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# Editorial Policy

The Kobelco Group has published Kobelco Group ESG Data Book 2024 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.

Kobelco Group Integrated Report 2024 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.

## ● Period Covered

Covers fiscal 2023 (from April 1, 2023 to March 31, 2024)

Please note that this data book may refer to fiscal years before and after the period when necessary.

## ● Scope of Reporting

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

## ● Guidelines Referenced

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

## ● 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 data book, we provide a variety of information in the Integrated Report and on our corporate website. We will continue to actively disclose information so that stakeholders can gain a better understanding of the Kobelco Group.

A blue dot (●) means relevant information provided.

Tools for information disclosure		Type of 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.

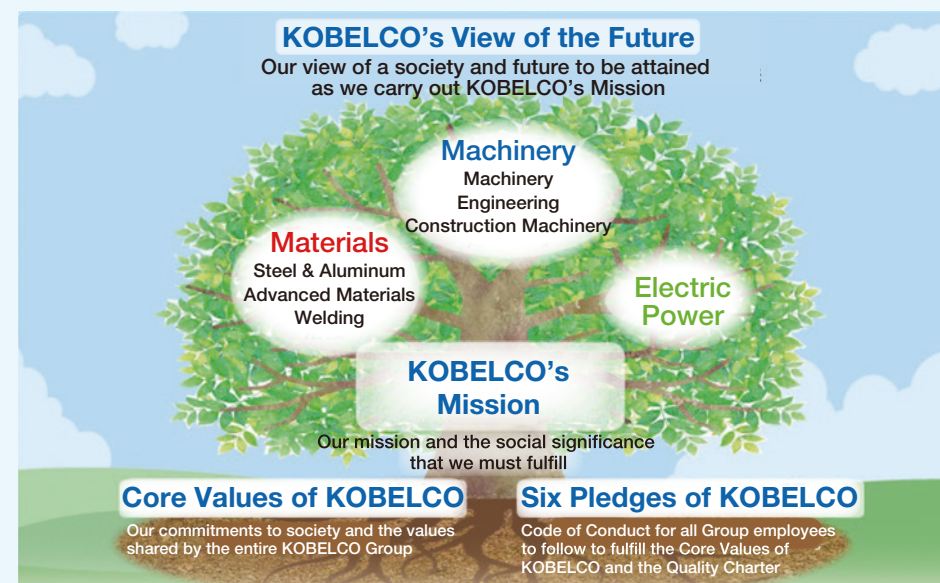
The Group Corporate Philosophy comprises four elements: KOBELCO's View of the Future and KOBELCO's Mission, along with the Core Values of KOBELCO and the Six Pledges of KOBELCO, which present our values to be shared and code of conduct.

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.

<b>KOBELCO's View of the Future</b>	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.
<b>KOBELCO's Mission</b>	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.
<b>Core Values of KOBELCO</b>	The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group  <ol style="list-style-type: none"> <li>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.</li> <li>2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.</li> <li>3. Through continuous and innovative changes, we create new values for the society of which we are a member.</li> </ol>
<b>Six Pledges of KOBELCO</b>	Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter  <ol style="list-style-type: none"> <li>1. Uphold the Highest Sense of Ethics and Professionalism</li> <li>2. Contribute to the Society by Providing Superior Products and Services <a href="#">Quality Charter</a></li> <li>3. Establish a Comfortable but Challenging Work Environment</li> <li>4. Live in Harmony with the Local Community</li> <li>5. Contribute to a Sustainable Environment</li> <li>6. Respect Each Stakeholder</li> </ol>



# 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 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.

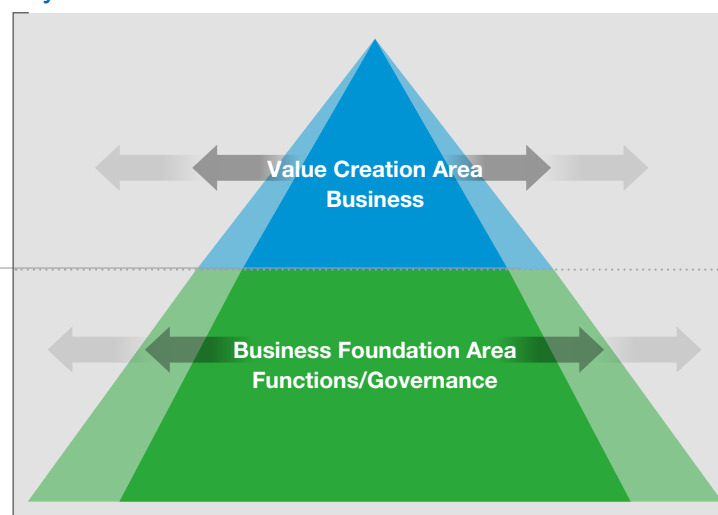
### KOBELCO's Mission

**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.

## Key Issues to Address



### Tackling Societal Challenges through Core Businesses

Create new value by providing technologies, products, and services through research and development and manufacturing

### Prerequisites for Continued Corporate Existence

Convey the lessons learned from the quality misconduct and respond to new social responsibilities associated with changes in society while complying with laws and regulations and adhering to corporate ethics

## Promotion Tools

### SDGs

17 global goals and 169 targets



Promotion of business operations with awareness of the SDGs

Information disclosure

Use of assessments

### ESG External Assessments

Objective evaluation of Group activities

# Message from the Chair of the Sustainability Management Committee

## Promotion of Sustainability Management in the Kobelco Group

Sustainable management is increasingly becoming a requirement for companies, with a particular emphasis on the Sustainable Development Goals (SDGs) in recent years. With the world facing various social issues, the common goal of society and companies is to enhance sustainability. In this context, what is important for a company to strive for sustainable growth by addressing societal challenges through its 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 providing solutions to the needs of society through the provision of enhanced technologies, products, and services.

Our Group's sustainability management is promoted under the initiative of the Sustainability Management Committee, an auxiliary body to the Executive Council, which undertakes the implementation of the management cycle for important issues. The Sustainability Management Committee promotes effective operation of activities by setting up subcommittees dedicated to specific issues of importance.

In fiscal 2024, the Company newly established Sustainability Management Meetings, consisting of all directors, as a forum to share understanding and exchange opinions on our Group's major sustainability activities with executives and business divisions broadly and regularly, strengthening the Board of Directors' monitoring function.



**Hajime Nagara**

Executive Vice President and Representative Director  
Chair of the Sustainability Management Committee

## Materiality of the Kobelco Group (Key Issues)

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 the identification of these key issues, we have reaffirmed our Group's view of the future and mission. We also have set indicators and targets for materiality items in order to take more concrete steps toward the realization of our Group's materiality (key issues). The progress status is managed by the Sustainability Management Committee. Indicators and targets are regularly reviewed in light of changes in the environment surrounding business activities. From fiscal 2024, they were reviewed in conjunction with the

consideration of the Kobelco Group Medium-Term Management Plan (fiscal 2024 to 2026). The Group will strive to achieve sustainable growth by tackling the five items of materiality.

Our Group has a diverse employee base as we operate a wide range of businesses at sites around the world. We are committed to developing diversity, fostering mutual respect for the unique personality, individuality, and diverse qualities of each individual, and creating a work environment where every employee can work actively while performing to the best of their abilities. We will continue to work to provide solutions to the needs of society and create new value.

This ESG Data Book has been created to provide information on our ESG initiatives in a more comprehensive form, reflecting our stakeholders' input and ideas. We sincerely hope that this helps our stakeholders better understand the Group.

# Framework for Promoting Sustainability Management

## Framework for Promoting Sustainability Management

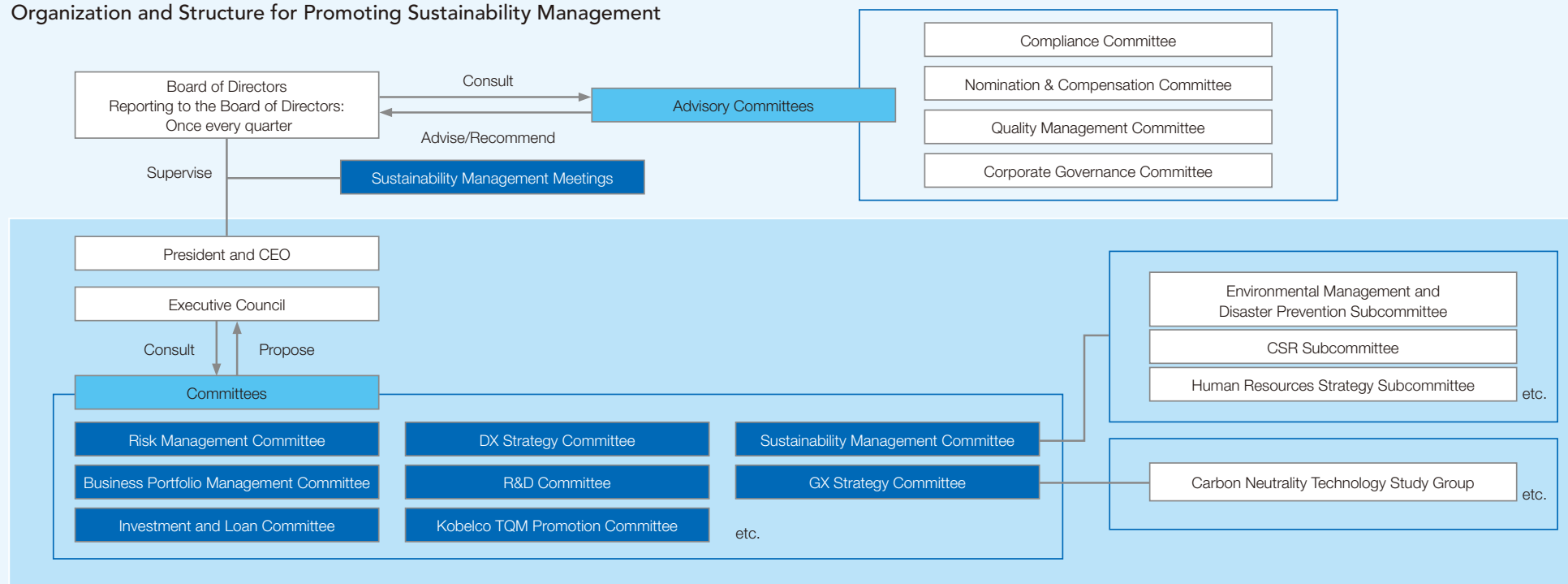
In promoting sustainability management, priority issues are addressed through a management cycle that centers on the Sustainability Management Committee, an auxiliary body to the Executive Council. While proactively disclosing information and utilizing promotion tools, such as ESG external assessments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

In fiscal 2024, the CO<sub>2</sub> Reduction Promotion Subcommittee was separated from the Sustainability Management Committee and renamed the GX Strategy Committee to further advance GX strategy. We have strengthened the Board of Director's monitoring function by forming Sustainability Management Meetings, comprised of all directors, as a forum to share understanding and exchange opinions with executives, including those from business divisions, boardly and regularly on our Group's major sustainability activities.

## Sustainability Management Committee

Chair (Responsible officer):	Hajime Nagara, Executive Vice President and Representative Director
Report to the Board of Directors:	Once every quarter
Meetings:	Once every quarter
Functions:	<ul style="list-style-type: none"> <li>• Identify sustainability-related issues of the Group</li> <li>• Create the schedule for sustainability promotion activities</li> <li>• Advise on the Group's Medium-Term Management Plan</li> <li>• Monitor and advise on sustainability promotion activities</li> <li>• Announce information on the initiatives that the Company supports and promote relevant activities</li> <li>• Take responses to external assessments on ESG</li> </ul>

## Organization and Structure for Promoting Sustainability Management



# Materiality and Indicators/Targets

## Materiality

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 8–9 for the status of our efforts against the annual indicators and targets up to the previous fiscal year.

