corporate value over the medium to long term, we believe it is necessary to have the Board of Directors consisting of directors who have well-balanced knowledge, experience, and skills in the following three key areas:
 - (1) Comprehensive skills in overall management,
 - (2) Skills in resolving social issues and creating new value, and
 - (3) Skills in further strengthening the management foundation. In particular, we expect independent directors to demonstrate their knowledge, experience, and skills with regard to insights into other industry sectors.
- Items in the key areas have been determined after discussion at the Corporate Governance Committee and the Nomination & Compensation Committee, taking into account the Company's business strategy and business characteristics as well as the business environment and the Company's management plan.

Name	Length of Service as Director (Years)	Comprehensive Skills in Overall Management		Skills in Resolving Social Issues and Creating New Value			Skills in Further Strengthening the Management Foundation			Insights into Other Industry Sectors	Attendance at Board of Directors' Meetings (Fiscal 2021)	Attendance at Audit & Supervisory Committee Meetings (Fiscal 2021)
		Business management and administration	ESG	Sales strategy and marketing	Technical development, intellectual properties, production technologies, and DX	Global business	Finance and accounting	Organization and human resources	Legal and risk management			
Mitsugu Yamaguchi President, CEO and Representative Director	6	●	●	●		●					15 of 15 (100%)	—
Fusaki Koshiishi Executive Vice President and Representative Director	7	●	●	●	●						15 of 15 (100%)	—
Koichiro Shibata Executive Vice President and Representative Director	4	●	●	●	●						15 of 15 (100%)	—
Yoshihiko Katsukawa Director, Executive Officer	4	●				●	●		●		15 of 15 (100%)	—
Hajime Nagara Director, Executive Officer	2	●	●					●	●		15 of 15 (100%)	—
Hiroyuki Bamba Independent Director	5	●	●		●				●	●	15 of 15 (100%)	—
Yumiko Ito Independent Director	3		●			●			●	●	15 of 15 (100%)	—
Shinsuke Kitagawa Independent Director	—		●			●			●	●	—	—
Hiroshi Ishikawa Director, Audit & Supervisory Committee Member	4	●		●		●					15 of 15 (100%)	16 of 16 (100%)
Yasushi Tsushima Director, Audit & Supervisory Committee Member	4	●					●	●			15 of 15 (100%)	16 of 16 (100%)
Masaaki Kono Independent Director, Audit & Supervisory Committee Member	2	●	●					●		●	15 of 15 (100%)	16 of 16 (100%)
Kunio Miura Independent Director, Audit & Supervisory Committee Member	2		●						●	●	15 of 15 (100%)	16 of 16 (100%)
Nobuko Sekiguchi Independent Director, Audit & Supervisory Committee Member	—		●			●	●		●		—	—

Note: This matrix does not present all the knowledge, experience, and skills that each director possesses, but rather maximum four ticks (●) are given for areas that are particularly expected.

Corporate Governance

Initiatives to Ensure the Effectiveness of the Board of Directors

The Company carries out the following initiatives in order to ensure that the Board of Directors fulfills its decision-making and supervisory functions appropriately.

- Every year, the Audit & Supervisory Committee interviews each director to verify the decisions on business execution made by the Board of Directors and the implementation of efficient business execution as stipulated in the basic policy of the internal control system.
- In the operation of the Board of Directors, the Company distributes meeting materials at least three days prior to the date of the meeting as necessary in order to enable active and sufficient deliberations at meetings of the Board of Directors. To this end, the Company will promote the use of electromagnetic means with due consideration for the protection of trade secrets, so that meeting materials can be received regardless of the whereabouts of the directors.
- In addition to meeting materials for the Board of Directors, the Company provides the directors with sufficient information and explanation as necessary, upon the request of the directors, etc.
- To revitalize and deepen discussions at meetings of the Board of Directors and further enhance the monitoring function for business activities, the Company has an independent director serve as the Chairman of the Board of Directors, in principle.
- The Company has established a secretariat for the Board of Directors within the Corporate Planning Department. The Secretariat determines and organizes the annual schedule of meetings of the Board of Directors and anticipates agenda items to the extent possible, in advance of the fiscal year. In addition, the Secretariat coordinates with each department to ensure that the number of deliberation items and the frequency of meetings are appropriate, and that sufficient deliberation time is secured.
- The Board of Directors and the Audit & Supervisory Committee strive to improve the effectiveness of the supervisory function of the Board of Directors by seeking advice from external experts and others at the Company's expense when deemed necessary.
- Through supervision and auditing of the internal control system, the Board of Directors and the Audit & Supervisory Committee ensures the smooth provision of information as requested by each director and Audit & Supervisory Committee member.
- For the verification of the effectiveness of the Board of Directors, the Corporate Governance Committee requests each director to complete a questionnaire every fiscal year and provides a preliminary evaluation of the survey results. Based on this, the Board of Directors discusses and evaluates its effectiveness and identifies issues at its meetings. The questionnaire items are reviewed by the Board of Directors based on the evaluation results of each fiscal year. A summary of evaluation results is disclosed every fiscal year.

● Evaluation Results for Fiscal 2021

Overview of the Effectiveness Evaluation of the Board of Directors

Targets	All 13 directors
Implementation Process	Questionnaire survey targeting all directors and individual interviews by the Corporate Governance Committee
Evaluation Items	(1) Structure of the Board of Directors, (2) Agenda of Board of Directors' meetings, (3) Materials for Board of Directors' meetings, (4) Operation of the Board of Directors, (5) Provision of information to independent directors, (6) Monitoring and supervision of directors, and (7) Other items (e.g., evaluation and opinions on various initiatives implemented in fiscal 2021)
Evaluation Method	<ul style="list-style-type: none"> • Based on the results of the questionnaire and interviews, the Corporate Governance Committee submits to the Board of Directors the results of the effectiveness evaluation and proposes the future direction for improving the effectiveness. • The Board of Directors reviews the evaluation results and identifies current issues. Based on these, the Board of Directors deliberates future initiatives for improving effectiveness and makes decisions on future measures.

● Summary of Analysis and Evaluation Results

- In fiscal 2021, the Company made changes to the number of directors and the composition of the Board of Directors as well as the criteria for matters to be discussed at Board of Directors' meetings. Along with these changes, the Company found it necessary to study and implement measures to address communication issues with the executive side.
- Therefore, since fiscal 2021, the Company has taken steps to (1) review how to report the business execution status, (2) record the points of discussions on the executive side and discussions at meetings of the Board of Directors in the meeting materials, (3) provide feedback to the executive side after the discussions at Board of Directors' meetings, and (4) hold

preliminary discussions with independent directors at the Meetings of Independent Directors, etc. As a result of these efforts, communication with the executive side has been strengthened and the function of the Board of Directors as a monitoring board has been enhanced.

- Based on the above, the Company believes that the effectiveness of the Board of Directors has been continuously improved based on the effectiveness evaluation results so far. We will continue with these initiatives in fiscal 2022 and strive to make further improvements.
 - In fiscal 2021, the Company placed a greater emphasis on monitoring of individual business issues, but in fiscal 2022, it will strengthen monitoring of initiatives related to the business foundation area, among other various initiatives to enhance corporate value.
- #### ● Future Initiatives for Improving Effectiveness
- Among various initiatives and measures to enhance corporate value, the Company will focus on initiatives concerning the business foundation area and strengthen monitoring by holding preliminary discussions at the Meetings of Independent Directors, offline meetings, etc.
 - The Company will continue to strengthen two-way communication between the Board of Directors and the executive side, with a focus on the following initiatives started in fiscal 2021.
 - Providing feedback to the executive side on the details of discussions at Board of Directors' meetings
 - Reporting to the Board of Directors on the details of discussions at the Executive Council

Training and Succession Plan for Directors and Executive Officers

● Training for Directors and Executive Officers

In order for directors and executive officers to fulfill their roles and responsibilities, the Company offers the following training programs as opportunities to acquire and appropriately update the necessary knowledge. The Company will support the expenses for training.

- At the time of appointment, directors and executive officers receive sufficient explanation from the relevant departments regarding the Company's business and financial situation, etc. If needed, the Company also provides opportunities for directors and executive officers to acquire knowledge and information through visits to manufacturing sites and other means.
- In particular, for newly appointed directors and executive officers from within the Company, the Company provides opportunities for training on the roles and responsibilities of directors and executive officers, as well as legal affairs and corporate governance.
- The Company holds training sessions several times a year, inviting instructors from inside and outside the Company for the purpose of helping directors and executive officers acquire various knowledge on legal revisions and corporate management, etc., and update it as appropriate.
- The Company holds the Compliance Top Seminar once a year as an opportunity to learn from outside instructors about what is required of top management for compliance.
 - In addition, the Company facilitates and encourages directors and executive officers to take external training on management strategy, finance and accounting, and organization, etc., and the Company provides support for it.
 - The status of attendance at these training sessions is checked once a year and reported to the Board of Directors.

