



Introduction

Transforming into an appealing company

Over the course of its 118-year history, the Kobelco Group have engaged in a diverse array of businesses, all dedicated to its mission of providing solutions to the needs of society. The driving forces behind this dedication are our corporate culture of embracing new challenges and our willingness to respond to people's wishes. Our strength lies in our comprehensive capabilities, which enable the integration of the vast expertise and technologies we have cultivated in each of our businesses, as well as the diverse human resources that serve as their base.

By leveraging this strength, we will strive to transform into an appealing company that is trusted, valued, and beloved by all stakeholders.

As Team Kobelco, we will keep working together and moving forward.



Section 1
Management Strategy / Value Creation Story

Presents the value creation stories of the Kobelco Group that pursues growth alongside societal development by leveraging its strengths and competitive capital advantages, revealing the Group's uniqueness that it has cultivated through its contribution to society, rooted in its inherent spirit and values.

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Outlines the targets and strategies under the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026), mapping out the Group's growth trajectory, along with the financial strategies that support the consistent implementation of the plan and the strategies being promoted by respective business segments. This section also contains the human resources strategy, which facilitates a cross-functional approach to the materiality initiatives as detailed in the subsequent section.

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This Integrated Report describes our Group's ESG initiatives in Section 3 (Promotion of Sustainability Management), but it does not cover all of our Group's ESG-related data. For further details, please refer to the ESG Data Book and our corporate website.


[▶ ESG Data Book 2024](#)


[▶ Our corporate website](#)

E (Environmental) p.10-47

S (Social) p.48-72

G (Governance) p.73-97

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



Kobelco Group Integrated Report 2024

The Kobelco Group is committed to dialogue with all of its stakeholders. As part of its commitment, the Group has been publishing integrated reports since fiscal 2018. The aim is to provide a comprehensive understanding of the economic and social value created by the Group through reporting on its management strategies, business activities, social activities, and environmental activities.

The purpose of this Integrated Report is twofold. The first is to clearly show what the Group aims for through the value creation process by unraveling the Group's corporate story with the keyword of “comprehensive strengths,” along with information on business capital and other forms of capital, which are the source of our Group's comprehensive strengths that have been cultivated over its 118-year history. The second is to foster understanding about the Group's businesses and initiatives by presenting the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026) announced in May 2024.

We hope that this report will help our stakeholders understand our efforts to achieve sustainable growth through the promotion of sustainability management.

Period covered	Covers fiscal 2023 (from April 1, 2023 to March 31, 2024). Please note that this Integrated Report may refer to fiscal years before and after the period when necessary.
Guidelines referenced	<ul style="list-style-type: none">• Sustainability Reporting Standards of the Global Reporting Initiative (GRI)• ISO 26000 (Guidance on social responsibility)• International Integrated Reporting Framework (IFRS Foundation)• Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)
Initiatives we value	<ul style="list-style-type: none">• United Nations Global Compact• Sustainable Development Goals (SDGs)• Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)
Production process	<ol style="list-style-type: none">1. After publishing Kobelco Group Integrated Report 2023, we requested analysts, institutional investors, Group employees, and other internal and external stakeholders to provide their frank opinions and comments on the report. We also applied for awards offered by outside organizations for relative assessment of the report.2. In light of these assessments for the previous report, the Integrated Report Editorial Subcommittee under the Sustainability Management Committee wrote a draft of this report in cooperation with the head office departments and business divisions.3. The production of Kobelco Group Integrated Report 2024 proceeded based on discussions with the management team through the Sustainability Management Committee, etc.

Kobelco Group's Information Disclosure Scheme


The Group disseminates diverse information using various tools in order to communicate with stakeholders.

In addition to the information contained in this report, we provide a variety of information in the ESG Data Book and on our corporate website. We will continue to actively disclose information so that stakeholders can gain a better understanding of the Kobelco Group.

▶ For details about each tool, please see our corporate website.

 ESG Data Book
https://www.kobelco.co.jp/english/about_kobelco/outline/integrated-reports/index.html



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



 Investor Relations
<https://www.kobelco.co.jp/english/ir/>



Tools for information disclosure		Type of information provided (A blue dot (●) means relevant information provided.)	
		Financial information	Non-financial information
Integrated Report	The integrated report contains the Kobelco Group's management strategies, business activities, and ESG-related information to provide a comprehensive understanding of the economic and social value created by the Group.	●	●
ESG Data Book	The ESG data book contains detailed ESG-related information.		●
Securities Report	The securities report contains not only financial information disclosed in accordance with the Financial Instruments and Exchange Act, such as company overview, business situation, and financial statements, but also non-financial information including corporate governance structure.	●	●
Financial Results	Financial results are disclosed quarterly.	●	
Business Report Consolidated Financial Statements Non-Consolidated Financial Statements	Pursuant to the Companies Act, these documents contain financial information and the status of business operations (non-financial information).	●	●
Corporate Governance Report	The corporate governance report contains information on Kobe Steel's corporate governance pursuant to the listing regulations of stock exchanges.		●
Kobe Steel Corporate Website	Our Company's official website provides information that cannot be contained in the above information disclosure documents, including particular information pertaining to ESG matters. For further comprehensive ESG-related information, please refer to the Sustainability page on our corporate website.	●	●

Group Corporate Philosophy

Group Corporate Philosophy Created by All Group Members Working Together

The Kobelco Group Corporate Philosophy was established in 2020. Following the quality misconduct that was made public in 2017, we launched a project to formulate our corporate philosophy by revisiting who we are and what we aspire to achieve, in order to transform our once closed-off corporate culture. In its formulation process, we placed an importance on taking a bottom-up approach. Through Dialogue Platforms and other forms of discussions at each workplace, we created opportunities for not only management and selected members but also for all members of the Group to give considerable thought about our mission. Integrating the thoughts of all, the Group Corporate Philosophy was completed over a period of about one year.

The Group Corporate Philosophy comprises four elements: KOBELCO's View of the Future and KOBELCO's Mission, along with the Core Values of KOBELCO and the

Six Pledges of KOBELCO, which present our values to be shared and code of conduct.

KOBELCO's View of the Future incorporates the spirit that has been passed down since its founding: Making the world today and in the future a better place by providing products that can be used safely and reliably for a long time while offering new value to society.

KOBELCO's Mission represents its vision of providing solutions to the needs of society in ways only possible by KOBELCO, integrating diverse businesses, technologies, and qualities of its people that it has developed through the effort to meet societal demands.

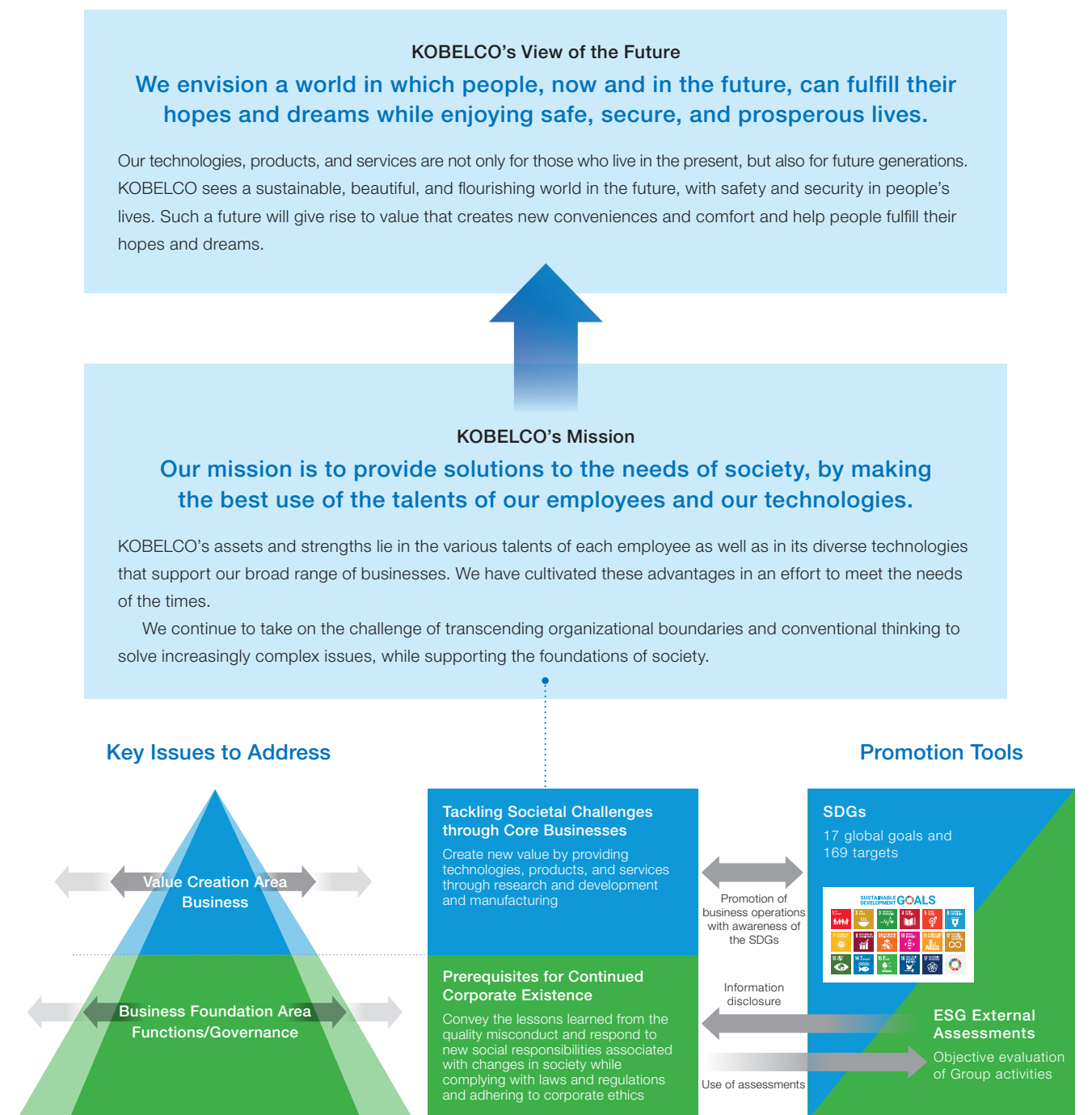
The Group strives to realize a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives, as stated in its Group Corporate Philosophy formulated by Group employees.