## 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.

Materiality	Subcategory	Indicators
Contributing to a green society	Response to climate change	(1) Reduction of CO <sub>2</sub> emissions in production processes
		(2) Contribution to reduction of CO <sub>2</sub> emissions and net sales of related products
		(3) Reduction of CO <sub>2</sub> 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
		(8) Percentage of eco-friendly products in steel products
	Providing materials and machinery that meet needs	(9) Percentage of low-CO <sub>2</sub> 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
		(20) Instilling of the Group Corporate Philosophy
Pursuing governance that supports sustainable growth	Encouraging the growth and initiative of every employee	(21) Improving and expanding employee training
		(22) Whistleblowing system usability
	Compliance and risk management	(23) Companies implementing human rights due diligence
	Human rights	(24) Lost time injury frequency rate
	Safety and health	(25) Percentage of business sites certified under the Quality Guidelines
	Quality assurance	(26) Kobelco TQM practical management program completion rate
	TQM	

## Process of Identifying Materiality

### Step 1

Make a comprehensive list of significant societal challenges

#### Frameworks, guidelines, etc., used as references

- 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

### Step 2

Map the importance of societal challenges and select relevant issues for the Group

#### Mapping of value creation area

Magnitude of social needs × Compatibility with management intentions and business operations

#### Mapping of business foundation area

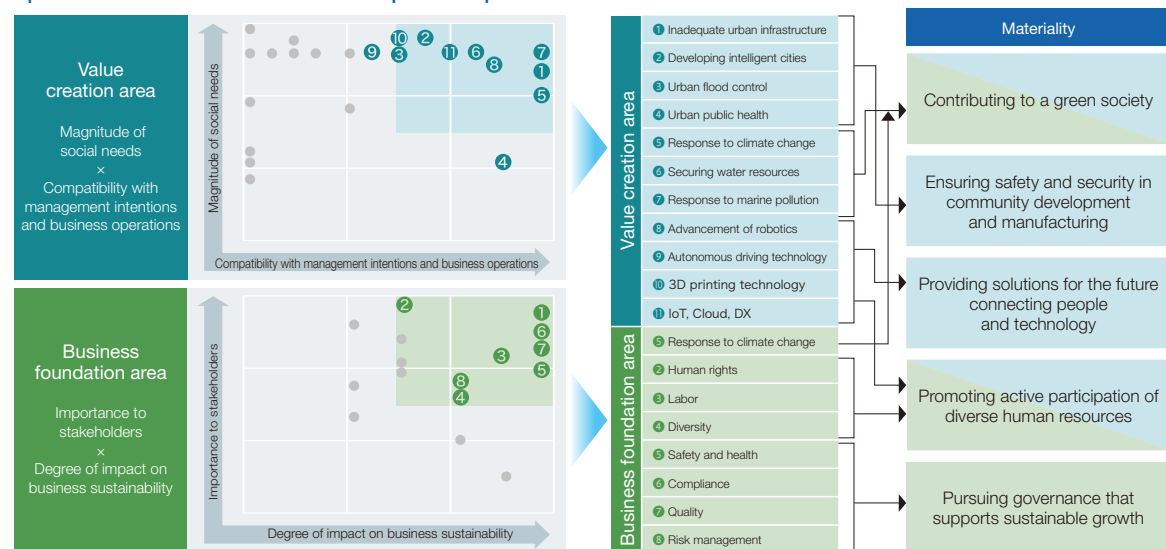
Importance to stakeholders × Degree of impact on business sustainability

### Step 3

Consolidate similar issues and narrow them down to key issues

- Consolidate similar issues in the value creation area and business foundation area selected in Step 2 and integrate them into five key issues

## Specific Outcomes of Discussions in Step 2 to Step 3



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

## Materiality



Contributing to a green society\*



Ensuring safety and security in community development and manufacturing



Providing solutions for the future connecting people and technology













Promoting active participation of diverse human resources



Pursuing governance that supports sustainable growth

\*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

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 <sub>2</sub> emissions in production processes	2030: Down 30–40% (compared to FY2013) 2050: Taking on the challenge of realizing carbon neutrality	20% reduction <sup>1</sup>	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 <sub>2</sub> 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 <sup>2</sup>	• Increased sales and expanded the lineups of technologies, products, and services that contribute to CO <sub>2</sub> reduction.
		(3) Reduction of CO <sub>2</sub> 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 <sup>3</sup> 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 <sup>4</sup>	—	—	—	—	—
	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 <sup>5</sup> since fiscal 2022, and achieved targets for fiscal 2025 ahead of schedule.
		(8) Progress rates of reconstruction of existing systems <sup>6</sup>	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 <sup>7</sup> FY2023: Approx. 500 b. Data scientists <sup>7</sup> 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.

<sup>1</sup> Due to a revision of the calculation method and scope of targets, the figures for fiscal 2020 have been revised retroactively.

<sup>2</sup> The latest coefficients are used to calculate the contribution to reduction of CO<sub>2</sub> emissions through technologies, products, and services.

<sup>3</sup> Three main items: Slag, dust, and sludge



<sup>4</sup> S+3E = Safety + Energy Security, Economic Efficiency, and Environment

<sup>5</sup> Employees in the back-office sections develop apps using no-code, low-code tools on their own.

<sup>6</sup> 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)

<sup>7</sup> 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 and Indicators/Targets

Kobelco Group's Materiality		Indicators and Targets				Description of Initiatives
		Indicators	Targets	Actual (FY2020)	Actual (FY2023)	
<b>Promoting active participation of diverse human resources</b> 	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%	<ul style="list-style-type: none"> <li>• Career-track positions: Introduced scout-type service and participated in seminars for female students.</li> <li>• General technical positions: Enhanced approach to schools/institutes to promote recruitment</li> </ul>
		(13) Percentage of female managers	FY2023: Twice the fiscal 2020 level	2.3% <sup>8</sup>	3.1%	<ul style="list-style-type: none"> <li>• Enhanced the mid-career recruitment of women.</li> </ul>
		(14) Percentage of employees with disabilities	2.3% (statutory employment rate)	2.34%	2.62%	<ul style="list-style-type: none"> <li>• Conducted recruiting activities based on the statutory employment rate.</li> </ul>
		(15) Number of non-Japanese employees	—	87	87	<ul style="list-style-type: none"> <li>• Continued to conduct recruiting activities at universities in China.</li> <li>• Continued recruiting activities in Taiwan, South Korea, and Vietnam.</li> </ul>
	Work style transformation	(16) Percentage of male employees taking special leave for childcare	FY2023: 100%	77.8%	94.5%	<ul style="list-style-type: none"> <li>• Conducted activities to raise awareness at various D&amp;I seminars, etc.</li> </ul>
		(17) Turnover of employees with less than 10 years of service	Less than 15%	15.8%	21.1%	<ul style="list-style-type: none"> <li>• Conducted various work style transformation activities and activities to support work-life balance, etc.</li> </ul>
		(18) Overtime hours	—	16.6 h (per month/employee)	16.1 h (per month/employee)	<ul style="list-style-type: none"> <li>• Conducted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc.</li> <li>• Carried out activities for improving business operations to increase operational efficiency.</li> </ul>
		(19) Number of annual paid leave days taken	15 (per year/employee)	11.0 days	18.0 days	<ul style="list-style-type: none"> <li>• Encouraged the taking of annual leave based on annual plans created through two-way communication between supervisors and individual employees in a planned manner.</li> </ul>
		(20) Total hours worked	Under 2,000 hours/year	1,978 h	2,050 h	<ul style="list-style-type: none"> <li>• Conducted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc.</li> <li>• Carried out activities for improving business operations to increase operational efficiency.</li> </ul>
		(21) Continuation of employee awareness survey		Ongoing	Ongoing	<ul style="list-style-type: none"> <li>• Continued to implement the survey between fiscal 2021 and fiscal 2023.</li> </ul>
	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 <sup>9</sup>	a. 380,056 h b. 33.0h <sup>9</sup>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Implemented self-directed, self-driving learning support (video training service).</li> </ul>
<b>Pursuing governance that supports sustainable growth</b> 	Compliance and risk management	(23) Number of reported whistleblowing cases	—	112 cases	117 cases	<ul style="list-style-type: none"> <li>• Disseminated information about the whistleblowing system through various in-house training sessions, intranet, posters, cards, leaflets, etc.</li> <li>• 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.</li> </ul>
	Human rights	(24) Participation rate in employee training	Implementation of Groupwide human rights training	—	100% (e-learning participation rate at Kobe Steel)	<ul style="list-style-type: none"> <li>• Conducted human rights training for all employees using video-based learning materials (the theme for fiscal 2023 was harassment).</li> <li>• Continued training for those in charge of promoting employee training at Group companies (How to conduct training overseas is to be determined separately).</li> </ul>
	Safety and health	(25) Lost time injury frequency rate	0.10 or less	0.28	0.31	<ul style="list-style-type: none"> <li>• 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 locations, 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.</li> </ul>
		(26) Expansion of safety and health training		694	1,367	<ul style="list-style-type: none"> <li>• Implemented new employee training, new supervisor training, and line manager training to help them acquire knowledge and skills related to safety and health.</li> </ul>
	Quality assurance	(27) Accreditation rate in compliance with Quality Guidelines in internal quality audit	FY2023: 70% of internal quality audit target locations	—	67%	<ul style="list-style-type: none"> <li>• 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 in our Group.</li> </ul>
		(28) Automation rate of testing and inspection equipment as defined by the Company	—	—	—	<ul style="list-style-type: none"> <li>• Based on the plan, we are promoting consistent automation from the input of test and inspection data to the preparation of test results.</li> </ul>
		(29) Continuation of customer satisfaction survey		Ongoing	Ongoing	<ul style="list-style-type: none"> <li>• Conducted surveys with questions tailored to each business division considering the difference of business operations.</li> </ul>
	Corporate governance	(30) Improving the effectiveness evaluation of the Board of Directors		Ongoing	Ongoing	<ul style="list-style-type: none"> <li>• Conducted questionnaire surveys targeting all directors and individual interviews by the Corporate Governance Committee.</li> </ul>

<sup>8</sup> 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.

<sup>9</sup> The time required for an e-learning lesson is estimated at 15 minutes per person.



## Environment

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# Basic Environmental Management Policy and Structure

Through environmental management based on three 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.

Policies

As we strive to realize the world that we envision, 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

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.

VISION  
1

Pursuing environmentally friendly manufacturing

VISION  
2

Contributing to the environment through technologies, products, and services

VISION  
3

Coexisting and cooperating with society

## Initiatives for the Environment

Policies

Strategies and Targets

Initiatives for Implementation			Long-Term Policies	Medium-Term Environmental Management Plan (FY2024–2026)
VISION 1	Environmentally friendly manufacturing	Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO <sub>2</sub> reduction in all business activities 2030 target: Reduce CO <sub>2</sub> emissions from production processes by 30–40% (compared to fiscal 2013) 2050 vision: Taking on the challenge of achieving carbon neutrality	<ul style="list-style-type: none"><li>• Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve 2030 target and 2050 vision</li></ul>
		Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate of 99% (fiscal 2025) (Major by-products: Slag, sludge, and dust)	<ul style="list-style-type: none"><li>• Promote recycling by reducing the amount of waste disposed of to contribute to the achievement of the industry's recycling targets</li><li>• Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products</li><li>• Strive to recycle waste plastics as much as possible (Upper target: Recycling rate of 80%)</li></ul>
		Appropriate management of chemical substances	Reduce hazardous substances in accordance with the Kobelco Group Policy on Controlling Hazardous Chemical Substances	<ul style="list-style-type: none"><li>• 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, the Act on Rational Use and Appropriate Management of Fluorocarbons, and new regulations on chemical substances</li></ul>
		Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing the environmental impact	<ul style="list-style-type: none"><li>• Continue thorough operational management and facility management in an effort to reduce environmental impact from soot/smoke and water pollution Targets: Water recycling rate: Maintain 95% or higher Groupwide Water pollution load: COD: 474 tons/year and total phosphorus: 23 tons/year</li></ul>
	Thorough risk management		Pursue systematic and deliberate efforts to reduce risks	<ul style="list-style-type: none"><li>• Enhance the autonomous environmental management system (EMS) that includes domestic and overseas business sites, subsidiaries, and subsubsidiaries</li></ul>
	Promoting environmental initiatives with full employee participation		Constantly improve the environmental awareness of all Kobelco Group employees	<ul style="list-style-type: none"><li>• 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</li></ul>
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 2030 target: Contribution to CO <sub>2</sub> reduction: 78 million tons Net sales of products that contribute to CO <sub>2</sub> reduction: 550 billion yen 2050 vision: Contribution to CO <sub>2</sub> reduction: 100 million tons or more	<ul style="list-style-type: none"><li>• 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</li></ul>
VISION 3	Coexisting and cooperating with society		Promote coexistence and cooperation with local communities from an environmental perspective	<ul style="list-style-type: none"><li>• 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</li></ul>
	Disclosure of environmental information		Take active steps to disclose environmental information and improve communication with all stakeholders	<ul style="list-style-type: none"><li>• Continue disclosing information and enhance communication with all stakeholders</li></ul>

## Basic Environmental Management Policy and Structure

### Environmental Management Structure

#### Structure

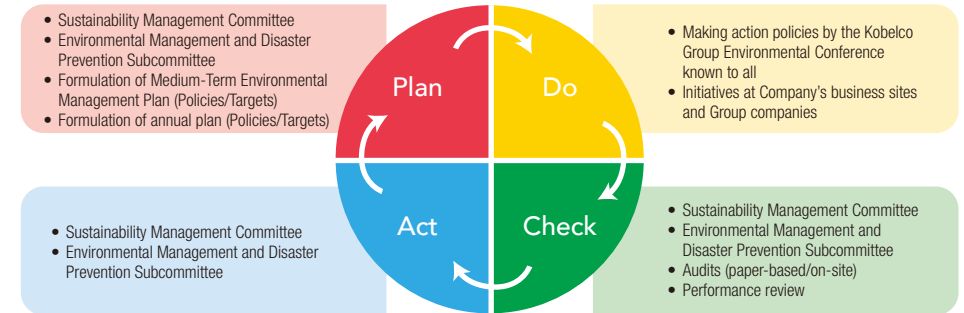
The Kobelco Group's environmental management policies, targets, initiatives, and progress are deliberated at the Environmental Management and Disaster Prevention Subcommittee, which is chaired by the executive officer responsible for Companywide environmental protection and disaster prevention, and whose 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 efforts concerning initiatives for implementation for each of the three visions regarding environmental management. Important matters are reported and submitted to the Executive Council after the Sustainability Management Committee, to which the subcommittee reports. The management cycle is implemented with the Sustainability Management Committee at its center, and individual issues related to environmental management are further discussed by the Environmental Management and Disaster Prevention Subcommittee under this committee. With regard to climate change-related risks and opportunities, based on the recognition that we have moved to a phase of further strengthening and materializing our responses from fiscal 2024 onward, we have renamed the CO<sub>2</sub> Reduction Promotion Subcommittee to the GX Strategy Committee and strengthened its structure as an auxiliary body to the Executive Council.