● Views on the Development of Successors to the CEO

The Company recognizes that the development of successors to the CEO is one of the most important issues for its management. The qualities and human resources required to solve the Company's management issues and enhance corporate value are discussed on a continued basis at the Nomination & Compensation Committee, chaired by an independent director and composed of a majority of independent directors.

- The appointment of the CEO is determined by the Board of Directors after deliberations at the Nomination & Compensation Committee taking into account the Company's business environment and the implementation of management plans, etc., which are reported to the Board of Directors.
- In developing successors to the CEO, the Company selects multiple candidates from among directors and executive officers and appoints them to important management roles after discussion at the Nomination & Compensation Committee.
- The Company provides directors and executive officers with training opportunities to acquire the knowledge and qualities necessary for the management of the Company. The Corporate Governance Committee examines the training menu in light of the Company's business environment and other factors and reports to the Board of Directors every fiscal year.
- The training status of each director and executive officer is checked by the Corporate Governance Committee once a year.

Corporate Governance

Remuneration for Directors, Executive Officers, and Accounting Auditor

1 Basic Approach to Remuneration for Directors and Executive Officers

- The system aims to secure talented human resources who can contribute to the Company's sustainable development, and appropriately compensate for such efforts.
- The system aims to share values widely with stakeholders and promote not only short-term growth, but also medium- to long-term growth.
- In offering the incentive for accomplishing consolidated business result targets, the system shall be devised with due consideration of the characteristics of each business so that directors and executive officers can fully carry out their roles.
- In ensuring the objectivity and transparency of judgments regarding remuneration decisions, the Nomination & Compensation Committee deliberates on the state of the remuneration system and the necessity of its reevaluation.

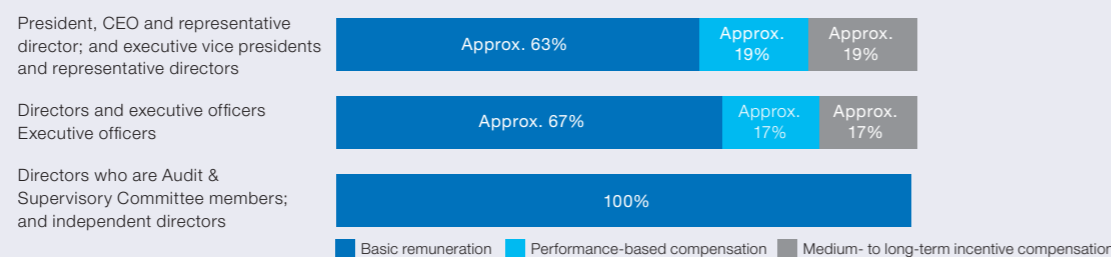
2 Remuneration Framework

- Based on the resolution at the Ordinary General Meeting of Shareholders, the Board of Directors establishes the Remuneration Regulations for Directors and Executive Officers, Detailed Rules on Remuneration Regulations for Directors and Executive Officers, Performance-Based Compensation Regulations for Directors and Executive Officers, and Stock Benefit Regulations for Directors and Executive Officers, which include the remuneration calculation methods for individual director/executive officer.
- Remuneration for the Company's directors and executive officers consists of basic remuneration (fixed compensation) based on the remuneration rank determined according to rank and assigned duties, performance-based compensation consisting of the portion linked to division performance and the portion linked to individual evaluation for each fiscal year, and medium- to long-term incentive compensation based on stock compensation with the aim of sharing interest in corporate value enhancement with shareholders. Taking into consideration their duties, independent directors and directors who are Audit & Supervisory Committee members are not eligible for performance-based compensation and medium- to long-term incentive compensation. The remuneration rank is determined by the president taking account of the level of responsibility of the assigned duties and reported to the Nomination & Compensation Committee and the Board of Directors.
- Of performance-based compensation, the standard pay amount for the portion linked to division performance will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank, the amount for the portion linked to individual evaluation will be set at the level of -5% to 5% of basic remuneration for each rank and remuneration rank, and the value of medium- to long-term incentive compensation provided per fiscal year will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank.
- Limits of remuneration and other benefits based on the resolution at the Ordinary General Meeting of Shareholders are as follows.
 - Remuneration for directors (excluding directors who are Audit & Supervisory Committee members)
 - The limit of basic remuneration: Within a total of 460 million yen per fiscal year
 - The limit of performance-based compensation: Within a total of 240 million yen per fiscal year
 - Maximum points to be granted for medium- to long-term incentive compensation: Within a total of 424,100 points per fiscal year
 - Remuneration for directors who are also Audit & Supervisory Committee members (basic remuneration only)
 - Within a total of 132 million yen per fiscal year

Reference

Composition of Remuneration for Directors and Executive Officers

The graph below shows the composition of remuneration. The percentages of the performance-based compensation and medium- to long-term incentive compensation are higher for the positions that require a higher level of performance and responsibility.



- Notes:
- The amounts of the portion linked to division performance of performance-based compensation and medium- to long-term incentive compensation granted vary depending on business results. The range of fluctuation is 0–200% of the base amount for the portion linked to division performance of performance-based compensation and 0–100% of the base amount for medium- to long-term incentive compensation. The percentages of the portion linked to division performance of performance-based compensation and medium- to long-term incentive compensation in the above graph represent the case where each pay amount is 100% of the base amount. In addition to the above amount, the amount for the portion linked to individual evaluation is paid in the range of -5% to 5% of basic remuneration.
 - Executive directors and executive officers are based on a standard remuneration rank.

3 Performance-Based Compensation

- In terms of the portion linked to division performance of performance-based compensation, a performance target will be set based on business management indices as stated in the Medium-Term Management Plan. Each business division will also set a performance target based on performance management indices for each business division. The amount to be paid is determined by multiplying the standard pay amount for each rank and remuneration rank by 0–200% according to the accomplishment of the target. The business management indices, which serve as the basis of calculation, are established by the Board of Directors.
- The portion linked to individual evaluation of performance-based compensation is subject to comprehensive evaluation, including the performance of assigned duties and business unit, the accomplishment of the target, and other aspects. The amount to be paid is determined by multiplying the basic remuneration for each rank and remuneration rank by -5% to 5% according to the evaluation results. Evaluation for executive officers overseeing business divisions and heads of business divisions is determined by the president, and evaluation for other executive officers is determined by the president after primary evaluation by executive officers overseeing business divisions and heads of business divisions. The details of evaluation are reported to the Nomination & Compensation Committee.

Note: The portion linked to individual evaluation is determined by comprehensively taking into account the status of ESG-related initiatives in the commissioned duties of each director and executive officer.
- The calculation methods for the standard pay amount and coefficients for each rank and remuneration rank are set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers.
- Business management indices are disclosed in the Business Report.

Note: From fiscal 2021, return on invested capital (ROIC) is used as an evaluation indicator to promote the efficiency of management resources and strengthen the business foundation with an awareness of cost of capital. The base value for calculation is set at a ROIC of 5%, based on the targets set forth in the Medium-Term Management Plan.

Calculation method for the portion linked to division performance of performance-based compensation

$$\text{Performance-based compensation (portion linked to division performance)} = \text{Standard pay amount for each rank and remuneration rank}^1 \times \text{Coefficient based on evaluation index}^2$$

- The standard pay amount for each rank and remuneration rank is set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officer.
- The ROIC for the evaluation period is used as an evaluation index. Coefficient is calculated based on a certain formula. The applicable business division for the portion linked to division performance is determined for each prospective recipient based on his/her commissioned work. In addition, in the case where the assigned duties to a Director are performed in the Head Office divisions (including the Technical Development Group) or the electric power business division, the said Director's performance-based compensation does not include the portion of compensation linked to division performance and is calculated by multiplying the portion linked to Companywide performance by a factor of 1.0 [Portion linked to Companywide performance \times 1.0] regardless of the following formula.

$$\text{Coefficient based on evaluation index (\%)} = \text{(A) Portion linked to Companywide performance (\%)} \times 0.7 + \text{(B) Portion linked to division performance (\%)} \times 0.3$$

$$\text{(A) Portion linked to Companywide performance (\%)} = \left[\frac{100/3}{\text{Companywide consolidated ROIC}} - \frac{2/3}{100} \right] \times 100$$

$$\text{(B) Portion linked to division performance (\%)} = \left[\frac{100/3}{\text{Consolidated ROIC for each business division}} - \frac{2/3}{100} \right] \times 100$$

Note: Decimal points are rounded off in the figures for the portion linked to Companywide performance and the portion linked to division performance. In the event that the value falls below 0%, it will be defined as 0%. In the event that the value goes above 200%, it will be defined as 200%.