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

Framework for Sustainability Management

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.



Message from the President and CEO



Yoshihiko Katsukawa
President, CEO and
Representative Director

Message from the President and CEO

Forging solidarity as Team Kobelco, we will work together to advance the transformation into an appealing company that is trusted, valued, and beloved by all stakeholders.

Transforming into an Appealing Company by Turning the Results from the Previous Medium-Term Management Plan into Real Competencies

My name is Yoshihiko Katsukawa, and I was appointed President and CEO in April 2024. I was born and raised in Kobe, and I joined Kobe Steel in April 1985 with a dream of working for a company that represents my hometown. After joining the Company, I was assigned to the Machinery Business, where I worked in sales and planning & administration, and then to the Corporate Planning Department at the head office, where I was involved in the process of launching a joint venture. In my most recent role as a member of the management team under the previous President and CEO, I served as a director who oversees the corporate planning department and performed a wide array of duties. When I was informed of my appointment as President and CEO, I was a bit surprised. However, accepting the new role does not imply that I will undertake entirely new or exceptional duties. I will proceed with tasks that need to be completed in the same manner that I have done in the past, and I will do everything in my capacity to lead the Company to a better future.

In 2020, our Group established a new corporate philosophy, which sets forth Kobelco's View of the Future. I believe it has fulfilled two primary purposes. First, it has clarified the direction that the Group should take—the realization of a safe and secure society and a prosperous future while fully demonstrating Kobelco Group's unique value, underpinned by the comprehensive strengths of its diverse technologies and human resources. Second, it has defined the code of conduct that we must adhere to—upholding an attitude of sincerity toward our customers, which we have cultivated over our long history. I was also engaged in the formulation process of the Group Corporate Philosophy in 2020 as a director through discussions about what the Group should aspire for. This Group Corporate Philosophy stands at the core of our corporate value, and

I am confident that it presents a future that all employees of the Group can agree on.

My life motto is “*kyoshin tankai*” which is to have no preconceived notions and deal with things with an open and calm mind. To find the best solution, I make it a point to listen to a wide range of perspectives in a fair and open manner, without prejudice. I also practiced this when formulating the Medium-Term Management Plan (Fiscal 2024–2026). I humbly listened to diverse opinions, accepting various suggestions, and ultimately took responsibility for its completion.

Accomplished Most of the Targets Set in the Previous Medium-Term Management Plan

In fiscal 2023, we achieved the profitability targets set in the previous Medium-Term Management Plan for both return on invested capital (ROIC) and debt-to-equity (D/E) ratio, as well as increasing the dividend payout ratio to approximately 30%.

With regard to establishing a stable earnings base, which is one of the two priority issues, we made generally good progress, although we still need to improve the profitability of the aluminum businesses. I believe these results were attributable to our key performance indicator (KPI) management efforts, including ROIC-based management and Kobelco TQM activities, which we introduced during the period of the previous Medium-Term Management Plan. However, we need to examine whether the targets are set accurately, whether the plan-do-check-act (PDCA) cycle is being implemented for the targets, and whether KPI management has taken root throughout the Company. We will address these issues for improvement during the period of the current Medium-Term Management Plan.

In the steel business, we have seen ups and downs in earnings due to the deterioration in metal spreads and soaring raw materials prices. However, metal spreads have improved through our efforts to improve selling prices; now, we have a structure in place to generate stable earnings.

Message from the President and CEO

In terms of the smooth startup and stable operation of new electric power projects, we completed the startup of the Kobe Power Plant No. 3 and No. 4 units as planned, contributing to a stable earnings base.

As for the contribution of strategic investments to earnings in the materials businesses, higher selling prices were a positive factor, but earnings were sluggish due to the impact of weaker demand for aluminum flat-rolled products in the IT and semiconductor sectors, as well as the change in the automotive aluminum panel production structure in response to fluctuations in demand in China and the recording of impairment losses on non-current assets in the aluminum advanced materials business.

In the restructuring of unprofitable businesses, we

achieved profitability in steel castings and forgings, titanium, and cranes. Without becoming complacent with our achievements, we will continue to improve our business structure and pursue growth.

In terms of stabilizing earnings in the machinery businesses and responding to growing markets, orders and earnings increased in the machinery and engineering businesses. In addition, in the construction machinery business, we rolled out structural reforms, primarily aimed at the reorganization of our global production and supply systems.

As for initiatives to take on the challenge of realizing carbon neutrality, from the perspective of reducing CO₂ emissions in the production processes, we have promoted efforts in line with our roadmap, including the efforts in the

steel business to charge even larger quantities of HBI¹ in the blast furnace (BF), and to move forward with the study on the manufacture of high-grade steel in the large electric arc furnace (EAF), which is one of the options in our double-track approach, as well as the efforts in the electric power business to advance the study of biomass fuel and ammonia co-firing. In addition, we won a bid in the Long-Term Decarbonization Power Resource Auction.

From the perspective of contributing to reduction of CO₂ emissions through technologies, products, and services, we have launched Kobenable® Steel, a low-CO₂ blast furnace steel product, and started the feasibility study of low-CO₂ iron metalics supply project. These are some examples of our efforts to plant seeds for future growth.

Along with this, we are working to strengthen our business and management foundation, primarily by restructuring our management structure and promoting ESG initiatives based on materiality indicators and targets in order to realize our ideal business portfolio.

¹ Hot briquetted iron is a compacted, briquetted form of direct reduced iron (DRI). Since hot DRI (HDRI) is not suitable for long-distance transportation, it is pressed into solid briquettes upon being discharged from the reduction furnace.

Medium-Term Management Plan (Fiscal 2024–2026)—Transforming into an Appealing Company and Fostering True Competencies

The period of the current Medium-Term Management Plan is positioned as a three-year period in which we will reap the results of the initiatives in the previous Medium-Term Management Plan, while strengthening our earning power and enhancing our competencies by redeveloping our operation base and optimizing our production and sales systems.

Under the current Medium-Term Management Plan, we aim to stably achieve an ROIC of approximately 6% as a profitability indicator, a net asset ratio in the low 40% range as a safety indicator, and a gross D/E ratio² in the mid 0.7 times range. In terms of shareholder returns, we will also continue to maintain a dividend payout ratio of around 30%.

In the current Medium-Term Management Plan, we will work to enhance earning power and pursue growth as priority issues, and we will continue to focus on taking on the challenge of realizing carbon neutrality as in the previous Medium-Term Management Plan. On top of this, we will strengthen our sustainability management through various transformation initiatives and proceed with our transformation into an appealing company.

Transforming into an appealing company is not something I can do alone. It is important for all Group employees to work together as Team Kobelco to advance

the transformation process. To this end, all employees—down to those on the front line of our operations—must give a serious thought to what the Group should do to become an appealing company, and each of them do their part in this transformation into an appealing company. We must be a company that is trusted, valued, and beloved as we adapt to the demands of the times. I will engage in more active dialogue with stakeholders than before, and aggressively incorporate their opinions and suggestions.

Looking toward fiscal 2030, we will work to improve our business performance, aiming to achieve net sales of 3 trillion yen, ordinary profit of 200 billion yen, and an ROIC of 8% on a consistent basis, while seeking to be a business entity that drives innovation into the future.

² Starting with the current Medium-Term Management Plan, the gross D/E has been based on interest-bearing debt including project finance.

Two Priority Issues: Enhancing Earning Power and Pursuing Growth, and Taking on the Challenge of Realizing Carbon Neutrality

In terms of enhancing earning power, we will strive to return the material businesses to profitability in fiscal 2024 by rebuilding our global operation base and improving profitability while promoting the development of operation bases with an eye on the future business environment.

In the machinery businesses, by optimizing our global production and sales systems, we will explore the optimal structure for each of the markets where we adopt an offensive or defensive strategy. In the electric power business, we will strive to maintain stable operation as a pillar of securing stable earnings. In terms of pursuing growth, we will work to expand the market scale for our technologies, products, and services by exploring business opportunities as we meet the changing needs of society, including responses to climate change, in both the materials and machinery businesses. In the materials businesses, we will expand the sale of products such as Kobenable® Steel and green aluminum. In the machinery businesses, we aim to achieve growth by capturing new demand and widening our business domains with a focus on acquiring new business opportunities, such as the progress of the energy transition.

Additionally, by utilizing the knowledge we have cultivated through our business activities in combination with DX-related technologies, we will work to develop the customer experience-oriented business and solution business. Specifically, our efforts in this field include: the development of welding systems that help to reduce labor shortages, the remote operation system for construction machinery K-DIVE®, the crane construction planning support software



Message from the President and CEO

K-D2 PLANNER®, and the hybrid-type hydrogen gas supply system that provides a solution for stable and low-cost hydrogen production.

Our Group's advantage in these efforts is its comprehensive strengths that enables the integration of the diverse expertise and technologies it has cultivated in its numerous businesses. In addition to the 21 core technologies of the Technical Development Group, our Group possesses commercialization technologies of each business division as well as production, operation, and manufacturing technologies of each plant. Our comprehensive strengths are not limited to these technologies, but also encompass our diverse workforce with various fields of expertise in the materials, machinery, and electric power businesses, as well as our business operations on a global scale.

Such comprehensive strengths are also demonstrated in the Group's carbon neutrality initiatives. While we are making progress in reducing CO₂ emissions in the ironmaking process in accordance with our roadmap, we will continue to aim for a 30 to 40% reduction by 2030 (compared to fiscal 2013) by promoting technology development through collaboration across business divisions to proceed with our double-track approach—working on CO₂ reduction by charging an increased amount of HBI into the existing BF, while looking to the introduction of a large-scale innovative EAF.