#### ► Climate-Related Governance Structure

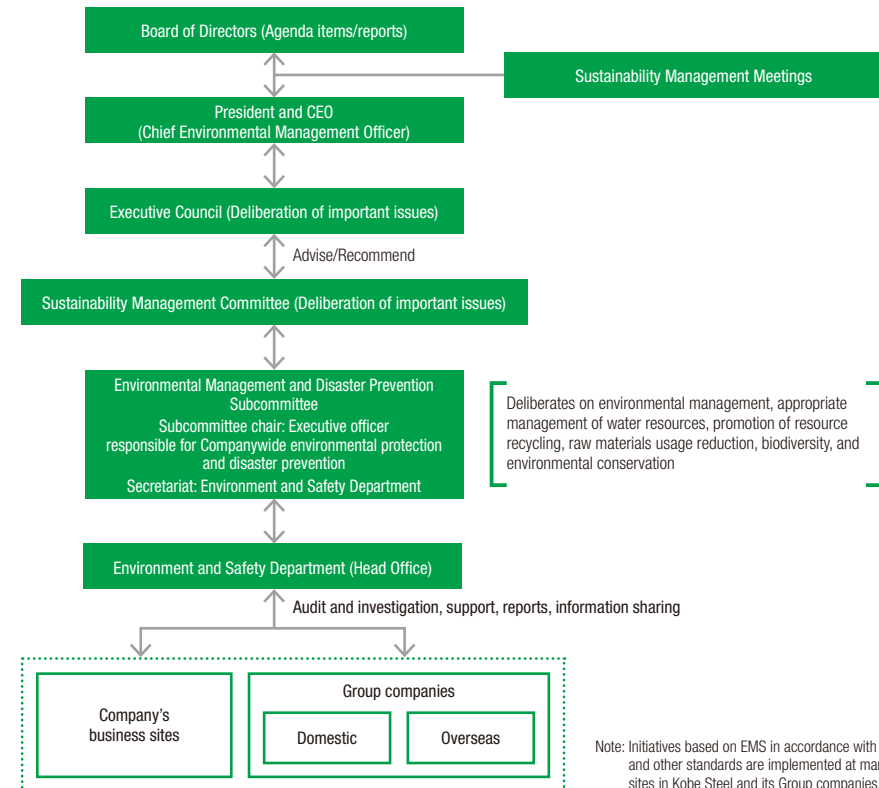
Long-term environmental policies and execution plans for achieving Medium-Term Environmental Management Plan targets are incorporated into the medium-term plan and annual budgets of each business division.

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 Japan, in addition to holding the Kobelco Group Environmental Conference once a year, which is also attended by Group companies, the Company offers e-learning and stratified training programs. 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. 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)



### ● Environmental Management Structure



Note: Initiatives based on EMS in accordance with ISO 14001 and other standards are implemented at manufacturing sites in Kobe Steel and its Group companies.

## Environment

## Basic Environmental Management Policy and Structure

## Medium- to Long-Term Environmental Targets and Initiatives

Strategies and Targets

Results

The Kobelco Group is committed to environmentally friendly business practices. We established the Medium-Term Environmental Management Plan for fiscal 2024–2026, which also covers the six initiatives for implementation, following the Basic Environmental Management Policy.

Self-assessment ○: Progressing as planned △: Issues remain ×: Plan not achieved

	Initiatives for Implementation	Long-Term Policies	Targets Set Forth in the Medium-Term Environmental Management Plan (Fiscal 2021–2023)	Fiscal 2023 Results	Evaluation	Targets Set Forth in the Medium-Term Environmental Management Plan (Fiscal 2024–2026)	Initiatives for Fiscal 2024	
VISION 1 Pursuing environmentally friendly manufacturing	Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO <sub>2</sub> reduction in all business activities 2030 target Reduce CO <sub>2</sub> emissions from production processes by 30–40% (compared to fiscal 2013) 2050 vision 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 2030 target and 2050 vision	<ul style="list-style-type: none"> <li>▶ Promoted energy-saving activities</li> <li>▶ Implemented initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process</li> <li>▶ Succeeded in a demonstration test of a technology that can reduce CO<sub>2</sub> emissions by 25% by charging a large amount of hot briquetted iron (HBI; a type of reduced iron) of the MIDREX® Process* in the large blast furnace (BF) of Kakogawa Works and confirmed that the reduced material ratio (carbon fuel used in the BF), which determines CO<sub>2</sub> emissions from the BF, can be stably reduced to 386 kg/t-hot metal.</li> </ul> <small>* A technology related to the direct reduction steelmaking method owned by Midrex Technologies, Inc., a wholly owned subsidiary of Kobe Steel.</small>	○	▶ Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve the 2030 target and 2050 vision	<ul style="list-style-type: none"> <li>▶ Promote energy-saving activities</li> <li>▶ Implement initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process</li> </ul>	▶ Pages 15–25
	Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate of 99% (fiscal 2025) (Major by-products: Slag, sludge, and dust) The next target is expected to be formulated in fiscal 2025.	<ul style="list-style-type: none"> <li>▶ Continue reducing the amount of waste disposed; and achieve and maintain the industry's voluntary action plan targets</li> <li>▶ Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products</li> </ul>	<ul style="list-style-type: none"> <li>▶ The waste treatment plans formulated by each business division are making steady progress. The recycling rate in fiscal 2023 was 93%, and 99.1% for major by-products (slag, dust, and sludge), contributing to achieving the targets of the Voluntary Action Program for Environmental Protection of the Japan Iron and Steel Federation (JISF).</li> <li>▶ 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</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ Promote recycling by reducing the amount of waste disposed of to contribute to the achievement of the industry's recycling targets</li> <li>▶ Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products</li> <li>▶ Strive to recycle waste plastics as much as possible (Upper target: Recycling rate of 80%)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Work on the 3Rs (Reduce, Reuse, and Recycle) in an effort to achieve the target recycling rate in fiscal 2025</li> <li>▶ Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products</li> <li>▶ Strive to recycle waste plastics as much as possible</li> </ul>	▶ Pages 34–37
	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	<ul style="list-style-type: none"> <li>▶ Waste with high concentrations of PCBs was treated appropriately. A plan was formulated for the disposal of machinery containing low concentrations of PCBs, including those units still in use.</li> <li>▶ Through audits and other means, it was verified that action is being taken under the revised Act on Rational Use and Appropriate Management of Fluorocarbons.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ 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, the Act on Rational Use and Appropriate Management of Fluorocarbons, and new regulations on chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>▶ Dispose of waste with low concentration of PCBs following the disposal plan formulated in fiscal 2022</li> <li>▶ Fully comply with new regulations on chemical substances</li> </ul>	▶ Page 39
	Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing the environmental impact Targets: Water recycling rate: Maintain 95% or higher Groupwide Water pollution load: COD of 474 tons/year and total phosphorus of 23 tons/year	<ul style="list-style-type: none"> <li>▶ Continue thorough operational management and facility management in an effort to reduce environmental impact from air emissions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continued thorough management of soot/smoke and wastewater</li> <li>▶ Soot/smoke emissions (steelworks influence value) of Kakogawa Works exceeded our voluntary target value 3.0 tons/km<sup>2</sup> in July 2023</li> <li>▶ Achieved a water recycling rate of 96%</li> <li>▶ Water pollution load of COD: 227 tons/year; total phosphorus: 7 tons/year</li> </ul>	△	<ul style="list-style-type: none"> <li>▶ Continue thorough operational management and facility management in an effort to reduce environmental impact from soot/smoke and water pollution</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue thorough operational management and facility management in an effort to reduce environmental impacts, such as reducing the amount of soot/smoke and water pollution, and increasing the water recycling rate</li> <li>▶ Ensure that Kakogawa Works stably achieves its target for soot/smoke emissions by implementing measures such as maintaining dust collectors and cleaning dust protection nets</li> </ul>	▶ Pages 38–40
	thorough risk management	Pursue systematic and deliberate efforts to reduce risks	<ul style="list-style-type: none"> <li>▶ 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 EMS</li> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Conducted a paper-based environmental audit for all business sites of Group companies, including non-production sites in Japan. For 12 production sites, the head offices conducted on-site audits and checked the management status.</li> <li>▶ For overseas Group companies, the head offices conducted on-site audits of five business sites in China, Thailand, and South Korea.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ Enhance the autonomous EMS that includes domestic and overseas business sites, subsidiaries, and subsubsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>▶ Hold 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, to identify risks and improve the level of environmental management, as well as check the status by conducting on-site environmental audits</li> <li>▶ Carry out on-site environmental audits in the United States, China, the Netherlands, and Thailand to improve the level of environmental management at each company</li> </ul>	▶ Pages 26–27
	Promoting environmental initiatives with full employee participation	Constantly improve the environmental awareness of all Kobelco Group employees	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increased employees' environmental awareness and knowledge through the Kobelco Group Environmental Conference, stratified training, and e-learning</li> <li>▶ Launched a CO<sub>2</sub> reduction project in which each and every employee participates. In line with this, revamped and expanded the content of the Kobelco Eco-Life Notebook system.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue initiatives such as stratified training and environmental training for Group companies to raise awareness of the environment. Update the Kobelco Eco-Life Notebook system to enhance the content and raise environmental awareness at home.</li> </ul>	▶ Page 28

## Environment

## Basic Environmental Management Policy and Structure

	Initiatives for Implementation	Long-Term Policies	Targets Set Forth in the Medium-Term Environmental Management Plan (Fiscal 2021–2023)	Fiscal 2023 Results	Evaluation	Targets Set Forth in the Medium-Term Environmental Management Plan (Fiscal 2024–2026)	Initiatives for Fiscal 2024	
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 2030 targets Contribution to CO <sub>2</sub> reduction: 78 million tons Net sales of related products: 550 billion yen 2050 vision Contribution to CO <sub>2</sub> reduction: 100 million tons or more	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Contribution to CO<sub>2</sub> reduction in fiscal 2023: 61.18 million tons</li> <li>▶ Net sales of related products: 402.1 billion yen</li> <li>▶ Low CO<sub>2</sub> BF steel Kobenable® Steel and low CO<sub>2</sub> aluminum flat-rolled products and advanced materials were adopted in various fields including automobiles.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Promote efforts to achieve our CO<sub>2</sub> reduction contribution target through further sales expansion of technologies, products, and services that contribute to CO<sub>2</sub> reduction and the technological development such as multi-materials</li> </ul>	▶ Pages 22–23
VISION 3	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ With backing from all municipalities in which our 12 domestic business sites are located, we solicited stories for the 11th Kobelco Forest Fairy Tale Prize and received more than 569 submissions.</li> <li>▶ Carried out forest development activities twice in spring and fall at two locations, and held environmental education outreach classes at two children's centers.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	▶ Page 45
	Disclosure of environmental information	Take active steps to disclose environmental information and improve communication with all stakeholders	<ul style="list-style-type: none"> <li>▶ Continue disclosing information and enhance communication with all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continued to disclose environmental information via our integrated report, ESG data book, corporate website, public monitors, and other measures. Also, we set up booths at various exhibitions and introduced the Kobelco Group's environmental technologies and products.</li> </ul>	○	<ul style="list-style-type: none"> <li>▶ Continue disclosing information and enhance communication with all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue disclosing information and enhance communication with all stakeholders</li> </ul>	▶ Page 29

# 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

Taking on the challenge of realizing carbon neutrality by 2050 is one of the key issues under the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026). We are working to achieve a 30–40% reduction of CO<sub>2</sub> emissions by 2030 (compared to fiscal 2013).