4 Medium- to Long-Term Incentive Compensation

- For medium- to long-term incentive compensation, a system known as Board Benefit Trust is adopted in order to raise the awareness of contributing to continuous improvements in corporate value. The stock benefit uses a base point number calculated based on the standard pay amount for each rank and remuneration rank, and the number of points determined by multiplying the base point number by 0–100% according to consolidated net income attributable to owners of the parent and the state of dividend payment for each fiscal year will be granted. On a fixed date during each trust period of three years, the number of the Company's shares will be provided according to the number of points granted.

Note: Since the Company considers the return of profits to shareholders as an important issue for management, it uses net income attributable to owners of the parent (hereinafter "net income") as the evaluation indicator. The base value for the calculation is net income of 79.4 billion yen, which is based on the dividend payout ratio set forth in the Company's dividend policy.
- The calculation methods for the base point number for each rank and remuneration rank and coefficients are set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers.
- As funds for acquisition of shares by the trust, in principle, 1.1 billion yen will be contributed every three years. However, when there are remaining shares of the Company in the trust property as of the last day of the previous trust period, they will be used as funds for the subsequent trust periods, and the Company will contribute an amount derived by deducting the amount of the remaining Company shares, etc., from 1.1 billion yen.

Calculation method of points granted for medium- to long-term incentive compensation

$$\text{Number of points to be granted} = \text{Base point number for each rank and remuneration rank}^1 \times \text{Coefficient based on evaluation index}^2$$

- Stipulated in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers.
- Determined based on the results of dividends and net income.

Corporate Governance

5 Timing of the Determination and the Payment of Remuneration Amount

- Basic remuneration will be paid every month from the month of appointment to the position in a monthly amount derived by dividing basic remuneration based on rank and remuneration rank by 12 months. If there is a change to the basic remuneration in the middle of the month due to a change in the assigned tasks and other reasons, the revised remuneration will be paid from the month following the change.
- Of performance-based compensation, the amount for the portion linked to division performance will be determined based on the calculation formula after the end of each fiscal year and paid lump-sum by the end of the month following the month when the Ordinary General Meeting of Shareholders is convened. The portion linked to individual evaluation will be paid in an amount determined according to the results of individual evaluation based on the calculation formula after the end of each fiscal year, together with the portion linked to division performance.
- In terms of medium- to long-term incentive compensation, the number of points will be determined based on the calculation formula after the end of each fiscal year and granted on June 30 each year. Company shares, etc., will be provided every three years on a fixed date during the trust period.

6 Method to Determine Remuneration Standards

Remuneration standards are determined based on the survey data, collected by an external specialized agency, concerning the remuneration for directors and executive officers so that the standards are commensurate with the Company's corporate scale and the commissioned duties of directors and executive officers.

7 Method to Determine and Examine Remuneration Policy

- The policy concerning remuneration for directors (excluding directors who are Audit & Supervisory Committee members) is determined by resolution of the Board of Directors, and the policy concerning remuneration for directors who are Audit & Supervisory Committee members is determined through discussions among all Audit & Supervisory Committee members.
- The state of the remuneration system and the necessity for its revision are deliberated by the Nomination & Compensation Committee. If it is necessary to revise the remuneration system, the committee will present a revised remuneration plan at a meeting of the Board of Directors for resolution.

Reference

Base Value and Actual Value for Each Remuneration Category

Remuneration Category	Performance-Based Compensation	Medium- to Long-Term Incentive Compensation
Index	ROIC	Net income attributable to owners of the parent
Base value for fiscal 2021	5.0%	79.4 billion yen
Actual value for fiscal 2021	4.7%	60.0 billion yen

[The Remuneration System for Directors and Executive Officers](#)

Fiscal 2021 Remuneration for Directors

Category	Number of Directors (Persons)	Amount (Millions of yen)	Breakdown of Total Remuneration (Millions of yen)			Remarks
			Basic remuneration	Performance-based compensation	Medium- to long-term incentive compensation	
Directors excluding Audit & Supervisory Committee members (of whom are independent directors)	11 (3)	480 (40)	321 (40)	84 (—)	74 (—)	The number of payees and the amount of payment include three internal directors (who are not Audit & Supervisory Committee members) who resigned during fiscal 2021.
Directors who are Audit & Supervisory Committee members (of whom are independent directors)	5 (3)	109 (44)	109 (44)	— (—)	— (—)	
Total	16	589	430	84	74	

Note: Taking seriously the large net loss attributable to owners of the parent and the forgoing of the annual dividend in fiscal 2019, the Company has reduced the basic remuneration for directors (excluding independent directors and directors who are Audit & Supervisory Committee members) by 8–20% from February to April 2020 and by 13–25% from May to August 2021.

Remuneration for Accounting Auditor

In fiscal 2021, remuneration and other amounts payable to the Accounting Auditor by the Company totaled 159 million yen, and the total amount of money and other financial interests payable by the Company and its subsidiaries was 477 million yen.

Strategic Holdings of Shares

Basic Policy on Strategic Holdings of Shares

Our policy on strategic holdings of shares is as follows.

- We will engage in strategic holding of shares, if it is deemed necessary for alliances and other arrangements that contribute to the growth of our Group, after considering capital efficiency, economic rationality, and other factors.
- The holding of shares shall be subject to the approval of the Board of Directors or the head of the business division in accordance with the internal approval procedures, taking into account the amount of funds required and the purpose of the holding.
- Since we do not hold shares for pure investment purposes, we do not judge the necessity of holding shares solely based on short-term stock price levels. Each fiscal year, the Board of Directors verifies the amount of shares held and the necessity of holding shares, taking into account changes in the purpose of the holding and in the business environment, cash flow, etc., and we will sell/transfer shares, or take other measures, as necessary.
- A summary of the verification results is made available on the corporate website every fiscal year.
- In cases where a company that holds shares of Kobe Steel for the purpose of alliances or other reasons expresses an intention to sell or otherwise dispose of those shares, we will not take any action to prevent such sale.

Criteria for Exercising Voting Rights

The Company's criteria for exercising voting rights are as follows.

- We will agree with the proposal by the relevant company, in principle, if its management is deemed consistent with the basic policy and purpose of the holding, such as forming an alliance with our Company.
- In the following cases, the department in charge will conduct verification and undertake detailed investigations, including interviews with the relevant company.
 - Cases in which no unqualified opinion is given by the accounting auditor
 - A) Cases in which the company has a serious violation of laws or regulations or other misconduct or a significant management problem, and it is deemed that there is a possibility that it may affect the purpose of holding the shares.
 - B) Cases in which it is deemed that there may be significant infringement of the rights of shareholders
- Based on the above basic policy, the department in charge will exercise voting rights after obtaining the approval of the head of the business division, etc., in accordance with the Investment and Loan Management Regulations and the Detailed Regulations for Exercising Voting Rights set forth by the Company.

Verification Results Regarding Strategic Holdings of Shares

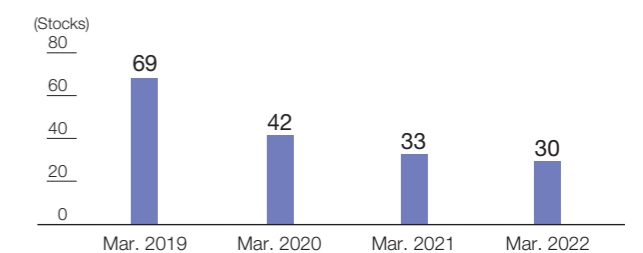
Kobe Steel, Ltd. has reviewed the necessity of all the strategic holdings of listed companies' shares held by the Company as of March 31, 2022 at its Board of Directors meeting. A summary of the verification results is as follows.