To reduce CO₂ emissions in the electric power business, our coal-fired power plant in Kobe is promoting the use of biomass fuels such as sewage sludge and food residues, while advancing the development of technologies that include ammonia co-firing to single-firing. Meanwhile, the Moka Power Plant is exploring ways to maximize the use of carbon-neutral city gas.

In terms of our contribution to reduction of CO₂ emissions through our technologies, products, and services, we have revised our 2030 target upward from 61 million tons to 78 million tons in light of the growth of the machinery businesses.

Taking on the challenge of realizing carbon neutrality is a critical issue not only for the Group but also for society at large. Achieving carbon neutrality is important, however, we also need to focus on the sustainable growth of the Group at the same time. With this in mind, we are examining what future technologies we should opt for.

Strengthening Sustainability Management to Realize Both “Enhancing Earning Power and Pursuing Growth” and “Taking on the Challenge of Realizing Carbon Neutrality”

In order to realize our priority issues and achieve the

transformation into an appealing company, the entire Group must work together. In the current Medium-Term Management Plan, we have set out seven transformation initiatives that the Group need to work on.

First, we have identified AX (ambidexterity) and GX (green transformation), which are the two pillars of our business strategy, aimed at “enhancing earning power and pursuing growth” and “taking on the challenge of realizing carbon neutrality,” respectively. In addition to these, we have defined five transformation initiatives: CX² (customer experience transformation), EX (employee experience), FX (factory transformation), BX (business transformation), and DX (digital transformation), which will be the driving force for realizing our business strategy. We believe that these seven transformation initiatives are necessary for the Group to become an appealing company, and we have decided to collectively call them Kobelco-X.

The X in Kobelco-X means not only “transformation” but also “the intersection of various activities” and “the integration of diverse elements that are unique to the Kobelco Group.” We believe that the seven Xs of Kobelco-X are not individual efforts but are interacting with each other so that we can aim for even greater heights in all areas. In particular, we believe that DX will play a central role in the five Xs for realizing our business strategy. CX², EX, FX, and BX initiatives will be achieved, accelerated and enhanced by digitalization. We believe that advancing a digital-based transformation (promotion of DX strategy) will link to AX and GX initiatives, which are the two pillars of our business strategy, enabling us to provide solutions to the needs of society and create new value. For the promotion of DX strategy, we have established a committee to comprehensively formulate and implement our Group's strategy in this area. The committee will play a central role in promoting each initiative necessary for our transformation into an appealing company.

In addition to these, we will continue to strengthen our business foundation in key areas such as safety, quality, compliance, and governance, which are primary prerequisites for our existence, with the aim of boosting our sustainability management.

While we have presented the seven Xs in the Medium-Term Management Plan, we still think it's crucial to continue to seek out additional Xs. Anything that bothers you or seems odd may lead to the discovery of new Xs. Again, these efforts are not something I can do alone. It is important for all Group employees to work together as Team Kobelco, and this effort requires the utilization of our Group's distinctive advantage—our comprehensive strengths. The Group Corporate Philosophy sets out KOBELCO's Mission, which states that 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. In order to create new value by utilizing the Group's technologies, we must leverage unique qualities of each individual of our diverse work force. Since the Group engages in a wide range of business fields, we have a variety of people who wish to have their diverse thoughts and ideas reflected in their work environment in each business segment. I believe that gathering every one of these ideas is the first step toward transforming into an appealing company. We will listen carefully to the voices of employees and create a work environment that encourages their active participation.

Aiming to Become a Company Appealing to All Stakeholders

We have finally reached the starting point of the Group's

transformation into an appealing company, as we have largely achieved the targets set in the previous Medium-Term Management Plan, however, we must not be content with the achievement and cease to proceed; we should rather use the three years of this Medium-Term Management Plan to transform into an appealing company and cultivate our true competencies. In order to do so, the first step is to review our conventional practices. Instead of continuing in the same manner, it is essential to examine each piece of our practice one by one and make changes for the future. I will lead the initiative and drive the Group forward.

We will keep working to make our transformation into an appealing company a reality for our stakeholders. We appreciate your continued guidance and encouragement.



Materiality and Indicators/Targets

Based on the Group Corporate Philosophy, we identified five items of materiality (key issues) that the Group must address to achieve sustainable growth while ensuring profitability, and become a corporate group indispensable to society by providing solutions to the needs of society and creating new value. The Group will address societal challenges by tackling the five items of materiality and strive to achieve sustainable growth.

For each item of materiality, we have set specific indicators

and targets to achieve, and we are managing their progress. This year, we reviewed the materiality indicators and targets as follows, taking into account changes in the external environment and other factors. Please refer to pages 14–15 for the status of our efforts against the annual indicators and targets up to the previous fiscal year.

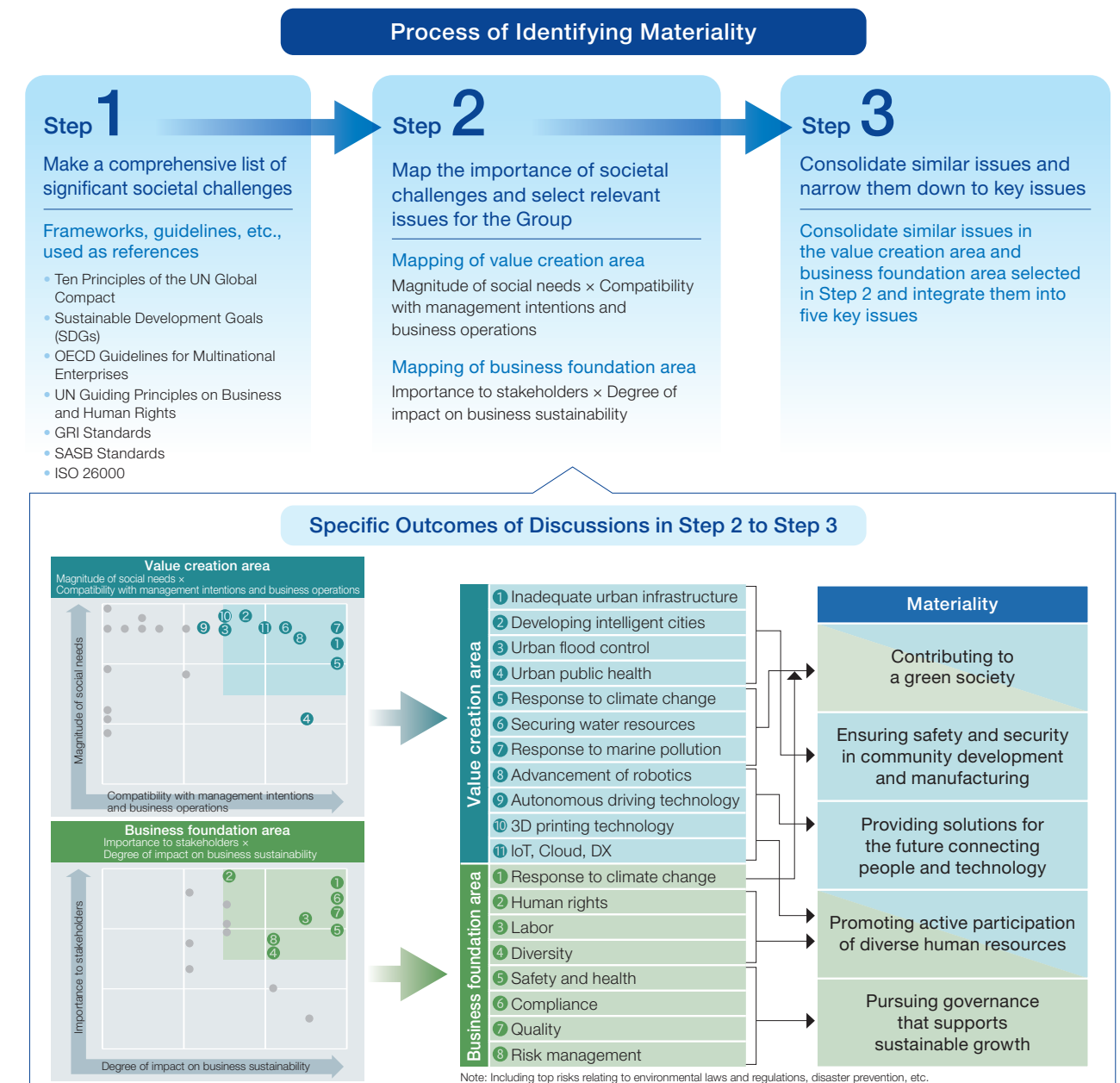
Please see page 70 and subsequent pages for initiatives corresponding to materiality for the promotion of sustainability management.

Materiality	Subcategory	Indicators
Contributing to a green society	Response to climate change	(1) Reduction of CO ₂ emissions in production processes
		(2) Contribution to reduction of CO ₂ emissions and net sales of related products
		(3) Reduction of CO ₂ emissions in the electric power business
	Response to resource recycling	(4) Water recycling rate
		(5) Water pollutant (COD, TP) load in restricted areas
		(6) Disclosure based on the TNFD recommendations
Ensuring safety and security in community development and manufacturing	Supplying energy focused on S+3E	(7) Continuous stable supply of electricity
	Providing materials and machinery that meet needs	(8) Percentage of eco-friendly products in steel products
		(9) Percentage of low-CO ₂ raw materials in aluminum rolled products
		(10) Percentage of orders for environment-related machinery products (decarbonization, LNG, etc.)
		(11) Total domestic unit sales of ICT construction machinery
		(12) Percentage of welding solution products in sales
Providing solutions for the future connecting people and technology	Manufacturing and operational transformation through digitalization (DX)	(13) Employee awareness survey results on DX
	Integration and innovation of diverse intellectual assets	(14) Number of ideas for new businesses
Promoting active participation of diverse human resources	Enhancing organizational diversity	(15) Percentage of women in new graduate hires for career-track positions
		(16) Percentage of women in new graduate hires for general technical positions and their turnover
		(17) Number of female managers
	Creating a work environment where employees can play active roles	(18) Percentage of male employees taking paternity leave or special leave for childcare
		(19) Number of annual paid leave days taken
	Encouraging the growth and initiative of every employee	(20) Instilling the Group Corporate Philosophy (21) Improving and expanding employee training
Pursuing governance that supports sustainable growth	Compliance and risk management	(22) Whistleblowing system usability
	Human rights	(23) Companies implementing human rights due diligence
	Safety and health	(24) Lost time injury frequency rate
	Quality assurance	(25) Percentage of business sites certified under the Quality Guidelines
	TQM	(26) Kobelco TQM practical management program completion rate

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 identified issues of materiality that should be addressed with priority. The identified



















issues of materiality were checked for consistency with the Group Corporate Philosophy and discussed among the members of the management team, including independent directors, and then finalized with the approval of the Board of Directors.