Going forward, our Group will continue to pursue reduction of CO<sub>2</sub> emissions in order to contribute to 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.

## Climate-Related Governance

We established the GX Strategy Committee (chaired by a director, executive officer) that specializes in dealing with issues related to the risks and opportunities associated with climate change, as an auxiliary body to the Executive Council. The committee, 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 GX Strategy Committee 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 GX Strategy Committee and its study outcomes are reported to the Board of Directors quarterly for supervision and guidance from the Board of Directors. In this manner, we have a system where the Board of Directors has direct governance over risks related to climate change.

In addition, Sustainability Management Meetings consider carbon neutrality to be one of the key themes, and it is stepping up monitoring by regularly sharing a wide range of awareness and exchanging opinions with the business execution side, including business divisions.

### Climate-Related Governance Structure

Board of Directors	Sustainability Management Meetings	
	Board of Directors	Monitors CO <sub>2</sub> reduction measures that may have a major impact on management
President and CEO	Sustainability Management Meetings	Strengthens monitoring by sharing awareness and exchanging opinions
Executive Council	Executive Council	Deliberates and decides on important matters related to CO <sub>2</sub> reduction measures
	Advice and proposals related to climate change	
GX Strategy Committee		GX Strategy Committee
		Deliberates important matters related to CO <sub>2</sub> reduction measures
		GX Strategy Committee Chair: Director, Executive Officer Kazuhiko Kimoto

## Environment

## Response to Climate Change

## 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 (IEA); the long-term visions formulated and announced by the Japan Iron and Steel Federation (JISF), 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 our 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

There is an increasing demand for low-CO<sub>2</sub> products and services, as global awareness of climate change-related issues continues to rise. In this trend, demand for our Group's low-CO<sub>2</sub> options, such as Automotive weight-reduction materials/parts and the MIDREX® Process, is expected to increase over the medium to long term.

## Climate-Related Risks and Opportunities over the Short to Medium and Long Term

	Risks		Opportunities	
	Short to medium term (Until FY2030)	Long term (Until FY2050)	Short to medium term (Until FY2030)	Long term (Until FY2050)
Policy and legal systems	Higher costs stemming from regulatory tightening		Increased demand for technologies, products and services that contribute to CO <sub>2</sub> reduction (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 front-runner in combating climate change	
Physical risks (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	
	Rising sea levels and high tides, leading to higher restoration expenses and lower production rates at coastal factories			

□ High risk □ Low risk □ Large opportunity □ Small opportunity

## ● Response to Risks and Opportunities (R&amp;D)

■ Reduction of CO<sub>2</sub> Emissions in Production Processes

Kobe Steel is collaborating with other steelmakers in the development projects that are promoted by the New Energy and Industrial Technology Development Organization (NEDO) (see below) in a bid to further reduce CO<sub>2</sub> emissions in the ironmaking process and to realize practical application of these developments. 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.

Project Name	Participating Companies	Technologies Being Developed
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	<ul style="list-style-type: none"> <li>Development of hydrogen reduction and low-carbon technologies using BF</li> <li>Development of impurity removal technology for electric arc furnaces (EAF) using direct reduced iron (DRI) (technology for controlling the concentration of impurities in a large-scale test EAF at the same level as the BF method)</li> </ul>

■ Contribution to Reduction of CO<sub>2</sub> Emissions through Technologies, Products, and Services

Our current lineup of products that help reduce CO<sub>2</sub> emissions includes automotive weight-reduction materials/parts and heat pumps. We will continue developing technologies to further contribute to CO<sub>2</sub> reduction with these solutions. We are also striving to develop new technologies, products, and services that help reduce CO<sub>2</sub> emissions, including the development aimed at maintaining and strengthening the competitiveness of MIDREX-H2™ (100% hydrogen direct reduction) and the demonstration tests for hydrogen utilization systems.

▶ H2 Green Steel contracts with Midrex and Paul Wurth for the world's first commercial 100% hydrogen direct reduced iron plant, and Kobe Steel partners with H2 Green Steel for equity investment

▶ MIDREX Flex™ direct reduction plant selected by thyssenkrupp Steel

▶ Midrex and Primetals to supply MIDREX H2 Plant for Blast Green Steel

## Response to Climate Change

### ● Impacts on Business, Strategy, and Finance

According to the Greenhouse Gas Emissions Calculation and Reporting System, 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 CO<sub>2</sub> 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. Accordingly, we are constantly monitoring these trends. If regulations or taxes are imposed on CO<sub>2</sub> 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 0.44 billion yen in energy conservation capital investments in fiscal 2023.

Examples of investments in fiscal 2023 include updating transformers to high-efficiency models at Takasago Works. For other initiatives, please refer to "Examples of Energy-Saving and CO<sub>2</sub> Reduction Initiatives in the Kobelco Group (Fiscal 2023)" on page 25.

In addition, our Group is engaged in the development of various technologies related to the reduction of CO<sub>2</sub> emissions in production processes and contribution to reduction of CO<sub>2</sub> emissions through technologies, products, and services in order to contribute to the reduction of CO<sub>2</sub> emissions by society as a whole. In fiscal 2023, we spent approximately 7.14 billion yen on research and development related to climate change.

▶ Environmental Management

### ● Scenario Analysis

In order to better understand future climate-related risks and opportunities, we carried out short- to medium-term (2030) and long-term (2050) scenario analysis.

Our scenario analysis is based on the IEA's 2°C scenario (SDS: Sustainable Development Scenario) and 1.5°C scenario (NZE: Net Zero Emissions by 2050 Scenario) 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 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

Since more than 90% of the Group's CO<sub>2</sub> emissions originate from the steelmaking process, medium- to long-term trends in the steel industry will have the greatest impact on the Group's 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, and the total amount of steel stock increases as the population increases. 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 BF and DRI) and production with reused scrap (mainly using EAF). 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 CO<sub>2</sub> reduction efforts in the 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 CO<sub>2</sub> emissions from our own facilities and expand the sale of our low-CO<sub>2</sub> options.

## Response to Climate Change

### Risks and Opportunities

One of our Group's core businesses is the manufacture and sale of steel products, which falls under the industry category of energy-intensive basic materials. Our Group's CO<sub>2</sub> emissions from energy use in fiscal 2023 totaled 15.6 million tons (total of 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. Our Group has set the 2030 target and the 2050 vision from two angles: (1) reducing CO<sub>2</sub> emissions in the Group's own production processes, and (2) contributing to the reduction of CO<sub>2</sub> emissions through the Group's distinctive technologies, products, and services.

Regarding the reduction of CO<sub>2</sub> emissions in our own production processes, we will promote CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 halts and supply chain disruptions stemming from severe typhoons and heavy rains in recent years is also becoming more and more evident. Our Company 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 terms of Companywide risk management, our Group has 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, and is working to strengthen its risk management.

As for opportunities, demand for low-CO<sub>2</sub> products and services is increasing amid growing international interest in climate-related issues. Along with this, we expect demand for products that contribute to a reduction in CO<sub>2</sub> emissions, such as automotive weight-reduction materials/parts and the MIDREX® Process, to grow over the medium to long term.

### Kobelco Group's Targets and Vision

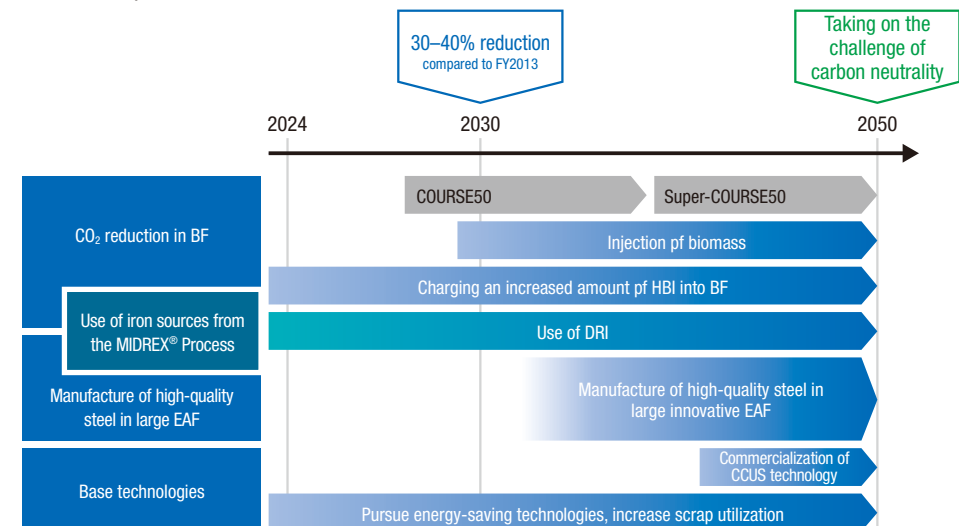
	2030 Target	2050 Vision
<b>Reduction of CO<sub>2</sub> emissions</b> in production processes	<b>30–40%</b> (compared to fiscal 2013) <sup>1</sup>	<b>Taking on the challenge of achieving carbon neutrality</b>
<b>Contribution to reduction of CO<sub>2</sub> emissions<sup>2</sup></b> through technologies, products, and services	<b>78 million tons<sup>3</sup></b> (Net sales: 550 billion yen)	<b>100 million tons or more</b>

<sup>1</sup> Most of the reduction targets are associated with iron and steel making processes.

<sup>2</sup> Our Group contributes to the reduction of CO<sub>2</sub> emissions in various areas of society through its distinctive technologies, products, and services.

<sup>3</sup> Revised upward from 61 million tons

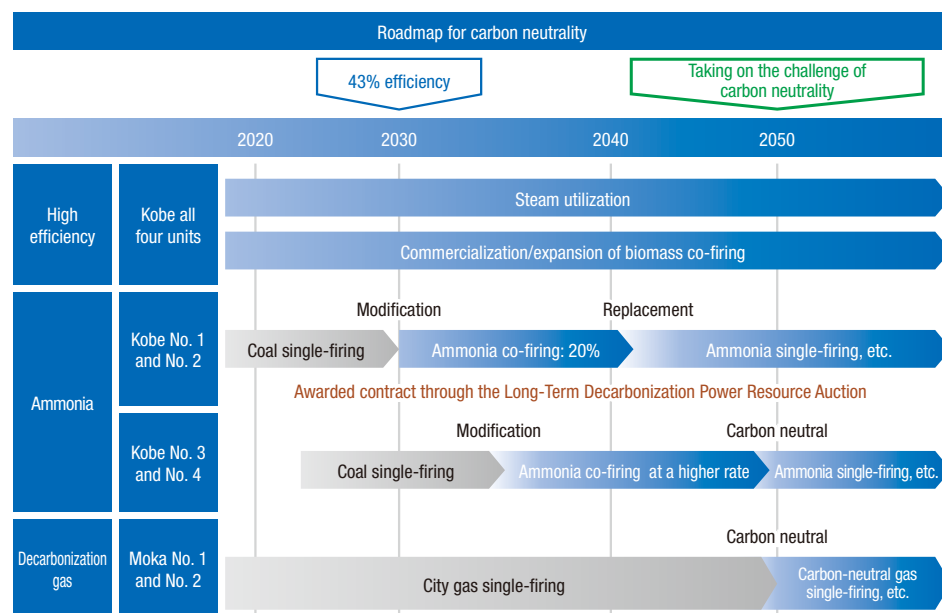
### ■ Roadmap for Carbon Neutrality in the Ironmaking Process



## Environment

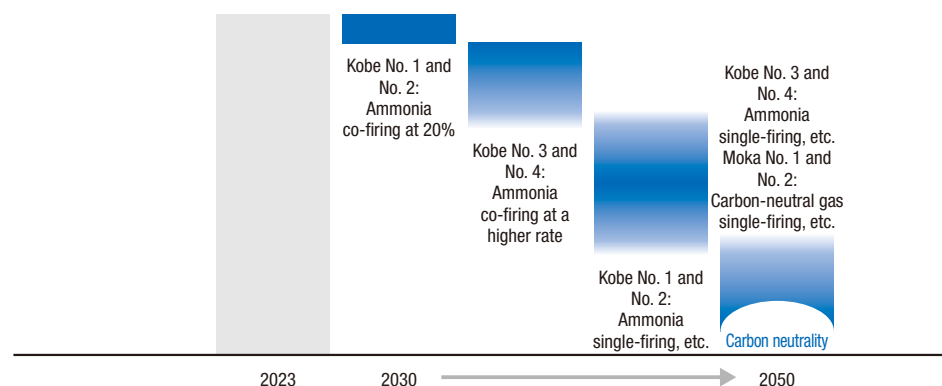
## Response to Climate Change

## ■ Roadmap for Carbon Neutrality in the Electric Power Business



## Steps for carbon neutrality in line with the roadmap

★ Assuming the operating conditions are the same as in fiscal 2023



## Climate-Related Risk Management

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.