Verification Results

- In fiscal 2021, the Company reviewed the significance of strategic holdings of shares in listed companies from the perspective of improving the capital and asset efficiency. As a result, it was confirmed that, of the 33 stocks that the Company held as of the end of March 2021, all shares in five stocks had been sold under the agreement with the counterparties. On the other hand, the Company confirmed that a total of two stocks have been added to its strategic holdings of shares. One is a stock that was removed from the Company's equity-method affiliates due to the partial sale of the Company's holdings, and another is a stock for which the Company took over the disposal of treasury shares through a third-party allotment in connection with a capital and business alliance.
- As of March 31, 2022, the Company holds 30 stocks. The holdings of these shares have been judged to be reasonable as they are contributing to strengthening the Company's business foundation and to enhancing the Company's corporate value over the medium to long term, based on the scale and importance of the companies as business partners (volume of transactions, share of transactions, and stable procurement) and the relationships as alliance partners. Going forward, the Company will continue to verify the necessity of strategic holdings of listed companies' shares, and those holdings that are judged to have diminished significance will be reduced through sale or other means.

Targets	All the strategic holdings of listed companies' shares held by the Company as of March 31, 2022 (30 stocks)
Verification Details	<p>We verified whether the holding of each company's shares contributes to strengthening the Company's business foundation and to improving the Company's corporate value over the medium to long term, based on the following evaluation items, and comprehensively judged the reasonableness of each shareholding.</p> <p>Evaluation items</p> <ul style="list-style-type: none"> (i) Scale and importance as a business partner (volume of transactions, share of transactions, and stable procurement) (ii) Relationship as an alliance partner (economic effect of the alliance) (iii) Dividend yield

Changes in the Company's Strategic Holdings of Shares



[Strategic Holdings of Shares](#)

Corporate Governance

Approach to Listed Group Companies

In accordance with the Group Company Management Regulations, the Company obliges its Group companies to consult with the supervisory divisions and the Head Office divisions of Kobe Steel and report on important matters, when they make important decisions. The Company also requires Group companies to obtain prior approval of its Board of Directors and the president for the disposal of assets exceeding a certain amount in value in order to ensure the integrated business operation of the Group. However, since listed companies need to maintain a certain level of managerial independence from the Company, the Company takes care not to bind the independent judgment of the management of Group companies.

The Company pursues the ideal form of capital relations by comprehensively taking into account the various situations of Group companies in terms of the business contents, scale, financial strategies for business development, financing, etc., for the overall enhancement of corporate value as a corporate group. Under this approach, two of the Company's subsidiaries are currently listed. Going forward, the Company will continue to examine how the ideal corporate group should be from the perspective of enhancing corporate value including the corporate governance of the Group.

Listed Subsidiaries	Benefits of Listing	Uniqueness of Business	Independent Directors
Nippon Koshuha Steel Co., Ltd.	<ul style="list-style-type: none"> Heightened employee motivation Highly skilled human resources Flexible fundraising from capital markets 	<ul style="list-style-type: none"> The company is responsible for part of the Group's special steel business (secondary processing of bearing steel products). The company has no business restrictions from the parent company and conducts its business activities independently. When doing business with the Company, the company shall obtain approval of the Board of Directors of the Company for transactions of high importance in accordance with the Regulations of the Board of Directors and the Guidelines for Handling Matters for Deliberation of the Board of Directors. Terms and conditions of transactions are determined in the same manner as for ordinary business transactions. 	The Company has appointed two independent directors from the perspectives of protecting minority shareholders, improving management fairness, and increasing transparency. These two directors have never belonged to the Company or any Group company that has a capital relationship with the Company.
Kobelco Wire Company, Ltd.	<ul style="list-style-type: none"> Heightened employee motivation Highly skilled human resources Flexible fundraising from capital markets 	<ul style="list-style-type: none"> As a secondary wire rod product manufacturer of the Group, the company undertakes the manufacture and sale of pre-cut steel wire, steel wire, stainless steel wire, wire rope, steel wire processed products, etc. It is a core company in the wire rod and bar business, and it has no business restrictions from the parent company and conducts its business activities independently. When doing business with the Company, the terms and conditions of transactions shall be competitive (in price, quality, delivery date, etc.) similar to those for ordinary business transactions. The Company decides on them after comprehensively taking into account the types of projects such as joint technical development, joint ventures, etc. 	The Company has appointed two independent directors from the perspectives of protecting minority shareholders, improving management fairness, and increasing transparency. These two directors have never belonged to the Company or any Group company that has a capital relationship with the Company.

Compliance

Based on the Group Corporate Philosophy, the KOBELCO Group has positioned compliance as one of the key components of the business foundation that supports its business and is working to build organizational structures and implement the initiatives as outlined below.

1. Compliance Code and Standards

Under the Group Corporate Philosophy, the KOBELCO Group has established the Six Pledges of KOBELCO that constitute its specific code of conduct to be implemented by all members of the Group in day-to-day operations in order to fulfill the Core Values of KOBELCO, which are the values that should be shared throughout the Group. We have created guidelines to facilitate the correct understanding of applicable laws and regulations as well as social norms relevant to our business operations. Each and every person, regardless of whether they are directors/executive officers or employees, will practice the Six Pledges of KOBELCO in accordance with the guidelines.

2. Compliance Structure

Kobe Steel has formulated its Compliance Regulations that set out basic matters related to its compliance system, operations, etc., based on the Group Corporate Philosophy.

(1) Compliance Committee

The Company has established the Compliance Committee as an advisory body to the Board of Directors. The committee drafts plans for Groupwide compliance activities, monitors the progress of these plans, and makes necessary revisions and improvements. The committee is comprised of the president, two other internal members, and five external members constituting a majority to provide a fair and impartial position, with one of the external members serving as the committee chair. Major Group companies have also established compliance committees.

(2) KOBELCO Group's Compliance Program

Compliance activity plans are implemented based on the KOBELCO Group's Compliance Program. The Internal Control and Audit Department of Kobe Steel carries out the program in coordination with its business divisions and Group companies under the supervision of the director/executive officer overseeing Companywide compliance and the executive officer responsible for Companywide compliance.

The KOBELCO Group's Compliance Program consists of five pillars: (1) Risk Assessment and Commitment, (2) Setting Rules and Procedures and Securing Resources, (3) Training and Communication, (4) Monitoring and Response to Reports, and (5) Review and Improvement.

By assessing the progress of the compliance activities of the Company and its Group companies with a focus on these five items and implementing them based on the characteristics of respective businesses and regions, we will carry out comprehensive and effective compliance activities throughout the Group.



Compliance

3. Compliance Activities Based on the Compliance Program

Commitment and Risk Assessment

● Commitment

The KOBELCO Group recognizes that in order to thoroughly prevent all kinds of misconduct, including violations of competition laws, anti-bribery laws, and security trade control laws, top management needs to show its stance of no tolerance to compliance violations. To this end, we regularly deliver messages on compliance from the president to employees. With regard to anti-corruption, we have established the KOBELCO Group's Anti-Bribery Policy, which is posted on our corporate website.

The Anti-Bribery Policy clearly states the policy to prohibit the provision of money which may lead to corruption of public officials, the provision of benefits such as excessive entertainment, and any similar acts that lead to embezzlement or breach of trust among private individuals. At the time of the formulation of this policy, the president sent a message internally and externally to declare the Group's commitment to thorough prevention of bribery.

● Risk Assessment

As part of its risk management activities, the Group regularly analyzes and assesses compliance risks associated with its business and activities taking into account any internal and/or external trends. In particular, violations of competition laws, anti-bribery laws, and security export control laws are regarded as the top risks that may have a material impact on the Group, and we are working to establish a compliance system. The Compliance Committee formulates a plan for compliance-related activities and presents it to the Board of Directors.

Setting Rules and Procedures and Securing Resources

● Setting Rules and Procedures

In order to address compliance risks in each business, our Group has developed necessary rules and procedures for general compliance, compliance with competition laws, prevention of bribery, security trade control, internal whistle-blowing systems, etc. We take strict disciplinary action against violations in accordance with our work rules, investigate the cause, and implement effective preventive measures.

Regarding the prevention of bribery, we have established policies, regulations, various guidelines, and manuals for each country, to prohibit the provision of money which may lead to corruption of public officials, the provision of benefits such as excessive entertainment, and any similar acts that lead to embezzlement or breach of trust among private individuals. In order to prevent such acts, we have implemented procedures for approval of entertainment expenditures and due diligence of business partners.

● Securing Resources

Our Group secures necessary human, material and financial resources to implement compliance initiatives at each Group company. We believe that securing the time required for compliance initiatives, such as taking necessary time for education, is part of securing resources. In addition, we are working to enhance our compliance promotion system by requesting Group companies in Japan and overseas to assign a person in charge of compliance.