* 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.

Materiality and Indicators/Targets

- 1 Due to a revision of the calculation method and scope of targets, the figures for fiscal 2020 have been revised retroactively.
 2 The latest coefficients are used to calculate the contribution to reduction of CO₂ emissions through technologies, products, and services.
 3 Three main items: Slag, dust, and sludge
 4 S+3E = Safety + Energy Security, Economic Efficiency, and Environment
 5 Employees in the back-office sections develop apps using no-code, low-code tools on their own.
 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 (Fiscal 2021–2023)
 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)
 8 Due to a revision of the calculation method (to include seconded employees and employees taking leave of absence), the figures for fiscal 2020 have been retroactively revised.
 9 The time required for an e-learning lesson is estimated at 15 minutes per person.

Kobelco Group's Materiality		Indicators and Targets				Description of Initiatives
		Indicators	Targets	Actual (FY2020)	Actual (FY2023)	
Contributing to a green society   	Response to climate change	(1) Reduction of CO ₂ emissions in production processes	2030: Down 30–40% (compared to FY2013) 2050: Taking on the challenge of realizing carbon neutrality	20% reduction ¹	20% reduction	• Promoted 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	61.18 million tons ²	• Increased sales and expanded the lineups of technologies, products, and services that contribute to CO ₂ 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	—	—	• Implemented initiatives in line with the roadmap toward carbon neutrality in the electric power business, including ammonia co-firing/single-fuel firing and the use of biomass.
	Response to resource recycling	(4) Water recycling rate	Maintaining at 95% or higher	95.9%	96.3%	• Promoted efficient use and thorough recycling of water.
		(5) By-product recycling rate	Recycling of three main items ³ FY2025: 99%	98.9%	99.1%	• Promoted 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-tensile strength steel in the steel products: 52%	44%	48%	• The percentage of wire rods/bars and high-tensile strength steel has steadily increased as we secured the sales volume of special steel wire rods and ultra-high-tensile strength steel roughly in accordance with the plan due to our efforts to steadily capture the recovery in automobile demand after the pandemic and demand for automotive weight reduction. In steel plates and other sectors, we are working to expand the sales volume of high-value-added products tailored to customer needs.
	Improving safety and productivity		—	—	—	—
Providing solutions for the future connecting people and technology   	Reforms in manufacturing and operations through digitalization (DX)	(7) Hours of office work streamlined by digitization	FY2023: 125,000 hours/year FY2025: 250,000 hours/year	—	259,000 hours/year	• Have implemented measures to improve the no-code/low-code development environment and promote civil development ⁵ since fiscal 2022, and achieved targets for fiscal 2025 ahead of schedule.
		(8) Progress rates of reconstruction of existing systems ⁶	FY2025: 100%	—	63.6%	• The integration and renovation of the SAP ERP system (for financial accounting and the machinery businesses) and the large-scale restructuring of the design system are generally on schedule. The new SAP ERP system was launched in April 2024 as planned.
		(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. 593 b. 146 (cumulative)	• Made progress as planned and achieved the target. To improve effectiveness, the following measures are underway. a. Enhance the follow-up after training. Strengthen the sharing of case studies and information dissemination in the IT evangelist community. b. Continuous follow-up through introductory and intermediate training and advanced training by specialized departments and networking events.
	Integration and innovation of diverse intellectual assets	(10) New business creation	FY2025: Multiple task forces (TFs) to create new businesses FY2030: Multiple TFs to launch new businesses (Annual target earnings: 1 billion yen or more per business)	—	One business	• Continued to explore new businesses centered on the hydrogen working group and explored medium- to long-term growth areas next to the hydrogen sector. In addition, built a foundation for new activities from fiscal 2024, such as creating guidelines for new business activities.
		(11) Number of employees with PhDs	—	177	168	• Promoted initiatives for encouraging employees to obtain academic degrees and the hiring of students with PhDs.
Promoting active participation of diverse human resources    	Diversity and inclusion	(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. 44% b. 13% c. 9%	• Career-track positions: Introduced scout-type service and participated in seminars for female students. • General technical positions: Enhanced approach to schools/institutes to promote recruitment.
		(13) Percentage of female managers	FY2023: Twice the fiscal 2020 level	2.3% ⁸	3.1%	• Enhanced the mid-career recruitment of women.
		(14) Percentage of employees with disabilities	2.3% (statutory employment rate)	2.34%	2.62%	• Conducted recruiting activities based on the statutory employment rate.
		(15) Number of non-Japanese employees	—	87	87	• Continued to conduct recruiting activities at universities in China. • Conducted recruiting activities in Taiwan, South Korea, and Vietnam.
		(16) Percentage of male employees taking special leave for childcare	FY2023: 100%	77.8%	94.5%	• Conducted activities to raise awareness at various D&I seminars, etc.
	Work style transformation	(17) Turnover of employees with less than 10 years of service	Less than 15%	15.8%	21.1%	• Conducted various work style transformation activities and activities to support work-life balance, etc.
		(18) Overtime hours	—	16.6 h (per month/employee)	16.1 h (per month/employee)	• 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)	11.0 days	18.0 days	• 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	2,050 h	• 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.
		(21) Continuation of employee awareness survey	—	Ongoing	Ongoing	• Continued to implement the survey between fiscal 2021 and fiscal 2023.
	Human resources development	(22) Improving and expanding employee training a. Total hours trained (across all employees) b. Average hours of training per employee	—	a.364,545 h b. 30.8 h ⁹	a. 380,056 h b. 33.0 h ⁹	• Conducted training for selected leaders, in addition to stratified training based on the issues of each department and open training that can be selected by individuals. • Implemented self-directed, self-driving learning support (video training service).
Pursuing governance that supports sustainable growth    	Compliance and risk management	(23) Number of reported whistleblowing cases	—	112 cases	117 cases	• Disseminated information about the whistleblowing system through various in-house training sessions, intranet, posters, cards, leaflets, etc. • Conducted training for employees, who are in charge of addressing whistleblowing, explaining how to handle the information obtained from whistleblowers and criminal penalties in the event of leakage of confidential information.
	Human rights	(24) Participation rate in employee training	Implementation of Groupwide human rights training	—	100% (e-learning participation rate at Kobe Steel)	• Conducted human rights training for all employees using video-based learning materials (the theme for fiscal 2023 was harassment). • Continued training for those in charge of promoting employee training at Group companies (How to conduct training overseas is to be determined separately).
	Safety and health	(25) Lost time injury frequency rate	0.10 or less	0.28	0.31	• Implemented priority items, which include (1) Improving safety awareness and heightening attention to each other with participation of all members, (2) Conducting audits of business location, including domestic and overseas Group companies, and improvement activities, and (3) Systematically introducing machinery safety and human safety support tools. In terms of training, we conducted machinery safety training for a total of 1,144 employees by the end of fiscal 2023.
		(26) Expansion of safety and health training	—	694	1,367	• 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	—	67%	• A total of 75 sites were approved for compliance, and the approval rate was 67% (cumulative). Working to improve quality assurance levels by self-diagnosing the status of compliance with the Quality Guidelines at each site of our Group.
		(28) Automation rate of testing and inspection equipment as defined by the Company	—	—	—	• Based on the plan, we are promoting consistent automation from the input of test and inspection data to the preparation of test results.
		(29) Continuation of customer satisfaction survey	—	Ongoing	Ongoing	• Conducted surveys with questions tailored to each business division considering the difference of business operations.
	Corporate governance	(30) Improving the effectiveness evaluation of the Board of Directors	—	Ongoing	Ongoing	• Conducted questionnaire surveys targeting all directors and individual interviews by the Corporate Governance Committee.

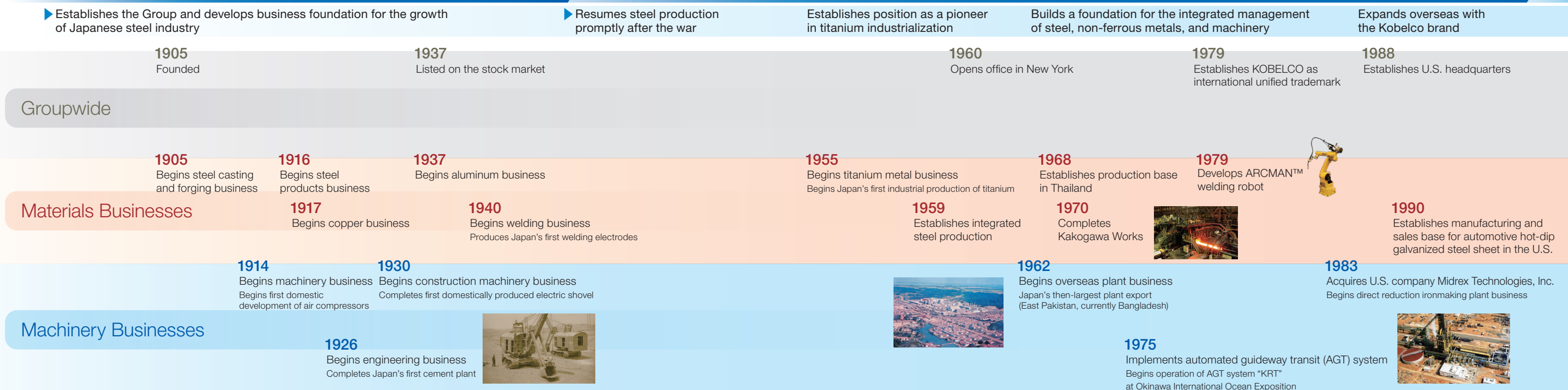
History of the Kobelco Group

In 1905, the general partnership trading company Suzuki Shoten acquired a steel business in Wakinohama, Kobe, called Kobayashi Seikosho, operated by Seiichiro Kobayashi, and changed its name to Kobe Seikosho. Then, in 1911, Suzuki Shoten spun off the company to establish Kobe Steel Works, Ltd. in Wakinohamacho, Kobe. Over the 118 years since its founding, our Group has been responding to the needs of society and demands of the times through its materials, machinery, and electric power businesses.