► Risk Management: Basic Concept and Management Structure

## Environment

## Response to Climate Change

## Climate-Related Metrics and Targets

## ● Metrics

The Kobelco Group sets specific metrics for CO<sub>2</sub> reduction activities, such as reduction of CO<sub>2</sub> emissions in production processes (Metric A) and contribution to reduction of CO<sub>2</sub> 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 CO<sub>2</sub> 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.

## ● Energy Consumption

## Energy Consumption

The star (★) symbol indicates items that have received third-party assurance.

	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023
Energy consumption	PJ	192	187	185★
Consolidated net sales	Millions of yen	2,082,582	2,472,508	2,543,142
Energy intensity (per consolidated net sales)	GJ / Millions of yen	92	75	73
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	7.2	6.7	6.4
Energy intensity (Per product)	GJ / t-product	26.6	27.9	28.8

## Calculation method

- Calculations made based on Keidanren Carbon Neutrality Action Plan. However, figures for Kobelco Power Kobe Inc., Kobelco Power Kobe No. 2 Inc., and Kobelco Power Moka Inc. (the three subsidiaries of the Electric Power Business) are calculated based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy.
- Energy consumption does not include energy consumption associated with the generation of electricity sold externally by the three subsidiaries of the Electric Power Business and the Steelworks of Kobe Steel (192 PJ).

## Boundary

- Kobe Steel, 17 domestic consolidated subsidiaries, 13 overseas consolidated subsidiaries, and 1 coke manufacturing plant of equity-method affiliate
- Japan: April 1 to March 31
- Overseas: January 1 to December 31

## Calorific conversion factors

- Agency for Natural Resources and Energy, "List of Standard Calorific Value and Carbon Emission Factor for Fossil Fuel Energy Sources" (Comprehensive Energy Statistics) (revised on January 31, 2020)
- However, the three subsidiaries of the Electric Power Business apply the Act on Rationalization of Energy Use and Shift to Non-fossil Energy.

## Use of Electricity from Renewable Energy

	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023
Use of electricity from renewable energy	MWh	—	—	16,762

## ● Greenhouse Gas Emissions (Scope 1, 2, and 3)

Energy-Derived CO<sub>2</sub> Emissions (Scope 1 and 2)

The star (★) symbol indicates items that have received third-party assurance.

	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023
<b>Scope 1</b> Emissions from the use of our own fuel (direct emissions)	Million t-CO <sub>2</sub>	15.3	14.7	14.7★
<b>Scope 2</b> Emissions associated with the use of electricity, heat, and steam supplied by other companies (indirect emissions)	Million t-CO <sub>2</sub>	0.8 <sup>1</sup>	0.8 <sup>1</sup>	0.9★
<b>Scope 1+2<sup>2</sup></b>	Million t-CO <sub>2</sub>	16.1	15.5 <sup>1</sup>	15.6★
Consolidated net sales	Millions of yen	2,082,582	2,472,508	2,543,142
CO <sub>2</sub> emission intensity from energy use per net sales	t-CO <sub>2</sub> / Millions of yen	7.7 <sup>1</sup>	6.3	6.1
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	7.2	6.7	6.4
CO <sub>2</sub> emission intensity from energy use	t-CO <sub>2</sub> / t-product	2.2	2.3	2.4

## Calculation method

- Calculations made based on Keidanren Carbon Neutrality Action Plan. In addition, figures for Kobelco Power Kobe Inc., Kobelco Power Kobe No. 2 Inc., and Kobelco Power Moka Inc. (the three subsidiaries of the Electric Power Business) are calculated based on the Act on Promotion of Global Warming Countermeasures.
- Scope 1 and Scope 1+2 do not include CO<sub>2</sub> emissions associated with the generation of electricity sold externally by the three subsidiaries of the Electric Power Business and the Steelworks of Kobe Steel (15.1 million t-CO<sub>2</sub>).
- The accounting of Scope 2 emissions has been changed from location-based accounting to market-based accounting, and the figures for fiscal 2021 and fiscal 2022 have been restated accordingly.

## Boundary

- Kobe Steel, 17 domestic consolidated subsidiaries, 13 overseas consolidated subsidiaries, and 1 coke manufacturing plant of equity-method affiliate
- Japan: April 1 to March 31
- Overseas: January 1 to December 31

CO<sub>2</sub> emission factors

- Fuels: Carbon emissions factor in National Greenhouse Gas Inventory Report of JAPAN (NIR) 2022 x CO<sub>2</sub> conversion factor (44/12)
- Electricity: For Japan, the adjusted emission factors for each electricity supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters) — FY2022 results — are applied. For overseas, emission factors based on "IEA Emissions Factors 2023 edition" are applied.
- However, the three subsidiaries of the Electric Power Business Unit apply the Greenhouse Gas Emissions Calculation and Reporting Manual for both fuels and electricity.
- Electricity: The adjusted emission factors for each electricity supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters) — FY2022 results — are applied.
- City gas: The adjusted emission factors for each city gas supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters) — FY2023 results — are applied.

<sup>1</sup> Due to the revision of the calculation method, the figures for fiscal 2021 and fiscal 2022 have been revised retroactively.

<sup>2</sup> The totals may not match as a result of rounding.

## Environment

## Response to Climate Change

Breakdown of Greenhouse Gas Emissions (Unit: Thousand t-CO<sub>2</sub>)

Category	Fiscal 2021	Fiscal 2022	Fiscal 2023
Energy-derived CO <sub>2</sub> emissions (Scope 1)	15,292	14,687	14,731
Non-energy-derived CO <sub>2</sub> emissions	948 <sup>1</sup>	887	835
Methane (CH <sub>4</sub> )	13 <sup>1</sup>	12 <sup>1</sup>	16
Nitrous oxide (N <sub>2</sub> O)	19 <sup>1</sup>	27 <sup>1</sup>	58
Hydrofluorocarbons (HFC)	—	—	—
Perfluorocarbons (PFC)	—	—	—
Sulfur hexafluoride (SF <sub>6</sub> )	18	16	23
Nitrogen trifluoride (NF <sub>3</sub> )	—	—	—
Total <sup>2</sup> for non-energy-derived CO <sub>2</sub> emissions and greenhouse gases other than CO <sub>2</sub>	997 <sup>1</sup>	942 <sup>1</sup>	931

Calculation method for non-energy-derived CO<sub>2</sub> emissions and greenhouse gases other than CO<sub>2</sub>

- Calculated based on the Act on Promotion of Global Warming Countermeasures.
- Boundary is Kobe Steel, 3 consolidated subsidiaries in Japan, and 1 coke manufacturing plant of an equity-method affiliate, which are subject to reporting under the Act on Promotion of Global Warming Countermeasures. April 1 to March 31 of each fiscal year.

1 Due to improvements in the accuracy of the calculation process and expanded boundary, the figures for fiscal 2021 and fiscal 2022 have been revised retroactively.

2 The totals may not match as a result of rounding.

Other Indirect Emissions in the Supply Chain (Scope 3) (Unit: Thousand t-CO<sub>2</sub>)

The star (★) symbol indicates items that have received third-party assurance.

Category	Fiscal 2021	Fiscal 2022	Fiscal 2023	Calculation Method
1 Purchased goods and services	6,446 <sup>1</sup>	5,811 <sup>1</sup>	5,124★	The Company's usage of main raw materials (iron ore, coking coal, purchased coke, aluminum, copper, and titanium) multiplied by CO <sub>2</sub> emission factors
2 Capital goods	113	144	209	Capital investment cost multiplied by CO <sub>2</sub> emission factors
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	305	338	388	Annual consumption of electricity, steam, fuel, etc., multiplied by CO <sub>2</sub> emission factors
4 Upstream transportation and distribution	217	225	191	Calculated using the calculation method for energy-derived CO <sub>2</sub> emissions related to freight transportation by shippers as stipulated in the Act on Rationalizing Energy Use and Shift to Non-fossil Energy
5 Waste generated in operations	30	30	29	The amount of waste for each type multiplied by CO <sub>2</sub> emission factors
6 Business travel	1	1	2	Number of employees multiplied by CO <sub>2</sub> emission factors
7 Employee commuting	5	5	5	Number of employees multiplied by CO <sub>2</sub> emission factors
10 Processing of sold products	2,705	2,563	2,482	Calculated by multiplying the production volume of main steel products by CO <sub>2</sub> emission factors associated with processing each type of steel product
11 Use of sold products	21,478	17,696	18,480	Lifetime emissions for the main machinery products sold by Kobe Steel (energy used during use: electricity) are calculated based on units sold, expected average life, average power consumption, and CO <sub>2</sub> emission factors for electricity.
12 End-of-life treatment of sold products	63	60	57	Calculated by multiplying CO <sub>2</sub> emission factors by the production volume of crude steel, aluminum, and copper products
Total <sup>2</sup>	31,363 <sup>1</sup>	26,873 <sup>1</sup>	26,967	

## Calculation method

Calculated based on Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry).

## Boundary

Kobe Steel, April 1 to March 31 of each fiscal year

Source of CO<sub>2</sub> emission factors

- Categories 1, 3, and 10: "IDEA Ver. 3.4 (April 30, 2024)" IDEA Lab, The Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology (AIST)
- Categories 2, 5, 6, 7, and 12: "Database of Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc. (Ver. 3.4), by Organizations Throughout the Supply Chain"
- Category 11: National average in Japan for "emission factors by electric utility" (published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry)

1 Due to improvements in the accuracy of the calculation process, the figures for fiscal 2021 and fiscal 2022 have been revised retroactively.

2 The totals may not match as a result of rounding.

Note: Category 8 is contained in Scope 1 and 2. Categories 9, 13, 14, and 15 are not applicable.

## Response to Climate Change

### ● 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. Our Group has set the 2030 target and 2050 vision from two angles: (1) reducing CO<sub>2</sub> emissions in the Group's own production processes, and (2) contributing to the reduction of CO<sub>2</sub> emissions through the Group's distinctive technologies, products, and services.

#### Metric A: Reduction of CO<sub>2</sub> Emissions in Production Processes

- 2050 Vision: Taking on the challenge of achieving carbon neutrality
- 2030 Target: Reducing CO<sub>2</sub> emissions from production processes 30–40%<sup>1,2</sup> (compared to fiscal 2013) (initial year for the target: fiscal 2019)

**Results:** CO<sub>2</sub> emissions in fiscal 2023 were nearly identical to the previous fiscal year. As a result, there was a 20% reduction<sup>1,2</sup> compared to fiscal 2013.

1 Total for Scope 1 and 2

2 The boundary of the reduction target is Kobe Steel and its major subsidiaries. For fiscal 2023, the boundary covered approximately 95% of the entire Group's results. The boundary has been expanded since fiscal 2024. CO<sub>2</sub> emissions in covered range: 18.4 million tons in fiscal 2013 and 14.8 million tons in fiscal 2023

**Initiative:** 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 introduced highly efficient gas turbine power plants.

Our Group also has maintained a consistent approach in advancing various energy conservation and CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

In the ironmaking process, we have completed a technical test and verified that CO<sub>2</sub> emissions in the blast furnace process can be reduced by approximately 25% by charging a large quantity of DRI in the form of hot briquetted iron (HBI) manufactured with the MIDREX® Process into the blast furnace. Going forward, we will further pursue the potential of HBI charging technology and AI-based blast furnace operation technology to reduce CO<sub>2</sub> emissions from blast furnaces and reach our target for 2030. In addition, we will accelerate the study of large innovative electric arc furnaces capable of producing high-grade steel as we move toward our 2050 vision to achieve carbon neutrality.