Training and Communication

● Training

In order to instill awareness of compliance among all employees, our Group conducts stratified training on compliance.

In addition, for specific areas such as compliance with competition laws, prevention of bribery, security trade control, internal whistle-blowing systems, etc., we create educational content and conduct training according to the roles of employees and the risks involved in their operations so that they can understand and comply with the rules and procedures associated with their work.

We continuously offer group training (currently online training) by in-house instructors and e-learning at the Company and its Group companies in Japan and overseas, as well as seminars by external experts.

● Communication

We disseminate information on amendments to laws and regulations through newsletters and provide manuals on the Company's intranet. We are also making continued efforts to make our whistle-blowing systems widely known through the distribution of cards, posters, the intranet, Group newsletters, etc.

Monitoring and Response to Reports

● Monitoring

Our Group has established specific implementation procedures for compliance with competition laws, prevention of bribery, and security trade control, which are positioned as top risks, and regularly monitors the status of implementation. We have gradually introduced the KOBELCO Compliance Program at Group companies, and regularly conduct diagnoses of activities in areas such as compliance systems, competition laws, prevention of bribery, security trade control, etc.

● Response to Reports

Our Group provides multiple points of contact to receive reports and inquiries from various stakeholders.

For example, we have established an internal whistle-blowing system with an external law firm as a point of contact to receive anonymous reports and consultations regarding all kinds of misconduct, including bribery, embezzlement, cartels, and harassment, etc. In responding to such reports, we ensure the confidentiality of those involved and the protection of whistle-blowers and take appropriate measures such as conducting investigations, utilizing necessary resources and skills.

We accept anonymous inquiries from stakeholders via an inquiry form on the corporate website. If the inquiry contains any allegation of fraud or corruption involving the Group, we respond appropriately while ensuring the confidentiality of the parties concerned in the same way as in the whistle-blowing system.

In addition, our Company also provides multiple points of contact for internal and external whistle-blowers and accepts reports and consultations from external business partners. (We received 113 reports in fiscal 2021, including those received at Group companies in Japan and overseas.)

Review and Improvement

Our Group conducts compliance awareness surveys among employees of the Company and its Group companies in Japan and reviews compliance efforts as appropriate in light of issues that have emerged through monitoring and responding to reports to whistle-blowing systems, as well as according to internal and external trends. Improvement plans relating to compliance are developed by the Compliance Committee and presented to the Board of Directors.

We also update our compliance efforts in specific areas, taking into account the amendments to laws and regulations as well as initiatives being taken by other companies.

Compliance

4. Status of Specific Compliance Activities

Results

<p>Meetings of the Compliance Committee The Compliance Committee, an advisory body to the Board of Directors, met four times to report on the results of activities in the previous fiscal year and formulate/approve the annual plan.</p>
<p>Implementation of the KOBELCO Group's Compliance Program Based on the KOBELCO Group's Compliance Program, we implemented initiatives focused on top management commitment and training. In addition, we have gradually introduced this program at Group companies, and conducted diagnoses of activities in areas such as compliance systems, competition laws, prevention of bribery, security trade control, etc.</p>
<p>Implementation of Compliance Training We organized compliance training programs by job grade, applicable laws and regulations, and roles and implemented them as planned, while introducing online training.</p>
<p>Monitoring Activities/Use of the Internal Reporting (Whistleblowing) System We conducted regular monitoring of compliance with competition laws and security trade control laws. We received 113 reports through internal reporting systems, including those received at Group companies in Japan and overseas, and responded to them appropriately. The status of the responses to these reports was reported to the Compliance Committee.</p>
<p>Implementation of Compliance Awareness Surveys In fiscal 2021, we conducted compliance awareness surveys at the Company and its domestic Group companies. Based on the survey results, we planned compliance promotion activities for fiscal 2022.</p>

5. Initiatives Related to Individual Laws and Regulations

Prevention of Bribery

Policies

The KOBELCO Group's Anti-Bribery Policy and internal regulations prohibit offering bribes to public officials or business partners, as well as prohibit the receipt of bribes from business partners. We will take strict disciplinary action if any violations are committed.

Structure

Since the impact of bribery is expected to be particularly serious when an event occurs, we have positioned it as one of the top risks for the Group, and we are working to establish a Groupwide framework to prevent this. The status of activities and progress in developing the framework is reported annually to the Business Activities Council, which is attended by the heads of business divisions, and these reports are used in the drafting of activity plans for the following fiscal year.

The Group requires prior approval for offering entertainment and gifts to public officials and conducts regular monitoring of the status of such expenditures.

In addition, when appointing business partners (including contractors, agents, consultants, etc.), we require them to make an anti-bribery pledge and conduct other due diligence.

We provide regular anti-bribery training (including e-learning) to employees. In addition to this, we create manuals to provide information relating to overseas laws and regulations, such as the Foreign Corrupt Practices Act in the United States and the Bribery act in the United Kingdom.

Results

In fiscal 2021, we reviewed and clarified our due diligence procedures and the responsibility of approvers in relation to the appointment of business partners. No events involving fines, penalties, or out-of-court settlements arose in fiscal 2021 in relation to bribery.

Compliance with Competition Laws

Policies

The Company's internal rules and regulations prohibit violations of the competition laws. We take strict action if any violations are committed.

Structure

Because violations of competition laws are expected to have a particularly serious impact at the time they occur, they are designated a top risk for the KOBELCO Group, which is working as one to develop frameworks to address this. The status of activities and progress in developing frameworks is reported each year to the Business Activities Council, which is attended by the heads of business divisions, and these reports are used in the drafting of activity plans for the following fiscal year.

The content of information exchanged through contact with competitors by sales departments is recorded and reported. The content thus reported is checked by multiple departments, and in cases where the exchange of information is recognized to be problematic, necessary measures are implemented promptly.

In addition to creating and publicizing manuals for employees in relation to compliance with competition laws, we implement regular training (including e-learning). Through interviews and other measures we work to maintain an accurate understanding of the status of sales department activities.

Results

In fiscal 2021, we devised training to reflect business practices, and developed frameworks for compliance with competition laws in sales departments. No events involving fines, penalties, or out-of-court settlements arose in fiscal 2021 in relation to competition laws.

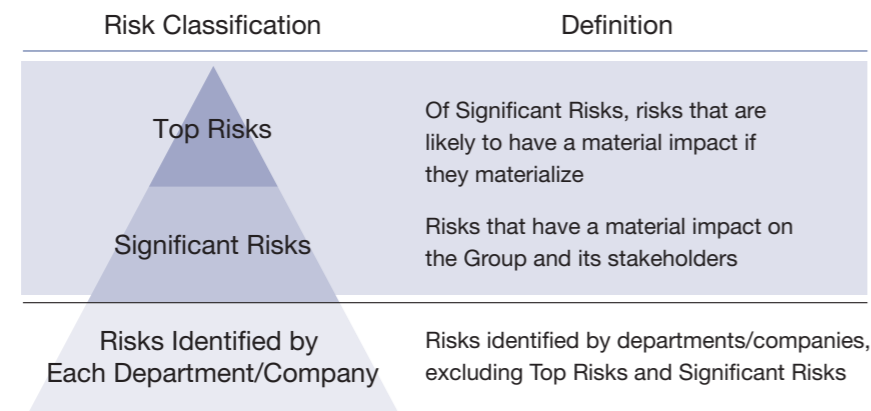
Risk Management

Basic Policy

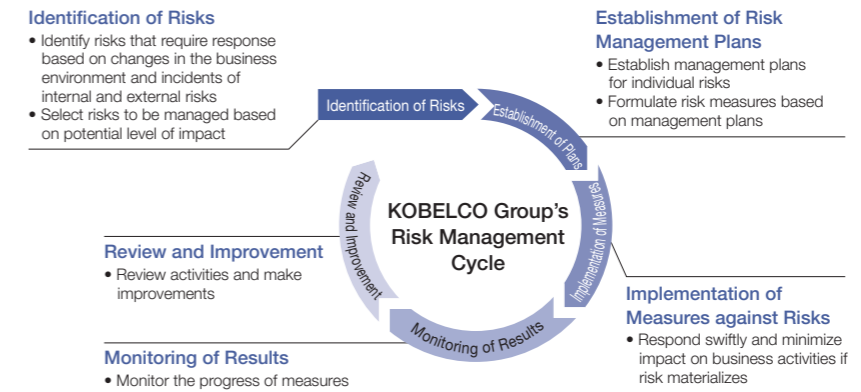
Policies

In accordance with the Companywide Risk Management Regulations and referring to the guidance issued by Committee of Sponsoring Organizations of the Treadway Commission (COSO) as an international standard, we identify factors that hinder the KOBELCO Group's sustainable development and enhancement of corporate value and take measures to address them. As targets for Companywide risk management, we designate risks that have a material impact on the Group and stakeholders and require a Groupwide response as Top Risks and Significant Risks. These Top Risks and Significant Risks include ESG risks such as human rights, safety management, climate change, and natural disasters.