1900 – Industrial modernization

1950 – Post-war recovery and rapid economic growth

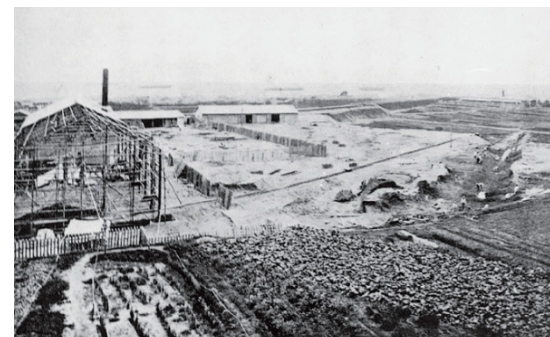


The spirit of tackling societal challenges

Suzuki Shoten, the predecessor of Kobe Steel, worked to establish domestic production of industrial products that Japan depended on for import, with the corporate philosophy of "enhancing national interests," which was passed down to our Company. With the mission of contributing to the "independence of Japanese industry" in the heavy industry sector, Kobe Steel launched many of Japan's first domestically produced products not only in the steel sector but also in the aluminum, copper, machinery, engineering, and construction machinery businesses while expanding its business domains in these areas.

Just three months after the end of World War II, the Company resumed production of wire rods, and contributed to Japan's early recovery. In the Great Hanshin-Awaji Earthquake of 1995, our Company suffered a lot of damage, including damage to the blast furnace at Kobe Works (currently Kobe Wire Rod & Bar Plant). The blast furnace, which was initially expected to require six months to repair, was restored in a short period of two and a half months, thus becoming a symbol of Kobe City's post-earthquake reconstruction.

The spirit of sparing no effort for the benefit of society, which the Company has cultivated since its founding, is now a core value of the Kobelco Group that strives to help realize a sustainable society through its technologies, products, and services.



- 1914** Begins developing Japan's first air compressor
- 1926** Completes Japan's first cement plant
- 1930** Completes Japan's first domestically produced electric shovel
- 1940** Begins production of Japan's first welding electrodes
- 1955** Begins Japan's first industrial production of titanium metal
- 2022** Announces the launch of Japan's first low-CO₂ blast furnace steel product Kobenable® Steel

Corporate culture that drives growth through taking on new challenges

In the prewar period, our Company entered various business fields, all of which required advanced technology. Therefore, we aggressively introduced and avidly absorbed new technologies from overseas companies, while actively recruiting human resources from outside. Through these efforts, we have nurtured a corporate culture that encourages the willingness to respond to people's wishes and take on new challenges, as well as a spirit of contributing to the growth of the

Company and the development of society, as we build trust from customers in each task, which brings a request for the next new tasks.

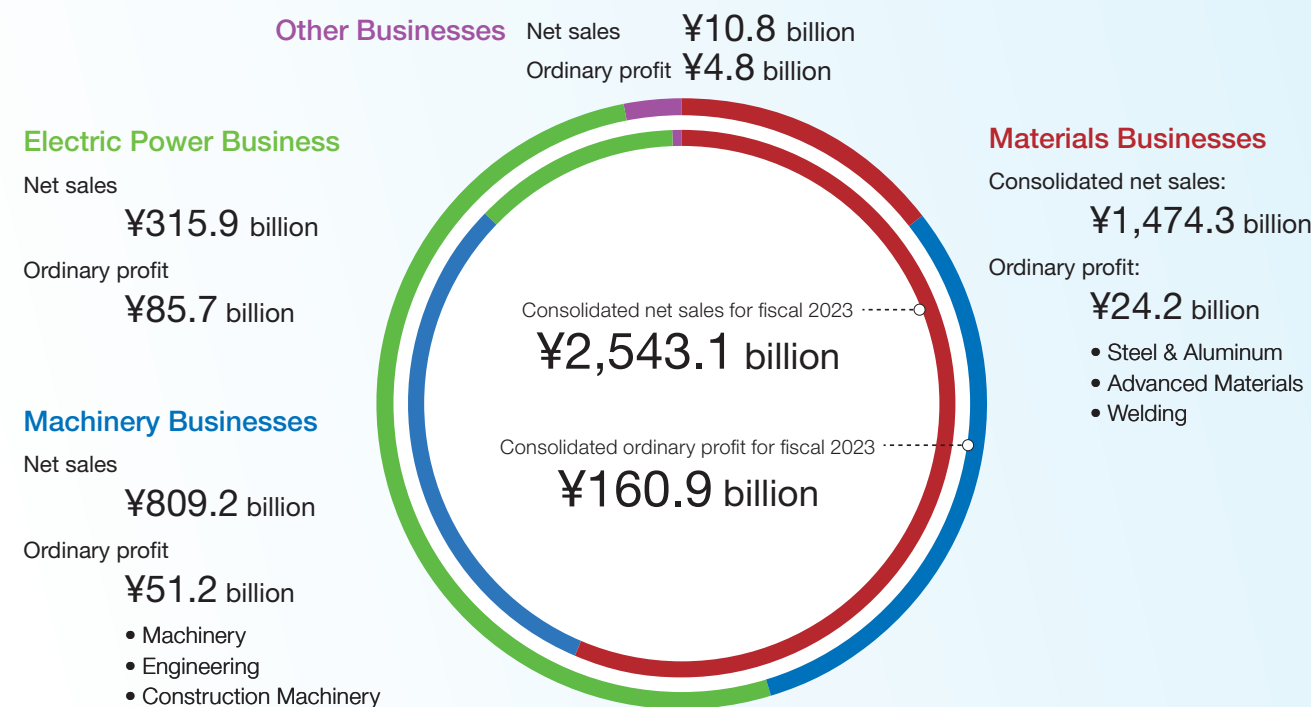
Even today, such corporate culture and spirit remain as the common values shared by all members of the Kobelco Group, as expressed in KOBELCO's View of the Future and KOBELCO's Mission.