### Metric B: Contribution to Reduction of CO<sub>2</sub> Emissions through Technologies, Products, and Services

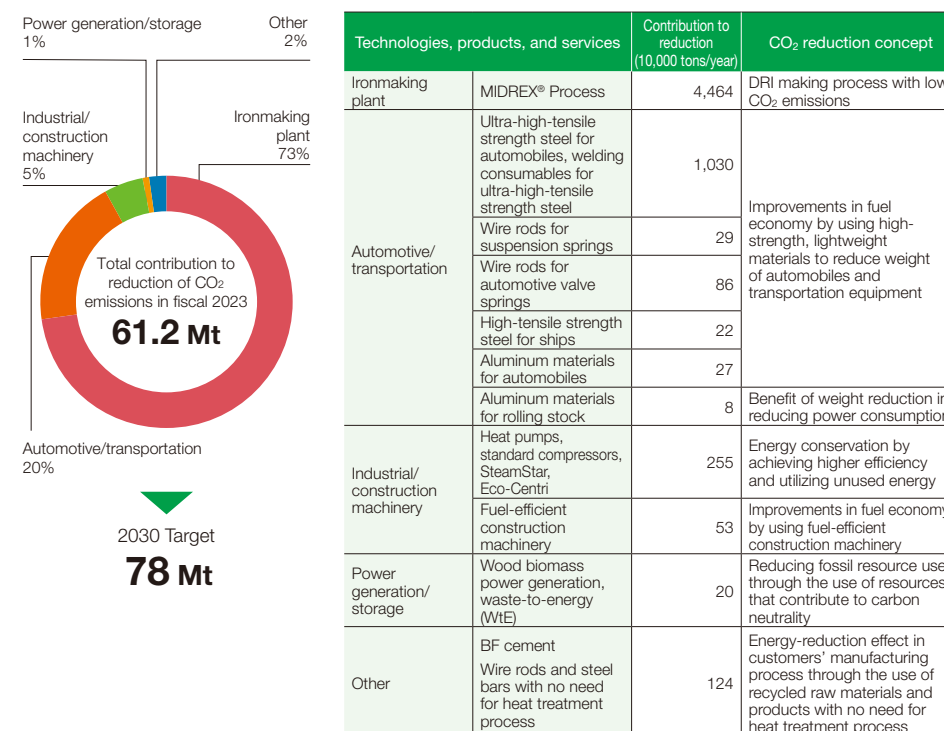
The Kobelco Group has a variety of technologies, products, and services products and services that contribute to CO<sub>2</sub> reduction. By expanding sales of these, we will contribute to the reduction of CO<sub>2</sub> during use.

- 2050 Vision: Contribution to CO<sub>2</sub> reduction: 100 million tons or more
- 2030 Target: Contribution to CO<sub>2</sub> reduction: 78 million tons\*,  
Net sales of related products: 550 billion yen

\* The 2030 target for contribution to CO<sub>2</sub> reduction has been revised upward from 61 million tons.

**Results:** Our Group's contribution to reduction of CO<sub>2</sub> emissions through its technologies, products, and services in fiscal 2023 was 61.2 million tons, as approved by the GX Strategy Committee. Net sales of related products was 402.1 billion yen.

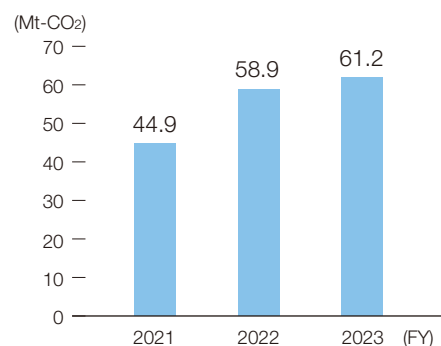
#### Total Contribution to Reduction of CO<sub>2</sub> Emissions



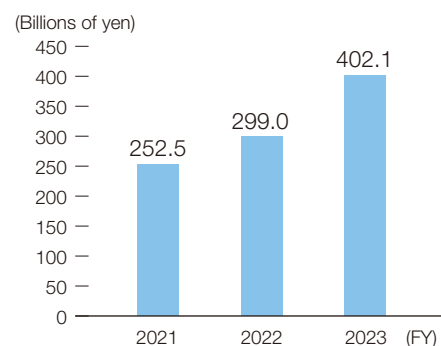
Note: The calculation uses some of the data from "IDEA Ver. 3.3, AIST."

## Environment

## Response to Climate Change

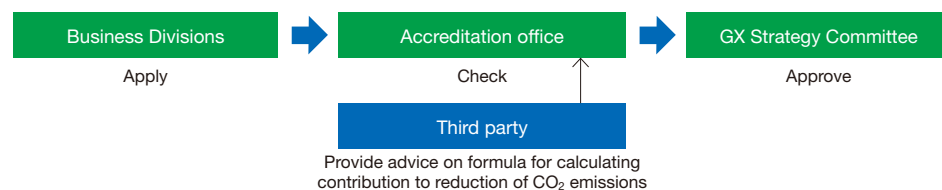
Contribution to Reduction of CO<sub>2</sub> Emissions by Year

Net Sales of Related Products



**Initiative:** Regarding the contributions to reduction of CO<sub>2</sub> emissions through technologies, products, and services, the Group has an internal accreditation system in place. 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, Advanced Industrial Science and Technologies (AIST), which ensures their fairness and objectiveness.

Accreditation Flow

Other Major Technologies, Products, and Services That Contribute to CO<sub>2</sub> Reductions

Technologies, Products, and Services		CO <sub>2</sub> Reduction Concept
Automotive/transportation	Fuel-cell bipolar plates 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	High-purity Hydrogen Oxygen Generator (HHOG)	Effects of reducing fossil resource consumption through hydrogen utilization
Power generation/storage	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)

Initiatives for Implementation	Long-Term Policies	Medium-Term Targets	Fiscal 2023 Results Self-Assessment ○: Progressing as planned △: Issues remain ×: Plan not achieved	
Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO <sub>2</sub> reduction in all business activities <b>2030 Target</b> Reduce CO <sub>2</sub> emissions from production processes by 30–40% (compared to fiscal 2013) <b>2050 Vision</b> 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 2030 target and 2050	Implemented initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process Fiscal 2023 results: 20% 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 <b>2030 Target</b> Contribution to CO <sub>2</sub> reduction: 78 million tons Net sales of related products: 550 billion yen <b>2050 Vision</b> Contribution to CO <sub>2</sub> 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 the weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources	<b>Fiscal 2023 results</b> Contribution to CO <sub>2</sub> reduction: 61.18 million tons Net sales of related products: 402.1 billion yen	○

## Environment

## 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 CO<sub>2</sub> separation, capture, recycling, and sequestration for future practical use.

Climate-Related Organizations to Which We Belong	Description
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. ▶ <a href="#">Global CCS Institute</a>
Carbon Recycling Fund Institute	The Carbon Recycling Fund Institute aims to address the global warming issue and improve energy access throughout the world. The institute promotes innovation in carbon recycling by public relations and sponsoring research and development in the field. ▶ <a href="#">Carbon Recycling Fund Institute</a>

In addition, each of the following industry groups to which the Kobelco Group belongs have formulated actions plans for carbon neutrality. Our Group 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 CO<sub>2</sub> reduction in production processes.

Industry Groups	2030 Industry Targets for Reducing CO <sub>2</sub> 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	33% reduction compared to fiscal 2013
The Japan Society of Industrial Machinery Manufacturers	10% reduction compared to fiscal 2013
Japan Construction Equipment Manufacturers Association	8% reduction compared to the three-year average result of fiscal 2020 to fiscal 2022 (energy intensity)

## Policies and Commitments to Ensure Consistency with the Initiatives of Industry Associations

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.

## Environment

## Response to Climate Change

Initiatives to Save Energy and Reduce CO<sub>2</sub> Emissions

At each business site, we are promoting energy conservation and reduction of CO<sub>2</sub> emissions.

● Examples of Energy-Saving and CO<sub>2</sub> Reduction Initiatives in the Kobelco Group (Fiscal 2023)

Production Facility / Company Name	Location	Examples of Initiatives
Kakogawa Works, Kobe Steel, Ltd.	Kakogawa, Hyogo Prefecture	Repaired heating furnace recuperator
Moka Plant, Kobe Steel, Ltd.	Moka, Tochigi Prefecture	Reviewed ventilation fan operation
Chofu Works, Kobe Steel, Ltd.	Shimonoseki, Yamaguchi Prefecture	Switched pumps to inverters Stopped use of cooling fans by improving operations
Daian Works, Kobe Steel, Ltd.	Inabe, Mie Prefecture	Switched a portion of plant lighting to LED lighting
Ibaraki Plant, Kobe Steel, Ltd.	Ibaraki, Osaka Prefecture	Switched a portion of plant lighting to LED lighting Switched to electric forklifts
Saijo Plant, Kobe Steel, Ltd.	Higashihiroshima, Hiroshima Prefecture	Switched to high-efficiency compressor
Fukuchiyama Plant, Kobe Steel, Ltd.	Fukuchiyama, Kyoto Prefecture	Switched a portion of plant lighting to LED lighting Reviewed cooling tower operation methods
Takasago Works, Kobe Steel, Ltd.	Takasago, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting Updated to high-efficiency transformers
Kobe Corporate Research Laboratories, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Updated to high-efficiency HVAC systems Switched a portion of lighting to LED lighting
Amagasaki Works, Kobelco Wire Company, Ltd.	Amagasaki, Hyogo Prefecture	Updated to high-efficiency boiler Introduced waste heat recovery compressor Updated to high-efficiency transformers Switched pumps to inverters
Rope Plant, Onoe district, Kobelco Wire Company, Ltd.	Kakogawa, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting Updated water pump to high-efficiency type Switched electric motors to inverters Updated to high-efficiency HVAC systems
Rope Plant, Nishikinohama district, Kobelco Wire Company, Ltd.	Kaizuka, Osaka Prefecture	Switched a portion of ceiling lighting to LED lighting Reviewed drying furnace operation methods
Toyama Works, Nippon Koshuha Steel Co., Ltd.	Imizu City, Toyama Prefecture	Optimized electricity and fuel use
Koshuha-Foundry Co., Ltd.	Hachinohe, Aomori Prefecture	Switched dust collectors to inverters
Kobelco Aluminum Wire Co., Ltd.	Sakai, Osaka Prefecture	Switched a portion of plant lighting to LED lighting
Kobelco Leadmikk Co., Ltd.	Kitakyushu, Fukuoka Prefecture	Switched a portion of lighting to LED lighting Updated to high-efficiency HVAC systems

Production Facility / Company Name	Location	Examples of Initiatives
Shinko Industrial Co., Ltd.	Kurayoshi, Tottori Prefecture	Switched a portion of lighting to LED lighting
Hanshin Yosetsu Kizai Co., Ltd.	Okayama, Okayama Prefecture	Switched a portion of lighting to LED lighting
Harima Plant, Kobelco Compressors Corporation	Harima Town, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting Updated to high-efficiency boiler
Harima Plant, Kobelco Eco-Solutions Co., Ltd.	Harima Town, Hyogo Prefecture	Switched to high-efficiency compressor Updated to high-efficiency HVAC systems
Kobelco Power Kobe Inc.	Kobe, Hyogo Prefecture	Improved efficiency by reducing the air/fuel ratio Reduced fan power by cleaning the fan, etc.
Kobelco Power Kobe No. 2 Inc.	Kobe, Hyogo Prefecture	Reduced fan power by cleaning the fan, etc. Improved efficiency through inspection and repair of heat exchangers
Hiroshima Factory, Kobelco Construction Machinery Co., Ltd.	Hiroshima, Hiroshima Prefecture	Switched a portion of lighting to LED lighting Introduced electricity generated from renewable energy to the Itsukaichi Factory
Okubo Factory, Kobelco Construction Machinery Co., Ltd.	Akashi, Hyogo Prefecture	Introduced solar power generation systems at the Parts Center
Kobelco Spring Wire (Foshan) Co., Ltd. (KSW)	China	Reused steam residual heat
Kobelco Millcon Steel Co., Ltd.	Thailand	Switched compressors to inverters
Kobelco Precision Technology Sdn. Bhd.	Malaysia	Switched to high-efficiency compressor
Singapore Kobelco Pte. Ltd.	Singapore	Installed solar panels
Kobelco MIG Wire (Thailand) Co., Ltd. (KMWT)	Thailand	Updated to high-efficiency HVAC systems Switched a portion of office and plant lighting to LED lighting
Thai Kobelco Welding Co., Ltd.	Thailand	Updated to high-efficiency HVAC systems Switched a portion of plant lighting to LED lighting
Kobelco Construction Machinery (China) Co., Ltd.	China	Updated electric motors that consume large amounts of energy Updated blowers that consume large amounts of energy
Kobelco Construction Machinery Southeast Asia Co., Ltd.	Thailand	Saved power by cutting standby power consumption of welding machines Saved power by using the timer of the ventilation fan
Kobelco Construction Equipment India Pvt. Ltd.	India	Introduced solar power generation

# Environmental Management

## Management Structure

### Structure

For our environmental management structure, please refer to page 12.

▶ Basic Environmental Management Policy and Structure: Environmental Management Structure

## Thorough Risk Management

### Basic 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.

### Targets

#### Strategies and Targets

The Kobelco Group set the following two targets in the Medium-Term Environmental Management Plan (Fiscal 2021–2023):

- 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 EMS
- 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

### Results

#### Results

### Environmental Audits at Business Locations of Kobe Steel and Domestic Group Companies

The Kobelco Group conducts 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.

On-site environmental audits had been conducted regularly at 11 business locations of Kobe Steel and 28 business locations of 20 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.

We implement on-site environmental audits regularly once every three to five years at overseas Group companies. 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 reduce risks.