Classification and Definition of Risks



Under the direction of the risk owners, the management of individual risks is carried out by the person in charge of risk countermeasures implementation in each division in the following cycle: identifying risks, formulating risk management plans, implementing the plans, assessing results, and identifying required improvement for the following fiscal years. To ensure the effectiveness of our activities, the Board of Directors manages and supervises activities to address Top Risks and Significant Risks, including ESG risks. They review the annual results of activities in respective business divisions for the improvement of the plans for subsequent fiscal years. This approach to risk management is also actively employed at Group companies. In the event of an urgent and serious risk of loss with respect to risks including Top Risks and Significant Risks, we will appropriately communicate information and make decisions according to internal rules based on the Contact System in Case of Risk Occurrence and take appropriate measures to minimize damage.

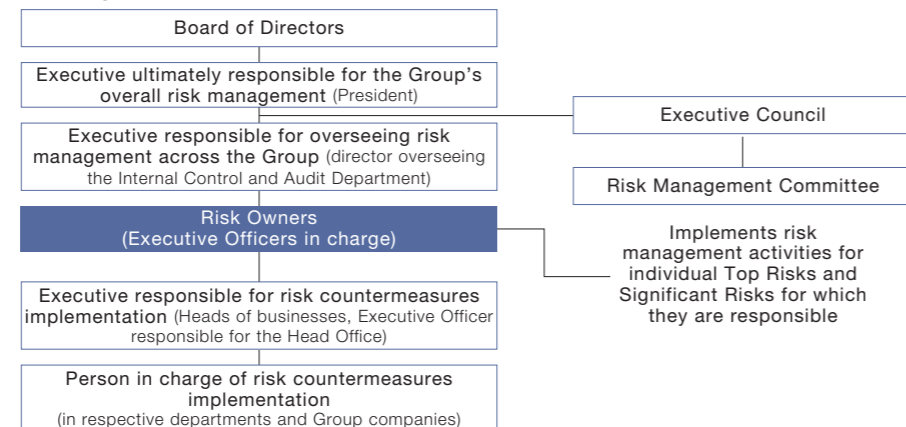


Management Structure

Structure

The president is the person ultimately responsible for the Group's overall risk management, and the director who oversees the Internal Control and Audit Department is the person responsible for overseeing risk management across the Group. Meanwhile, individual risks are managed by the risk owners as the persons responsible for Groupwide management activities of each risk, and the countermeasures to these risks are implemented by the heads of businesses and the executive officer responsible for the Head Office under a risk management system that encompasses the entire organization. The Risk Management Committee has been established as an auxiliary body to the Executive Council. The committee undertakes tasks such as formulating and evaluating basic policies concerning risk management in general, planning specific policies concerning important issues in risk management, and approving and evaluating action plans for measures to reduce Top Risks and Significant Risks. The person responsible for overseeing risk management across the Group is appointed as the committee chair and all of the risk owners are appointed as the committee members. The status of the activities of the Risk Management Committee are periodically reported to the Executive Council, and instructions are given to the risk owners based on the results of discussions at the Executive Council. The risk management system, headed up by the president, is operated independently from the Audit & Supervisory Committee.

Management Structure



Actions for Major Risks

Results

Risks	Actions (Examples)	Results
Natural disasters, pandemics	<ul style="list-style-type: none"> Refining BCP at production sites Reviewing measures against storm and flood damage based on information such as the latest hazard maps issued by the government and conducting training Formulating and implementing guidelines for dealing with new types of infectious disease Disseminating guidelines and related notifications for the prevention of COVID-19 infection 	Actions for BCP Please refer to "Safety and Health" on pages 67 to 69, and "Disaster Preparedness" on pages 70 to 72.
Quality	<ul style="list-style-type: none"> Monitoring and recommendations by the Quality Management Committee, with external experts forming a majority of members Maintaining and enhancing quality management based on KOBELCO TQM Eliminating mishandling, standardizing shipment criteria, understanding and utilizing process capabilities Developing quality assurance personnel, and in-house education programs 	Actions for Quality Please refer to "Quality" on pages 114 and 115 and "Quality" on page 79 of the Integrated Report 2022.
Safety management	<ul style="list-style-type: none"> Encouraging all employees to participate in safety activities and raising their safety awareness, and implementing mutual reminders (rolling out safety cards, etc.) Conducting safety and health diagnoses to grasp the status of safety and health management, identify issues and make improvements (support activities conducted through the Safety Caravan Team) Testing and evaluating tools for mechanical safety and other safety support Grasping the safety management status at overseas Group companies and planning support measures 	Actions for Safety and Health and Lost Time Injury Frequency Rate, etc. Please refer to "Safety and Health" on pages 67 to 69.
Environmental regulations	<ul style="list-style-type: none"> Strengthening environmental management (Promoting an environmental management system) Implementing environmental audits (paper-based audits and on-site audits) Environmental training and learning at overseas and domestic locations 	Actions for Environmental Management Please refer to "Environmental Management," "Appropriate Management of Water Resources," "Promotion of Resource Recycling (Waste Reduction) and Raw Materials Usage Reduction," "Reduction of Environmental Impacts," "Contributions to Biodiversity," and "Environmental Data" on pages 9 to 62.
Supply chain	<ul style="list-style-type: none"> Execution of measures based on policies formulated by the CSR Subcommittee and the Sustainability Management Committee (human rights, conflict minerals, etc.) Implementation of CSR procurement survey for business partners Formulation of countermeasures in case of obtaining inappropriate business partner information 	Actions for Building Responsible Supply Chains Please refer to "Building Responsible Supply Chains" on pages 86 to 88.

With regard to KOBELCO Group business risks, matters that could have a material impact on the decisions of investors are described in the Annual Securities Report.

[Annual Securities Report \(in Japanese Only\)](#)

Quality

Policies

Putting the highest priority on preventing a recurrence of the quality misconduct, the KOBELCO Group is promoting initiatives to strengthen quality management and improve its quality control process.

From the perspective of our customers and business partners, we aim to achieve quality that is trusted by and brings satisfaction to customers and all stakeholders, while working to instill the Quality Charter, which constitutes a part of the Six Pledges of KOBELCO, among all employees and promoting KOBELCO TQM* activities.

Quality Charter

The KOBELCO Group will comply with all laws, public standards, and customer specifications, and make continuous efforts to improve quality, with the goal of providing Trusted Quality in its products and services.

Companywide Policy on Quality Improvement

1. Building a foundation and establishing a system to provide trusted quality
2. Strengthening business management to provide satisfactory quality

Our Initiatives

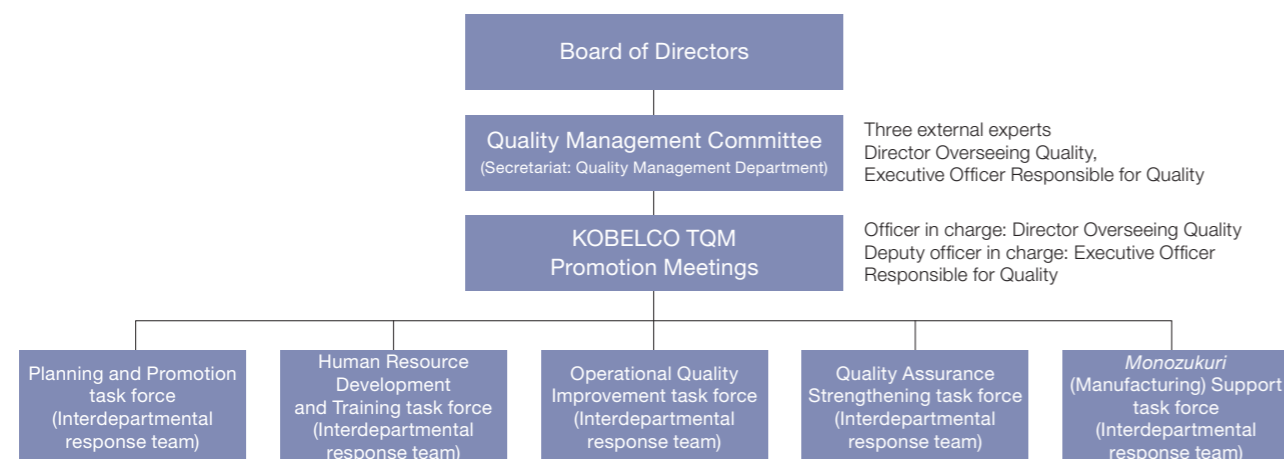
1. Building a foundation and establishing a system to provide trusted quality