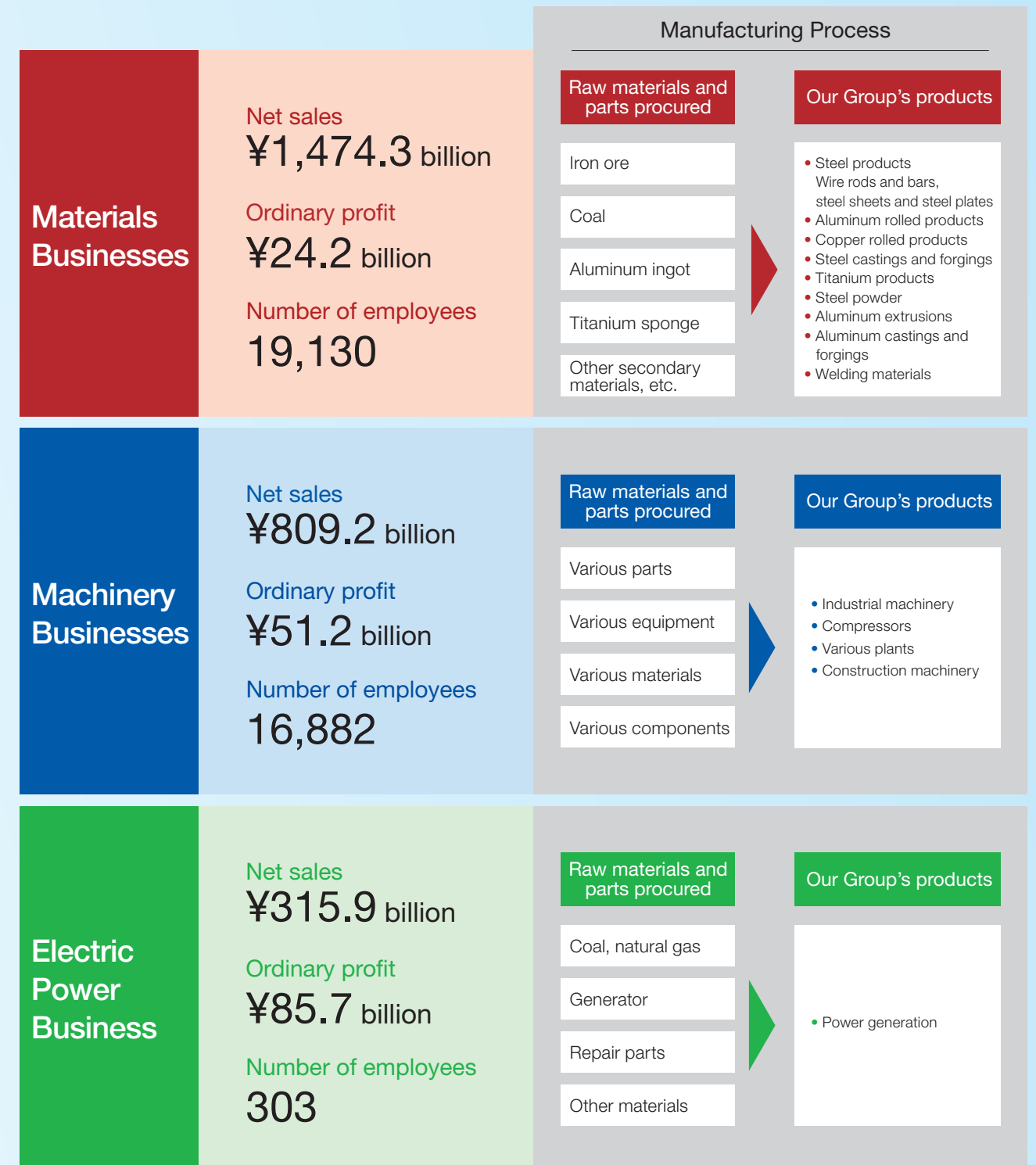
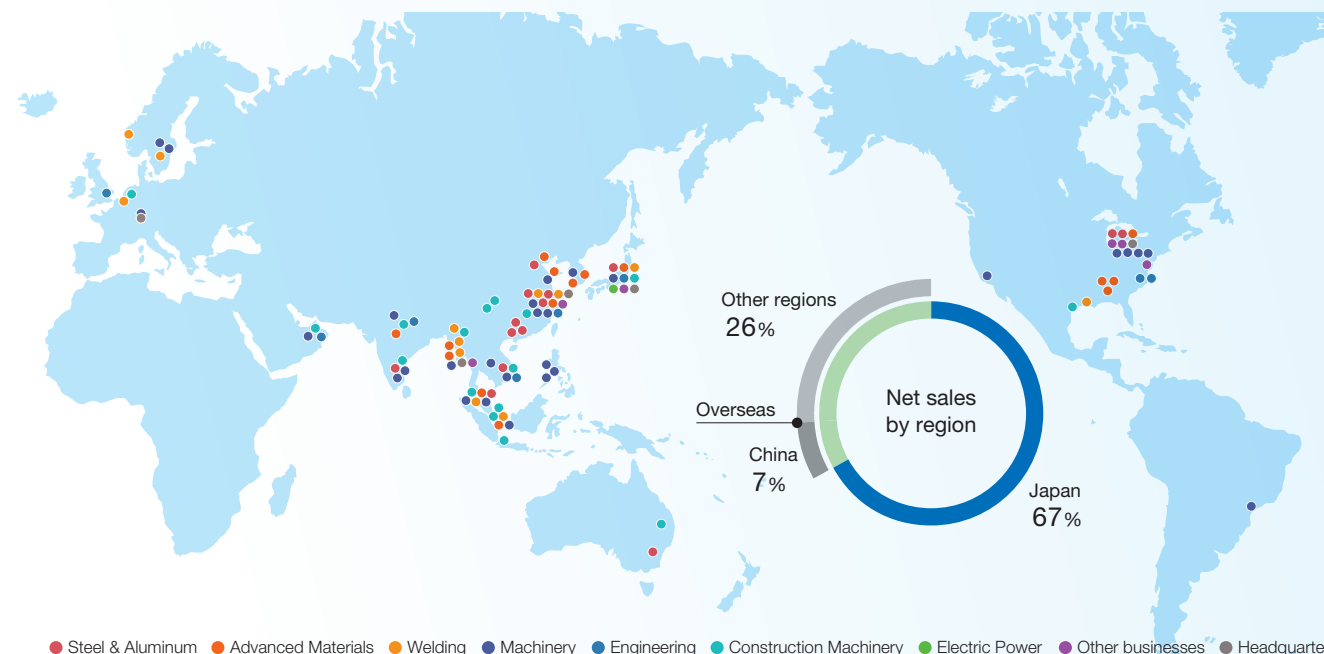
Overview of the Kobelco Group

Founded	Capital (consolidated)	Total assets (consolidated)	Number of employees (consolidated)	Global operations (consolidated)	Group companies	Research and development expenses	Number of intellectual property rights owned
1905	¥250.9 billion	¥2,919.7 billion	38,050	23 countries	247 <small>202 subsidiaries and 45 affiliated companies</small>	¥40.4 billion	7,042 <small>(3,213 in Japan, 3,829 overseas)</small>

Net Sales and Ordinary Profit



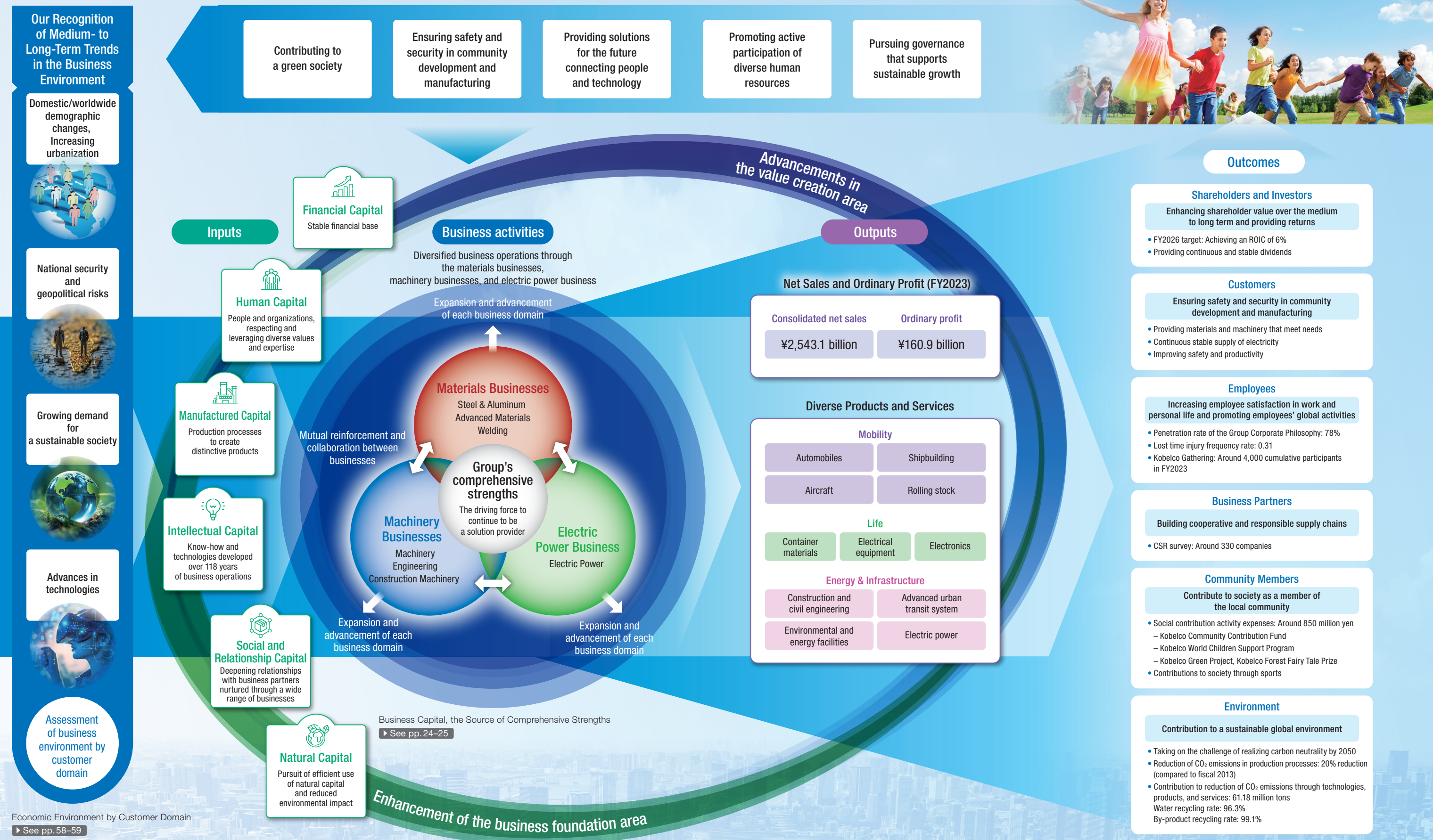
Global Locations



Value Creation Process

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 Group's Materiality (Medium- to Long-Term Key Issues)



Business Capital, the Source of Comprehensive Strengths

The Kobelco Group has been engaged in a wide range of businesses over its 118-year history. The Group's comprehensive strengths are built on the knowledge and technological capabilities that it has cultivated and a solid base of diverse human resources working in the Group. We will continue to provide solutions to the challenges faced by our customers and society by creating a variety of technologies, products, and services through the collective strengths of our Group.



Financial Capital Stable financial base

A stable financial base is essential for the sustainable growth of our Group. In fiscal 2023, the final year of the previous Medium-Term Management Plan, we recorded an ordinary profit of 160.9 billion yen, with an ROIC of 6.7%, exceeding the target of 5%.

In the Medium-Term Management Plan (Fiscal 2024–2026), we will continue to strengthen our financial base and achieve sustainable growth, aiming for an ROIC of approximately 6% on a consistent basis and increasing it to 8% in a favorable business environment.

Total assets ¥2,919.7 billion	ROIC 6.7%
Interest-bearing debt (Excluding lease and project finance) ¥873.4 billion	Gross D/E ratio 0.83 times
Net asset ratio 38.6%	Stockholders' equity ¥914.3 billion



Human Capital People and organizations, respecting and leveraging diverse values and expertise

Our Group, which operates in diverse business domains, has a wide range of human resources who have extensive knowledge and skills in a variety of fields. The Group's global presence in 23 countries around the world and its employees with diverse values, knowledge, and nationalities constitute an integral part of our strengths.

With the aim of encouraging these diverse human resources to demonstrate their individual abilities to the fullest, we will reform our work environment and organizational culture and maximize the Group's comprehensive strengths.