A total of 29 overseas Group companies are subject to on-site environmental audits: six in the United States, nine in China, 13 in Asia excluding China, and one in Europe (as of April 2024). During on-site environmental audits, we grasp the actual state of environmental management and identify problem areas locally on-site, based on which necessary corrective measures are undertaken.

In fiscal 2023, we conducted paper-based environmental audits of all the Group's business sites, including non-production sites in Japan, and the head offices conducted on-site environmental audits at 12 production sites to confirm the status of environmental management. For overseas Group companies, the head offices conducted on-site environmental audits of five business sites in Thailand, South Korea, and China.

### Results of Environmental Audits in Fiscal 2023

- Paper-based audits: 11 business locations of Kobe Steel and 387 business locations of 87 domestic Group companies
- On-site environmental audits: Four business locations of Kobe Steel, eight business locations at eight domestic Group companies, and five overseas Group companies



On-site environmental audit (Saijo Plant)

### Status of Compliance (Fiscal 2023)

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

In fiscal 2023, certain overseas Group companies exceeded the regulation values for wastewater and exhaust gases and had leaks of acid from pipes, but no fines or penalties were levied.

## Environmental Management

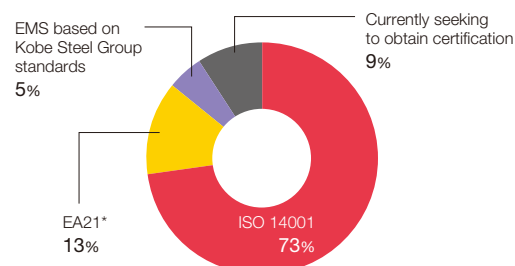
### Major Initiatives

### Results

#### Strengthening Environmental Management (Promoting an EMS)

The Group has introduced EMS compliant with ISO 14001 or other standards and is working to strengthen environmental management through the plan-do-check-act (PDCA) cycle. Kobe Steel, Ltd. has obtained certification at all 11 business locations (an integrated certification for Fujisawa Office, Ibaraki Plant, Saijo Plant, and Fukuchiyama Plant) and the Engineering Business. The percentage of locations that have obtained certification for EMS at all 45 main production sites is 87%.

In November 2023, Kobelco Eco-Solutions Co., Ltd. received a temporary suspension of its ISO 14001 certification, and the certification itself expired at the end of December 2023 during the suspension period. On February 21, 2024, the company received notice that the suspension was lifted and after a subsequent renewal review, the company's certification was reinstated in June 2024.



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

► Environmental Data

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 handling materials in response to the scenario of an oil leak (Kobelco Construction Machinery Co., Ltd.)

#### Strengthening Environmental Management at Overseas Group Companies

Our overseas business locations also have EMS 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, regional headquarters for the 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.

#### Assessment 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.

## Environment

## Environmental Management

## Promoting Environmental Initiatives with Full Employee Participation

## Basic Concept

## Policies

We will work 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.

## Targets

## Strategies and Targets

The Kobelco Group's targets in the Medium-Term Environmental Management Plan (Fiscal 2021–2023) involve raising environmental awareness by continuing measures such as stratified training, e-learning, and environmental training for Group companies, as well as encouraging the use of the Kobelco Eco-Life Notebook.

## Results

## Results

In fiscal 2023, we increased employees' environmental awareness and knowledge through the Kobelco Group Environmental Conference, stratified training, and e-learning. Also, we promoted environmental awareness among employees in their home lives through the Kobelco Eco-Life Notebook.

## 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 2023, participants confirmed their commitment to steadily make efforts toward Kobe Steel'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 in a hybrid format, with in-person venue and online participation)

## 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.

In fiscal 2023, we provided stratified education and e-learning on compliance with environmental laws and regulations, environmental management, and "Taking on the Challenge of Realizing Carbon Neutrality by 2050."

## 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.



Environmental networking event in December 2023

## 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 2023 (Kobe Steel, Ltd.)

Qualification	Number of Qualified Personnel	Qualification	Number of Qualified Personnel
Pollution Control Manager (Air)	291	Pollution Control Manager (Dioxins related)	64
Pollution Control Manager (Water)	230		
Pollution Control Manager (Noise and vibration related)	152	Pollution Control Chief Manager	3
		Qualified Person for Energy Management	261
Pollution Control Manager (Dust)	49	Certified Environmental Measurer	19

## Environment

### Environmental Management

#### Disclosure of Environmental Information

##### Basic Concept

##### Policies

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

##### Targets

##### Strategies and Targets

The Kobelco Group set targets in the Medium-Term Environmental 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 2023, we disclosed 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.

#### Issuing the Integrated Report

We disclose environmental information as important non-financial information.

► [Kobelco Group Integrated Report](#)

#### Communication with Local Communities

In order to help people understand our efforts to reduce environmental impacts, we regularly hold briefings for local residents at the Kakogawa Works, Kobe Wire Rod & Bar Plant, and Kobe Power Plant.

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

► [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 Office Beppu Community Center, Onoe Community Center
Environmental information of Kobe Wire Rod & Bar Plant	Nadahama Science Square, Nadahama Garden Baden

## Environment

## Environmental Management

## Environmental Accounting

## Basic Concept

## Policies

The Kobelco Group is making efforts to reduce its environmental impacts.

We 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

We invest in the installation and continual maintenance of environmental equipment and pursue environmental measures on a variety of fronts in order to mitigate environmental impacts.

In fiscal 2023, we invested approximately 0.51 billion yen in facilities to reduce CO<sub>2</sub> emissions and prevent air and water pollution.

In fiscal 2023, we spent a total of approximately 42.5 billion yen.

Moreover, we invested about 28% of total expenses, or roughly 12.0 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 steel, aluminum, and welding businesses. Of these, we invested approximately 7.1 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.)

## Results

(Millions of yen)

Item			Fiscal 2021		Fiscal 2022		Fiscal 2023	
			Capital Investment	Expense	Capital Investment	Expense	Capital Investment	Expense
Expenses in business areas	Environmental expenses	Air pollution prevention	220	9,090	620	11,290	120	1,180
		Water pollution prevention	80	4,660	150	5,490	200	5,990
	Resource recycling expenses	Waste recycling/processing, yield improvement	—	9,400	0	12,810	0	10,170
	Climate-related expenses	Energy-saving investment	350	—	350	—	190	—
Management activities expenses	EMS registration/renewal		—	40	—	40	—	70
	Environmental impact monitoring/measuring		—	280	—	460	—	320
	Personnel expenses for environmental measures/organization		—	1,930	—	1,970	—	1,790
R&D expenses	Development of eco products and reduction of environmental impact of manufacturing processes		—	10,260	—	11,640	—	11,970
		Of which, R&D related to climate change	—	4,760	—	6,200	—	7,140
Social activities expenses	Environmental organization support, advertising		—	10	—	20	—	20
Other expenses	Pollution levy		—	280	—	350	—	330
Total			650	36,000	1,120	44,100	510	42,500

# Appropriate Management of Water Resources

## Basic Concept

### Policies

The Kobelco Group's manufacturing sites 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 is becoming increasingly severe. The risk of water shortages and flood damage at our domestic production sites has been found to be low in assessments using Aqeduct provided by World Resources Institute (WRI). Even so, the Group is working to reduce water consumption and increase the water recycling rate by improving the efficiency of water use and recycling water in production processes in preparation for any eventuality.

Additionally, we recognize that the environment and living organisms in public waters may be impacted by the violation of environmental laws and regulations, ordinances, and agreements pertaining to wastewater. To address wastewater risks, we not only comply with regulations but 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 and 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 (chaired by the executive vice president and representative director), to which the subcommittee reports.

► Basic Environmental Management Policy and Structure: Environmental Management Structure

## Targets

### Strategies and Targets

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

### Initiatives to Address Water Shortage Risk

#### Water recycling rate target: Maintain 95% or higher

The Kobelco Group is working to conserve water through such measures as efficient use of water in manufacturing processes and more extensive use of wastewater recycling.

### Initiatives to Address Wastewater Risk

#### Water pollution load targets: COD of 474 tons/year and total phosphorus of 23/tons/year or less.

For pollution load, which is an indicator of wastewater pollution, we have set targets for chemical oxygen demand (COD) and total phosphorus for business sites in Japan located in areas with water pollution risk, and are working to prevent such contamination.

## Results

### Results

### Improvement of Water Recycling Rate and Reduction of Water Pollution Load

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, and other means. Additionally, 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 pollution load of wastewater discharged into public water areas.

In fiscal 2023, the water recycling rate was 96%, thus exceeding the target.

The water pollution load was COD of 227 tons/year and total phosphorus of 7 tons/year, thus exceeding the targets.

## Environment

## Appropriate Management of Water Resources

Water Intake, Discharge, and Recycling Rate Data for the Past Three Years<sup>1</sup>(10,000 m<sup>3</sup>)

Item	Fiscal 2021	Fiscal 2022	Fiscal 2023
Water withdrawal by source			
Freshwater (tap water and industrial water provided by the waterworks bureau in each area) <sup>2</sup>	5,067	5,106	5,086
Groundwater	525	550	573
Seawater for cooling	263,576	337,340	396,960
Water withdrawal total <sup>3</sup>	269,169	342,996	402,620
Water discharge total by discharge destination			
Rivers	190	201	214
Sea water	266,145	339,894	399,542
Sewage	71	67	59
Discharge total	266,406	340,162	399,815
Discharge by each treatment method <sup>4</sup>			
No treatment (including discharge to sewage)	426	440	436
Simple treatment	902	867	878
Standard treatment	21	20	18
Advanced treatment	1,481	1,493	1,522
Freshwater withdrawal and discharge			
Water withdrawal total	5,067	5,106	5,086
Water discharge total	2,829	2,822	2,855
Consumption	2,763	2,834	2,805
Total recycled water	125,392	129,129	132,468
Recycling rate <sup>5</sup>	Target: 95% or higher	96%	96%

<sup>1</sup> Aggregates the boundary of 100% of Kobe Steel's production sites. It also includes domestic Group companies of a certain scale or larger (water use of 1,000 thousand m<sup>3</sup>/year or more).

The amount of wastewater at the target business sites covers more than 99% of the Kobelco Group in Japan.

<sup>2</sup> The water withdrawal sources for tap water and industrial water are mainly rivers.

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

<sup>4</sup> Simple treatment: Removing pollutants and floating particles by physical process (e.g., precipitation)

Standard treatment: Decomposes organic matter by biologic treatment

Advanced treatment: Treat suspended particles, colloids and dissolved matter (nutrients, heavy metals, inorganic pollutants, and other pollutants after simple and standard treatment)

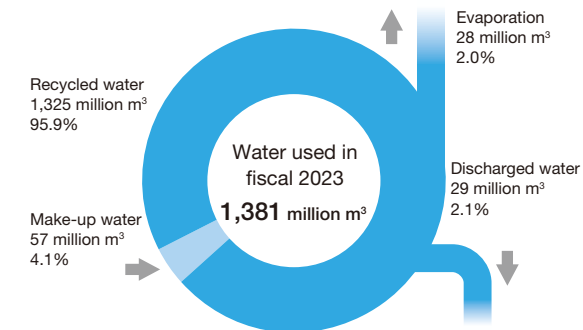
<sup>5</sup> The recycling rate is calculated as: (Total recycled freshwater) / (Total recycled freshwater + Total freshwater withdrawal). The calculation of total recycled freshwater includes some estimates based on equipment specifications.

Data on Water Pollution Load\*

Item	Targets	Fiscal 2021	Fiscal 2022	Fiscal 2023
Water discharge total	—	2,664.06 million m <sup>3</sup>	3,401.62 million m <sup>3</sup>	3,998.15 million m <sup>3</sup>
COD	474 t or less	244 t	213 t	227 t
Total phosphorus	23 t or less	3 t	4 t	7 t

\* All 10 business sites in areas with risks related to total volume regulations are aggregated, and their wastewater accounts for more than 99% of the Group's total (Japan).

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.

► Environmental Data

### ● Development of Water Management Plans in the Group

Of the Kobelco Group's 32 major production sites in Japan, 19 that account for 59% 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%.

## Appropriate Management of Water Resources

### Contributing to a More Vibrant Ocean

While water quality has improved in the Seto Inland Sea (Harima Sea) due to wastewater regulations, the discoloration of seaweed and the decrease in fish catch due to lack of nutrients have become serious issues.

In response to this situation, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea was revised, and in 2022, Hyogo Prefecture formulated its Nutrient Management Plan. Kakogawa Works has been selected as a “nutrient increase action implementer (nitrogen),” and will contribute to the creation of a vibrant ocean by operating in accordance with the plan.

### 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.

### Prevention 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 preventions 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 problems (if any) to the necessary directors and officers.

In the WRI Aqueduct assessment for fiscal 2023, 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 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 m<sup>3</sup>), 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 m<sup>3</sup>) and Heiso Dam (total storage capacity: 9.40 million m<sup>3</sup>), 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.