- 1) Establishing measures to prevent recurrence of quality misconduct through efforts to increase the number of business sites conforming to the KOBELCO Quality Guidelines and enhanced implementation of the quality guidelines based on case studies, and raising the level of quality management system (QMS)
- 2) Preventing the lessons learned from the quality misconduct from fading away through enhanced quality compliance education
- 3) Reducing the occurrence and outflow of nonconforming products by strengthening preventive measures

2. Strengthening business management to provide satisfactory quality (KOBELCO TQM activities)

- 1) Enhancing organizational capabilities by promoting the implementation of policy management and daily management to achieve management goals (ROIC, etc.) and making continuous improvements
- 2) Promoting improvement activities, such as quality control, 5S (sort, set in order, shine, standardize, sustain), and work style reforms, with full participation of employees through a scientific approach and strengthening the foundation to support KOBELCO TQM activities

Structure



*TQM stands for total quality management. As the next step to prevent recurrence, KOBELCO TQM aims to strengthen the management of each business while identifying issues that serve the needs of customers and society and addressing them with the participation of all employees.

Targets

Medium-Term Quality Target (Key Goal Indicator: KGI)

Percentage of business sites conforming to the KOBELCO Quality Guidelines

70% (By the end of fiscal 2023)

Results

Quality Management Committee

The Quality Management Committee was established in April 2019 as an advisory body to the Board of Directors, with its members consisting of three external experts and two internal directors. The committee met four times in fiscal 2021. The committee conducted continuous monitoring of measures to prevent recurrence of quality misconduct, as well as conducted monitoring, and offered recommendations on activities to strengthen quality management in our Group.

Companywide Quality Management Review Meeting

The Companywide Quality Management Review Meeting was held in November 2021, attended by top management, the heads of business divisions, and quality assurance managers. This meeting, which was first held in fiscal 2019, was established as a forum to discuss quality across the Group, and the 2021 meeting was the third annual meeting. At the meeting, we reviewed the status of quality management and initiatives conducted in the current fiscal year by the Group and discussed and built a consensus on the policy for quality initiatives for the following fiscal year.

Maintaining and Enhancing Quality Management Centered on KOBELCO TQM

KOBELCO TQM Promotion Meetings were set up under the Trust Improvement Project, led by the president, and promote Companywide quality management measures. It consists of the five task forces of Planning and Promotion, Human Resource Development and Training, Operational Quality Improvement, Quality Assurance Strengthening, and *Monozukuri* (Manufacturing) Support, the members of which are those from the Head Office and business divisions. At the meetings, which are held monthly, the director/executive officer who supervises quality matters gives instructions and conducts necessary checks for the maintenance and enhancement of proper quality management.

Quality Audits and Promotion of Conformity to the KOBELCO Quality Guidelines

In fiscal 2021, the Quality Management Department conducted quality audits, including remote audits, at 46 business locations. In fiscal 2021, we began operating a system of certifying conformity to the KOBELCO Quality Guidelines, and as a result of implementing on-site audits for 23 locations that satisfied the certification requirements, eight locations were certified as conformant (a certification rate of 35%). We also began activities to encourage each location to independently enhance their level of quality assurance by means of self-diagnoses of their status of conformity to the guidelines.

Quality/Monozukuri Caravan Team

In fiscal 2021, the team visited 70 locations (including remote visits), and identified 178 issues. It also completed its response to 66 issues identified in fiscal 2020 to which proposals had not been provided. On a cumulative basis, the team has responded to 86% of the issues identified.

Eliminating Improper Handling Opportunities, Monitoring and Utilizing Process Capabilities

We continued to promote automation in fiscal 2021 (and will continue to do so), and by the end of fiscal 2021 we had mostly achieved our plans formulated at the start of the year. Going forward, in order to improve the soundness of testing and inspection we will continue to promote automation by making use of DX, IT, and other technologies. We are also moving forward with the use of IT tools to understand and improve process capabilities, which has led to a reduction in quality defects.

Development and Internal Education of Quality Assurance Human Resources

In order to promote and instill KOBELCO TQM activities, we implemented basic TQM qualifications (equivalent to QC level 4) for all Company employees. We also implemented TQM management training for line managers and group managers. In addition, we have established specialist courses in such areas as reliability engineering (failure mode and effects analysis, etc.), with the aim of improving management technology, primarily among those working in design and management areas.

Tax Risk and Compliance

Tax Policy

Policies

● Basic Policy

The KOBELCO Group recognizes that corporate value includes not only business results and technological capabilities but also its stance on social responsibility to all stakeholders who may be affected by its business activities, such as shareholders and investors, customers, business partners, community members, and employees of the KOBELCO Group. We will work to enhance our tax governance and contribute to the development of society by fulfilling our tax obligations.

● Compliance with Laws and Regulations

Our Group complies with the tax laws of each country in which it conducts business, international taxation rules, and other regulations, and pays an appropriate amount of taxes for its business activities in an appropriate place of tax payment.

● Addressing Tax Risks

Our Company will respond appropriately to tax risks, taking into account their materiality and reasonableness. If it is difficult to make a judgment on the interpretation of tax laws or treatment under tax laws, we will consult with external experts or make prior inquiries to the tax authorities as necessary.

We will verify whether transaction prices between our Company and its overseas Group companies are set appropriately in light of the OECD Transfer Pricing Guidelines, etc., and in cases where it is difficult to make a judgment, we will request confirmation from the relevant countries via the transfer pricing pre-confirmation system, etc.

● Tax Planning

Our Company will not carry out tax planning solely for the purpose of reducing tax amounts, such as the use of tax havens, which does not involve actual business. However, in conducting our business, we will pursue economic rationality by, for example, using tax incentives that are applicable within the scope of our business activities, taking into full consideration the intent of the tax laws of each country.

● Relationship with Tax Authorities

Our Company will communicate with tax authorities to further strengthen the relationship of trust. We will disclose information in response to requests from tax authorities in a cooperative manner.

Tax Governance

Structure

To appropriately manage tax risks and fairly pay taxes, our Company is working to disseminate information about tax reforms and to provide tax-related education with the aim of enhancing tax governance.

At the Company, we report important tax matters to the director/executive officer overseeing the Finance and Accounting Department, who is responsible for the Company's tax governance, in a timely and appropriate manner, and take necessary measures under the direction of the director/executive officer.

At Group companies, day-to-day tax operations are performed by each company, but they receive support from the Company or from external experts when necessary.

Compliance Data

Results

● Taxes Paid by Region (Consolidated cash flow basis)

Taxes paid by region (Consolidated cash flow basis)	Unit	FY2020	FY2021
Japan	Billions of yen	4.3	9.1
	Proportion (%)	48	64
Other regions	Billions of yen	4.7	5.1
	Proportion (%)	52	36
Total	Billions of yen	9.0	14.2

* Amount of income taxes paid on a consolidated basis

Information Security (Cybersecurity)