Number of employees (consolidated) 38,050	Average hours of training per employee 33.0
Number of non-Japanese employees 87	Percentage of employees returning from childcare leave 99.6%
Percentage (number) of female managers 3.1% (74)	Lost time injury frequency rate 0.31



Manufactured Capital Production processes to create distinctive products

While accelerating capital investment necessary to create technologies, products, and services that address societal challenges, we strive to make disciplined investment decisions and respond to changes in the business environment.

In addition, with the first priority placed on the safety of employees working at manufacturing sites, we systematically implement facility maintenance, renovation, and renewal to prevent accidents.

Capital investment (payment basis) ¥94.8 billion	Percentage of business sites certified under the Quality Guidelines 67%
Property, plant and equipment ¥1,034.4 billion	Depreciation ¥119.0 billion



Intellectual Capital Know-how and technologies developed over 118 years of business operations

We create new value by integrating the technological capabilities and knowledge, which have been cultivated by each business division, beyond organizational boundaries.

In October 2022, we established the Kobelco Future Pioneering Co-Creation Research Center together with Osaka University. We are actively working with external organizations to create and co-create new innovations through studying solutions for innovation that enable people and digital technology to coexist in *monozukuri* (manufacturing).

21 core technologies	Number of intellectual property rights owned 7,042
Research and development expenses ¥40.4 billion	Number of DX personnel trained (Cumulative since fiscal 2020) 593 IT evangelists 146 data scientists



Social and Relationship Capital Deepening relationships with business partners nurtured through a wide range of businesses

Our Group is working to collaborate appropriately with multi-stakeholders, recognizing the importance of co-creating value with various stakeholders, including shareholders, investors, employees, customers, business partners, and members of local communities. We are earnestly listening to our stakeholders in dialogues with shareholders and other investors and through customer/business partner surveys. Considering that improving management transparency is a priority, we are promoting timely, appropriate, and extensive information disclosure.

Global operations 23 countries	Group companies 247
Individual dialogue with domestic and international institutional investors and analysts 216 companies (cumulative total)	Social contribution activity expenses Approx. ¥850 million



Natural Capital Pursuit of efficient use of natural capital and reduced environmental impact

Our Group's business activities are closely related to natural capital, since we use mineral resources as raw materials for products and industrial water. Therefore, it is important to minimize negative impacts on natural capital.

Our Group is boldly working to achieve carbon neutrality by 2050, and we are also working to reduce environmental impact by utilizing our technology in water recycling and byproduct recycling.

Reduction of CO ₂ emissions in production processes 20% reduction (compared to FY2013)	Contribution to reduction of CO ₂ emissions through technologies, products, and services 61.18 million tons
Water recycling rate 96.3%	By-product recycling rate 99.1%

Business Model and Value Provided

Creating a variety of technologies, products, and services through the Group's comprehensive strengths, the driving force to continue to be a solution provider for society

The Kobelco Group provides solutions to the needs of society by combining the advantages of our diverse businesses, while leveraging our Group's comprehensive strengths to respond swiftly to changes in the social environment, aiming for a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

Materials Businesses

Steel & Aluminum



- Wire rods and bars
- Steel sheets (hot-rolled, cold-rolled, surface treated)
- Steel plates
- Aluminum flat-rolled products
- Other (steel billets, foundry pigiron, pig iron for steelmaking, slag products)

Steel products for automotive valve springs

Aluminum sheets for automotive panels

High-tensile strength steel sheets

Aluminum bottle can stock

Aluminum disks

Eco-View® steel plates for longer-lasting paint on bridges

Advanced Materials



- Steel castings and forgings
- Aluminum-alloy and magnesium-alloy castings
- Titanium and titanium alloy
- Aluminum-alloy forgings and fabricated products
- Aluminum extrusions and fabricated products
- Copper rolled products
- Steel powder

Titanium for aircraft engine components

Crankshafts

Aluminum forged parts for automotive suspensions

Steel powder

Copper alloys and plating for automotive terminals and connectors

Aluminum extrusions and fabricated products for automotive applications

Welding



- Welding materials (covered welding electrodes, wires for automatic and semi-automatic welding, fluxes)
- Welding robots
- Welding machines
- Robotic welding systems
- Welding-related testing, analysis, and consulting

Flux cored wire

ARCMAN™ SENSARC™ series

FAMILIAR™ MIX-1TR

REGARC™

SESIA™

Robotic Welding System for 9% Ni Steel

Machinery Businesses

Machinery



- Equipment for energy and chemical fields
- Equipment for nuclear power plants
- Tire and rubber machinery
- Plastic processing machinery
- Ultra-high-pressure presses
- Vapor deposition systems
- Metalworking machinery
- Various compressors • Chillers • Heat pumps
- Various plants (steel rolling, nonferrous metals, etc.)
- Various internal combustion engines
- Special alloys and other new materials (target materials, etc.)
- Analysis and testing of materials

Screw-type non-standard compressors

Screw-type standard compressor Emeraude

Polyethylene mixing and pelletizing systems

LNG vaporizer (ORV)

Isostatic pressing equipment

Semiconductor silicon wafer inspection systems

Engineering



- Various plants (direct reduction ironmaking, pelletizing, petrochemical, nuclear power-related, water treatment, waste treatment, etc.)
- Automated guideway transit (AGT) system
- Chemical and food processing equipment

MIDREX® Process

Advanced urban transit systems

Kobelco Pelletizing System

Water treatment facilities

Steel plate digester tanks

Grate-type incineration furnace

Construction Machinery



- Hydraulic excavators
- Mini excavators
- Environmental recycling machines
- Crawler cranes
- Wheel cranes
- Remote operation system for heavy machinery
- Crane construction planning support software

Backward ultra-small swivel excavators

Multi-vehicle dismantling machines

Crawler crane

Building demolition machine

Remote operation system for construction machinery K-DIVE®

Mobility

- Automobiles
- Shipbuilding
- Aircraft
- Rolling stock

Life

- Container materials
- Electrical equipment
- Electronics

Energy & Infrastructure

- Construction and civil engineering
- Advanced urban transit systems
- Environmental and energy facilities
- Electric power

Electric Power Business

- Electric power supply
- Heat supply



Our Group's Strength—Diverse Human Resources

Each and every member of our Group is working toward the 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.

During the course of my everyday work, I make it a point to say “thank you” and “sorry” straight to my colleagues to create a healthy and pleasant workplace. I respect everyone who works for the Company!

Rolling Section,
Copper Rolled Products Plant,
Copper Rolled Products Unit



As a member of the Finance and Accounting department at the U.S. headquarters, I provide essential cash management and banking support to our Group companies in North America.

Through these services, I aim to facilitate smooth business operations across the board, and I am committed to fostering financial stability and supporting sustainable growth, ultimately contributing to the overall value enhancement of the Kobe Steel Group.

Finance Manager, Kobe Steel USA Inc.



I'm dedicated to supporting Kobelco Group as RHQ* through our principle “Try together, Run together” and be a professional group capable of responding proactively to quick changes in the environment.

*Regional Headquarters

Corporate Division,
Kobelco South East Asia Ltd.



To contribute to creating prosperous lives for people living in the future, we will continue to provide high-performance steel products and services to provide solutions to the needs of society, including carbon neutrality.

Steel Sheet, Plate & Aluminum Sheet Sales Section,
Nagoya Steel & Aluminum Sheet Sales Department



I believe that the mission of a general foreman is to develop “human resources” who take responsibility for their work and do not give up even in

the face of adversity, as well as to create a work environment that encourages the growth of every team member. Therefore, I am committed to both teaching and showing good examples.

Manufacturing Section, Ibaraki Plant



I am in charge of auditing the status of compliance with applicable laws and regulations and Kobelco Group standards at our overseas Group companies and supporting their activities. I will strive for self-improvement to enhance my expertise and commit to my responsibilities with integrity.

Health & Safety Group,
Environment and Safety Department

As a core member, I am engaged in a team activity aimed at fostering a culture in our business division where all employees can feel more fulfilled in their work and actively take on new challenges.

Marketing Planning Department,
Sales and Marketing Division,
Machinery Business



While balancing work and childcare, I am working to contribute to our safe, secure, and prosperous lives continuing into the future by ensuring compliance with environmental and disaster management laws and regulations, appropriate control of chemical substances, and the promotion of resource recycling.

Environmental Control &
Disaster Prevention Group,
Environment and Safety Department

Aiming for sustainable growth of our business in China, I am contributing to support activities to build a safety culture and an excellent quality system while monitoring the current situation of our Group companies, as well as committed to continued quality improvement of our support services by incorporating feedback from our Group companies.

Safety Quality Technology Section, Administration Department,
Kobelco (China) Holding Co., Ltd.



In order to provide “satisfying quality,” I am engaged in support activities to strengthen middle management through a practical management program.

Kobelco TQM Planning &
Promotion Group,
Quality Management Department



I am creating systems that will be used extensively in our daily operations and supporting the efforts to achieve things that have not been possible by utilizing the power of IT, beyond organizational boundaries.

DX Strategy Project Group,
IT Planning Department

In order to realize what our customers wish for and provide new value, I make a conscious effort to closely communicate with every customer and listen to their diverse voices.

Project Group,
Business Development Department
Kobelco Construction
Machinery Co., Ltd.



I am supporting our power plants in their implementation of Japan's new electricity regulations. We are contributing to the continuous and stable supply of electricity to local communities by staying adaptable to changes in the electric power industry's business environment.

Planning and
Administration Department,
Electric Power Business



As a metallurgical expert who specializes in the science of metal formation, I will contribute to providing solutions to societal and environmental challenges by reducing CO₂ emissions in the ironmaking process through the improvement of the MIDREX® process technology in cooperation with professionals from various fields.

Refining & Solidification Research Section,
Materials Research Laboratory,
Technical Development Group

I am working to contribute to the realization of the Group Corporate Philosophy by enhancing our credibility as a company through the accurate filing of tax returns in Europe and supporting compliance with laws and regulations.

Accounting & Administration Department,
Kobelco Europe GmbH



Aiming to achieve carbon neutrality, I am committed to promoting the feasibility study of low-CO₂ iron metallurgy supply in Oman, implementation of EPC (engineering, procurement, construction) projects in Japan and overseas, and mechanical design of the MIDREX® direct reduced iron (DRI) plant.

Mechanical Engineering Section,
Project Engineering Center,
Engineering Business

I am working at the U.S. headquarters, addressing daily problems from an HR viewpoint. As a member of Kobelco One Team, my mission is to collaborate with Group companies from a global perspective and create a work environment where diverse human resources can play active roles.

Secondment from Kobe Steel, Ltd. to
Kobe Steel USA Inc.



Our Group's Strength— Technical Development

Creating New Value by Harnessing Our Broad Range of Expertise

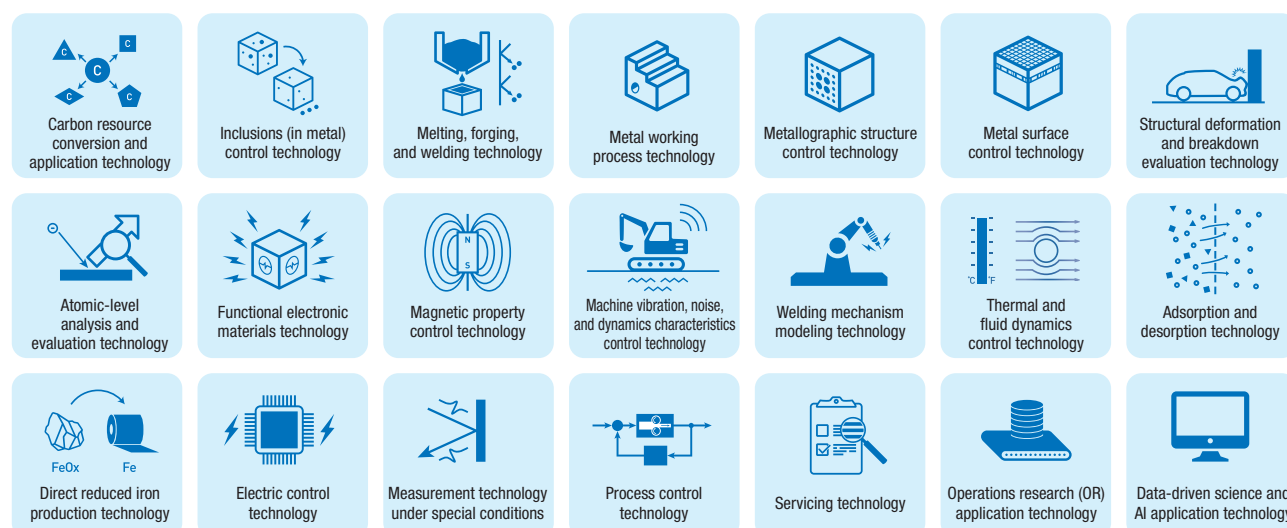
Over the years, the Technical Development Group has cultivated a diverse range of technologies through R&D activities in various business fields, including materials, machinery, and electric power. The technological assets that support the creation of distinctive products and our advanced *monozukuri* (manufacturing) capabilities are represented by the following 21 core technologies. The Kobelco Group is creating new value by strengthening and integrating these technologies.

Our 21 core technologies have been developed as technologies shared across the Company's business segments, and constitute an integral part of various products. A technology developed by a business segment will be utilized by other business segments for the development of new technologies, allowing for the creation of new value across businesses. We believe that this is our Group's strength.



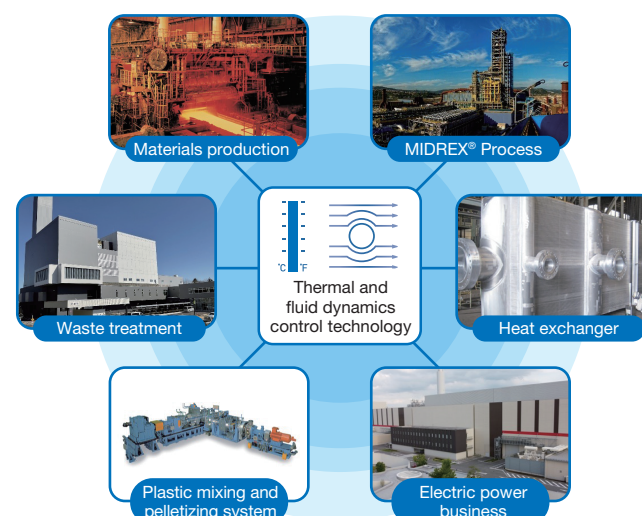
Koichi Sakamoto
Director, Executive Officer
(Oversees companywide technical development)

21 Core Technologies



Among these core technologies, thermal and fluid dynamics control technology is indispensable for the stable operation of steel production facilities, as well as plants that use thermal energy for waste treatment, power generation, etc. Recent applications of this technology include the use in our CO₂ reduction solution that reduces CO₂ emissions by charging an increased amount of HBI into the blast furnace. This is also an indispensable technology for improving the performance of machinery products such as compressors, heat pumps, mixers, and heat exchangers in the machinery businesses.

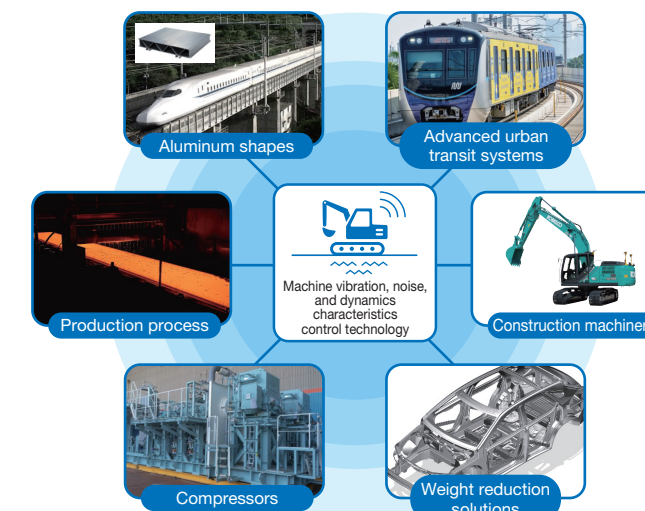
Thermal and fluid dynamics control technology serves as a core technology that helps create new products in response to the increasingly sophisticated and complex needs and trends in the materials, machinery, and electric power businesses.



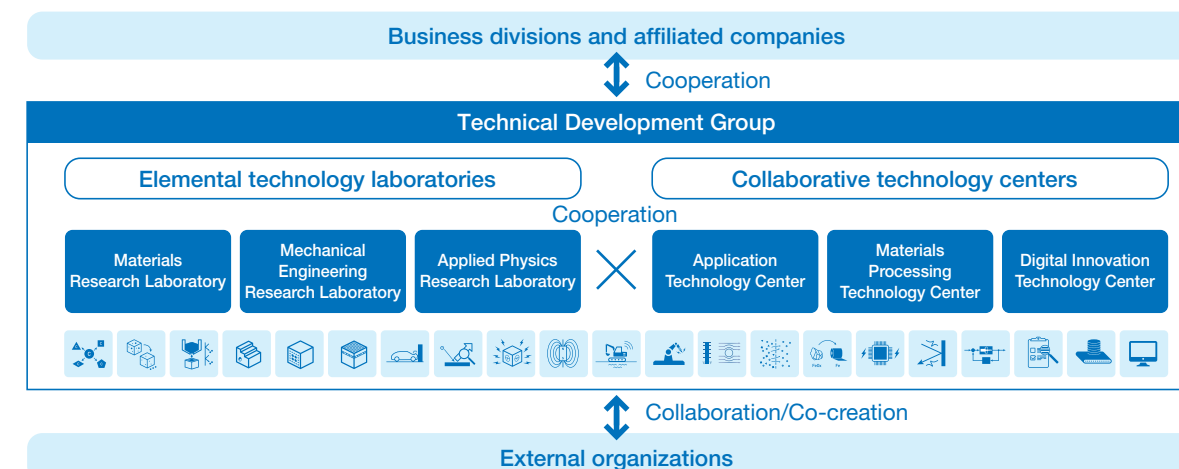
Another example is machine vibration, noise, and dynamics characteristics control technology, which plays a vital role in reducing the noise and vibration, and improving the energy efficiency of the products in the machinery businesses. In the materials businesses, this technology is used to automate production processes and stabilize the quality of products. In addition, it is utilized for developing solution technologies to make optimized proposals to customers who use our materials, as well as for the development of new materials.

These are just a few examples of the applications of our 21 core technologies. In addition to the two technologies mentioned above, other technologies are also being used to improve the quality and characteristics of multiple technologies and products in respective business divisions.

Developing an extensive range of technologies is needed to tackle the numerous changes taking place in the business environment, such as climate change; it is becoming more important for us to create new value at an unprecedented speed. The Group is working to address these challenges by promoting the integration of our 21 core technologies in collaboration with business divisions, with the Technical Development Group's elemental technology laboratories and collaborative technology centers serving as



a hub for research and development. We have already begun to see results in a wide range of fields, including the reduction of CO₂ emissions in the ironmaking process. We will continue to promote the creation of distinctive technologies and products and the strengthening of *monozukuri* capabilities through collaboration within the Group and co-creation with external organizations.



Message from Independent Director

I believe that Kobe Steel is demonstrating its strengths of a conglomerate with a diverse range of business operations, including in the technical field, realizing various elemental technologies that create innovation through Groupwide teamwork. In the efforts toward decarbonization, which is a challenge that society faces, the Company is a forerunner in Japan as it has realized the practical application of natural gas and hydrogen as a reducing agent in the steel business, and is working on the combustion of ammonia in the electric power business. I expect that the Company will continue to contribute to global development through the integration of the technical capabilities of its materials, machinery, and electric power businesses.



Shinsuke Kitagawa
Independent Director