Basic Policies on Information Security Policies

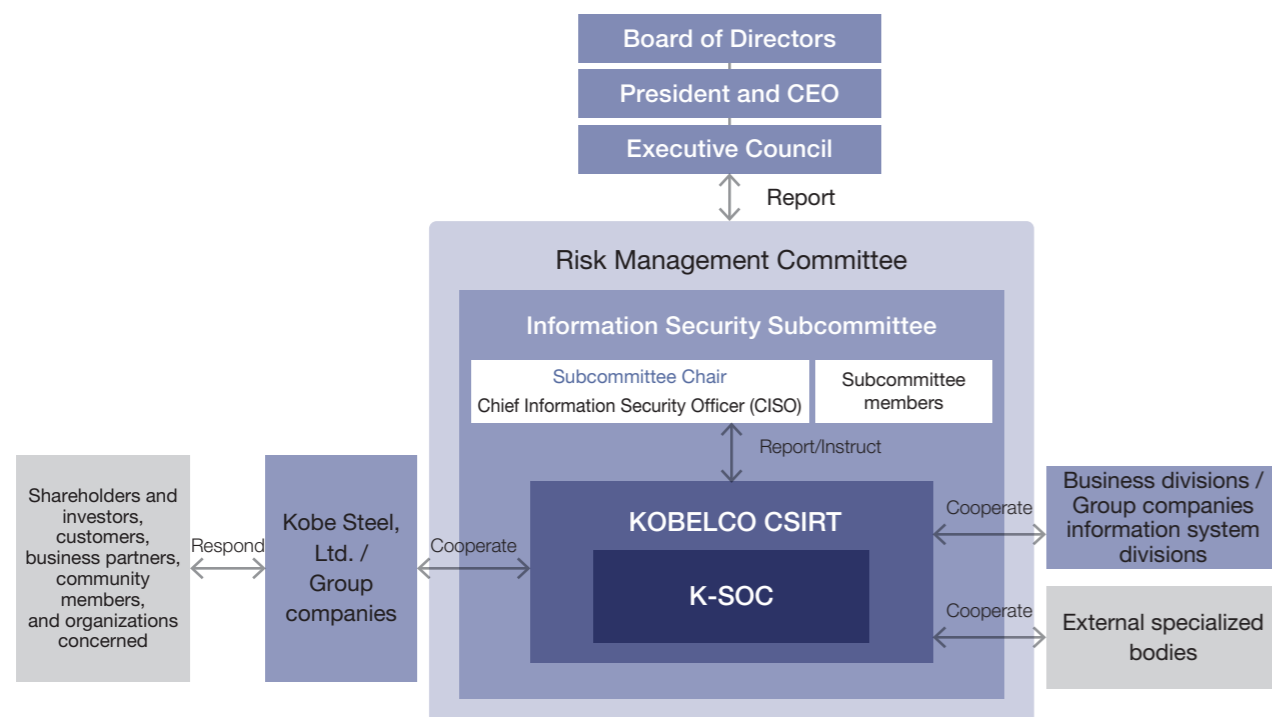
The KOBELCO Group considers information security risks as one of its significant management risks, and has established a basic policy on information security and is working on information security measures to ensure that we can take an appropriate Groupwide response.

Basic Policy on Information Security

- Building an information security system
- Establishing an information security framework based on the PDCA cycle
- Formulating rules and regulations and standards for information security
- Implementing thorough information security measures

Information Security Promotion System System

Our Group pays the utmost attention to the confidentiality of information, and has established a management system and taken appropriate security measures to prevent unauthorized access and information leaks due to cyberattacks and other incidents. The information security promotion structure, centered on the Information Security Subcommittee, KOBELCO CSIRT/K-SOC, and the respective roles are as follows.



Information Security Subcommittee

The Information Security Subcommittee, chaired by the CISO (director/executive officer), determines the Group basic policies and key measures on information security.

KOBELCO CSIRT¹ / K-SOC²

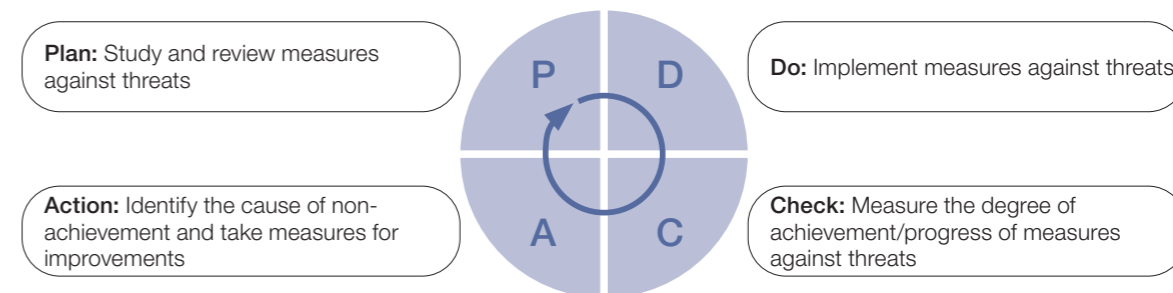
The KOBELCO CSIRT is a cooperative effort between IT divisions, legal divisions, and affiliated companies dealing with information systems to prevent cyberattacks and the spread of damage in the event of an information security incident. To this end, it updates or abolishes security regulations and standards, plans and implements information security education and training for directors, executive officers, and employees, and responds to incidents and other events.

¹ Computer Security Incident Response Team
² KOBELCO Security Operation Center

Information Security Activity Targets Strategies and Targets

With the goal of achieving zero serious security incidents*, the KOBELCO Group aims to raise the level of security through the PDCA cycle that includes such elements as implementing risk management, determining countermeasures, and auditing results of security activities.

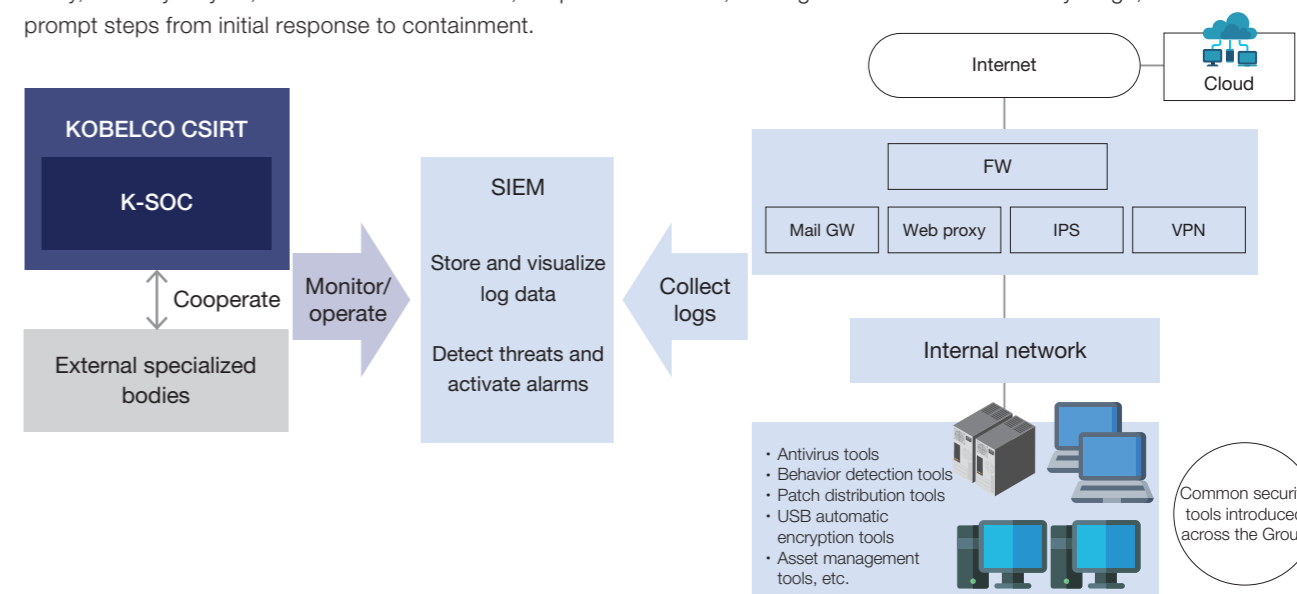
* An information security incident that has a significant impact on businesses or society, such as the stopping of a factory line due to cyberattacks and the leakage of important confidential information



Information Security Initiatives Results

Security Tools Integration and Monitoring

Braced for cyberattacks, we have integrated security tools for central management of information security throughout the KOBELCO Group including domestic and overseas Group companies. This allows us to carry out log monitoring 24 hours a day, 365 days a year, detect malware infection, suspicious behavior, and signs of incidents in the early stage, and take prompt steps from initial response to containment.



Information Security Education and Training

We are working to improve employee awareness and understanding of information security and the ability to respond to threats by regularly conducting information security education through e-learning and targeted email training for directors, executive officers and employees of the Group.

Information Security Audits

We are working to raise the level of information security management throughout the Group by conducting annual internal audits to check the status of compliance with the KOBELCO Group Information Security Standards through annual internal audits and making improvements.

Participation in Initiatives and External Evaluations

Participation in Initiatives

TCFD



SDGs



White Logistics Movement



#Here We Go 203030



United Nations Global Compact



Male Leaders Coalition for Empowerment of Women



Declaration of Partnership Building



External Evaluations (As of August 2022)

FTSE4Good Index Series



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FTSE Blossom Japan

CDP



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

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

Platinum Kurumin



S&P/JPX Carbon Efficient Index



PRIDE Index



Received a gold award

KOBELCO