### Expenses Associated with Water-Related Risks and Investment to Mitigate Water-Related Risks

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 2021		Fiscal 2022		Fiscal 2023	
	Capital Investment	Expense	Capital Investment	Expense	Capital Investment	Expense
Expenses for water pollution prevention	80	4,660	150	5,490	200	5,990
R&D expenses for water treatment-related projects	—	320	—	470	—	1,230

### Compliance with Laws and Regulations

In order to comply not only with the regulatory limits stipulated by laws and regulations but also with stricter regulatory limits stipulated by agreements with local governments, we continue to develop management standards and make necessary capital investments. In preparation for emergencies, we have established emergency response procedures and conduct drills regularly.

There was one case in Japan where water quality values exceeded regulation standards. The case was discovered by self-inspections and promptly reported to the relevant authorities, with action taken. No fines or punishments were imposed.

In fiscal 2023, certain overseas Group companies exceeded the regulation values for wastewater and had leaks of acid from pipes, but no fines or penalties were levied.

# Resource Recycling

## Promotion of Resource Recycling (Waste Reduction)

### Basic 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 the main forms of waste, and are seeking to improve the recycling rate in order to reduce the final disposal amount.

### Management Structure

### Structure

For our environmental management structure, please refer to page 12.

▶ Basic Environmental Management Policy and Structure: Environmental Management Structure

### 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

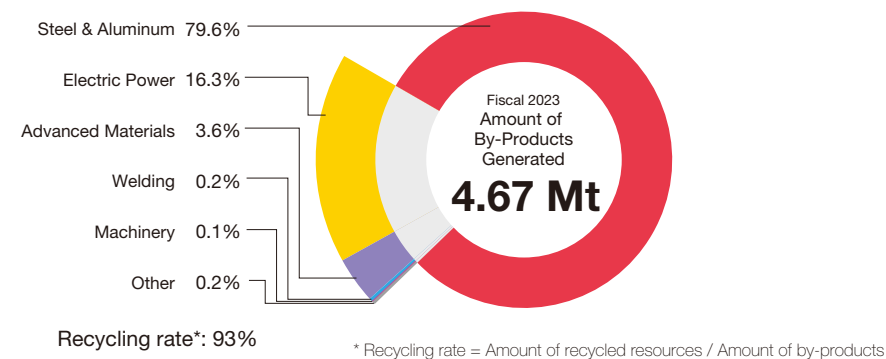
### Results

The recycling rate of by-products (slag, dust, and sludge) in fiscal 2023 was 99.1%, exceeding the target.

In fiscal 2023, a total of 4.67 million tons of by-product materials were generated by the Kobelco Group and the recycling rate was 93%. 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.

Note: Target data covers 99% or more of the amount of by-products generated by the Kobelco Group in Japan.

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



Among this, the recycling rate of major by-products (slag, dust, and sludge) in fiscal 2023 was 99.1%, exceeding the target. We will continue to work on raising the recycling rate of by-products and reducing final disposal amounts in order to achieve these targets.

## Environment

## Resource Recycling

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

	Targets for fiscal 2025	Fiscal 2021	Fiscal 2022	Fiscal 2023
Recycling rate of three main items	99.0%	99.3%	99.2%	99.1%

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

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Amount of by-products (t)	4,051,021	4,576,542	4,667,668
Amount of recycled resources (t)	3,901,504	4,411,651	4,336,499
Amount of landfill disposal (t)	119,932	124,363	137,448
Other (volume reduction, t)	29,585	40,528	193,721
By-product recycling rate <sup>2</sup>	96%	96%	93%
Amount of specially controlled industrial waste generated (t)	21,136	19,597	18,414
Amount (rate) of specially controlled industrial waste generated (%) <sup>3</sup>	0.52%	0.43%	0.39%

1 The information above covers more than 99% of the waste generated by the Kobelco Group in Japan.

2 By-products (total) recycling rate = Amount of recycled resources / Amount of subject to treatment

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 2021	Fiscal 2022	Fiscal 2023
Transportation amount of specially controlled industrial waste (t)	16,935	15,333	14,023

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

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

Main Raw Materials	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023
Iron ore	10,000 t	1,047	933	897
Coking coal/coke	10,000 t	492	497	471
Aluminum ingots, copper ingots, etc.	10,000 t	43	46	42
Total	10,000 t	1,630	1,475	1,410

## Environment

## Resource Recycling

## Major Initiatives

## Results

## Promoting the Recycling of Steel Slag

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
Cement materials 	Granulated BF slag is pulverized into a fine powder and used as a raw material for cement. This reduces CO <sub>2</sub> emissions generated in the cement manufacturing process because the firing process of clinker is no longer required. The use of BF cement mixed with 45% fine BF slag powder reduces CO <sub>2</sub> emissions per ton of cement by approximately 320 kg.
Roadbed material 	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.
Ground improvement material 	By using steel slag to improve soft soil, it is possible to build stronger ground and contribute to national resilience. In addition, replacing cement solidifiers with steel slag will also lead to a reduction in CO <sub>2</sub> during material manufacturing.
Steel slag artificial stone 	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 CO <sub>2</sub> 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.

## Major Initiatives in the Business Divisions (Japan)

Business Divisions	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 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 Reuse of wooden pallets Conversion of coreless furnace dust and soot into recyclable materials
Machinery	Reduction of waste wood and waste plastics by reducing the weight of reusable shipping cartons and shock-absorbing materials
Electric Power	Recycling of coal ash and gypsum, which is a by-product of flue gas desulfurization equipment Study on facilities underway to create facilities that utilize sewage sludge fuel

## 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
Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.	Reuse of pallets used to transport products
Kobelco Precision Technology Sdn. Bhd. (KPTEC)	Recycling of oil drums
Singapore Kobelco Pte. Ltd. (SKPL)	Recycling of metal scraps, paper, and waste plastics
Kobelco Aluminum Products and Extrusions, Inc. (KPEX)	Reuse of aluminum scraps
Thai Kobelco Welding Co., Ltd. (TKW)	Reuse of packaging materials
Kobelco MIG Wire (Thailand) Co., Ltd. (KMWT)	Reuse of packaging materials
Kobe Aluminum Automotive Products (China) Co., Ltd. (KAAP-C)	Reuse of aluminum scraps
Kobe Aluminum Automotive Products, LLC (KAAP)	Reuse of aluminum balls for shot blasting and caustic soda

## Environment

## Resource Recycling

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

Initiative	Details
Initiatives to effectively use underutilized energy in local communities: From conversion of sewage sludge to fuel to hydrogen production and supply	<ul style="list-style-type: none"> <li>Kobelco Eco-Solutions Co., Ltd., which has wastewater sludge treatment technology, and the Kobe Power Plant plan to turn wastewater sludge into fuel and use it as wastewater fuel at the power plant. (Using wastewater fuel is an appropriate method for the pulverized coal-fired power generation business.)</li> <li>We plan to use wastewater fuel as a portion of the fuel for generating electric power to produce hydrogen from the green electricity generated using the wastewater sludge fuel, which will be supplied to fuel-cell vehicles (FCVs). This initiative will contribute to the spread of FCVs, reduction of CO<sub>2</sub> emissions in local communities, and improvement in air quality.</li> </ul>
Study group for expanding usage of steel slag	<ul style="list-style-type: none"> <li>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.</li> <li>The Construction Method for Disaster Risk Reduction Working Group aims for the practical utilization of a 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.</li> </ul> <p>For more information, please see the following:</p> <p>▶ <a href="#">Hyogo Eco-Town Promotion Council</a> (in Japanese only)</p>
Demonstration project on gasification and methanolization of waste plastics	<ul style="list-style-type: none"> <li>The demonstration project for gasification and methanolization of waste plastics proposed by five companies, including Kobelco Eco-Solutions Co., Ltd., Daiei Kankyo Co., Ltd., DINS Kansai Co., Ltd., MITSUBISHI GAS CHEMICAL COMPANY, INC., and Mitsubishi Kakoki Kaisha, Ltd., was selected for funding by the Ministry of the Environment's "FY2022 Subsidy for Carbon Dioxide Emission Control Measures Project Costs: Demonstration Project for Construction of Resource Circulation Systems for Plastics and Other Technologies to Support a Decarbonized Society." This project was the first of its kind in Japan selected. The need to establish plastics recycling methods is rapidly increasing from the viewpoint of environmental protection, especially in terms of marine plastics, which has become a social problem around the world. This demonstration project aims to build a resource recycling system through chemical recycling of previously discarded plastics.</li> </ul> <p>For more information, please see the following:</p> <p>▶ <a href="#">Started Japan's first demonstration project for gasification and methanolization of waste plastics</a> (in Japanese only)</p>

## Initiatives to Control and Recycle Industrial Waste Containing Plastic Products

Based on the Act on Promotion of Resource Circulation for Plastics, we have set a goal of "strive to recycle target waste as much as possible (target: recycling rate of 80%)." We are aiming to achieve this by reducing the emission of used plastic products and industrial waste and outsourcing disposal to treatment companies that perform recycling and heat recovery. The recycling rate in fiscal 2023 was 79.5%. We will continue with our initiatives to control waste generation and recycling.

# Reduction of Environmental Impacts

## Reduction of Environmental Impacts

### Basic 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 our environmental management structure, please refer to page 12.

▶ Basic Environmental Management Policy and Structure: Environmental Management Structure

## Air Pollution Measures

#### Policies

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

The Kobelco Group set the target in the Medium-Term Environmental Management Plan (Fiscal 2021–2023) of reducing environmental impact from soot and smoke, through meticulous operational management and facility management.

### Results

#### Results

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.

In fiscal 2023, we continued to control emissions by thoroughly managing soot and smoke.

In fiscal 2022 and fiscal 2023, the value was higher than usual because of maintenance on desulfurization and denitration equipment at the Kakogawa Works' sintering plant to bypass the equipment while complying with regulation values and conventions.

### Data on Soot and Smoke Load\*

Item	Fiscal 2021	Fiscal 2022	Fiscal 2023
SOx emissions	876 kNm <sup>3</sup>	1,681 kNm <sup>3</sup>	1,568 kNm <sup>3</sup>
NOx emissions	4,212 kNm <sup>3</sup>	4,430 kNm <sup>3</sup>	4,307 kNm <sup>3</sup>

\* Aggregates the boundary of 100% of Kobe Steel's production sites. It also includes major domestic Group companies whose energy consumption is 1,500 kL/year of heavy oil equivalent.

For business locations that have paid the current portion of the pollution load levy, the aggregation period for SOx emissions is January to December.

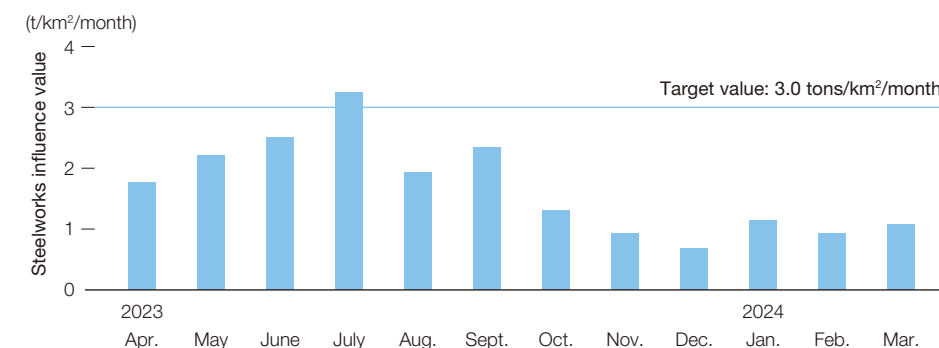
### Major Initiatives

#### Results

## 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/km<sup>2</sup>/month or less. In fiscal 2023, we steadily implemented existing initiatives and regularly cleaned dust prevention nets at site boundaries, but exceeded the target value in July. The main cause of this exceedance was identified as dust emanating from the conveyor belt that transports raw materials to the steel mill. As a result of changing the composition of raw materials in order to make effective use of by-products generated in-house, the proportion of fine particles that are prone to dust generation increased, and the dust collection capacity was insufficient, resulting in blockage of the inside of the dust collection duct and dust generation. In this regard, measures were taken to increase the dust collection capacity of the conveyor belt (completed at the end of November 2023).

### Steelworks Influence Value Related to Dustfall (Kakogawa Shinko Building)



## Reduction of Environmental Impacts

### Appropriate Management of Chemical Substances

#### Policies

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

We will comply with all domestic laws and regulations related to 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.

In addition to accurately assessing the use, disposal, and transfer of chemical substances covered under the PRTR Law<sup>1</sup> and Chemical Substance Control Law<sup>2</sup>, we engage in activities to limit the use and output of such substances. In addition, waste electrical equipment containing PCB and equipment using fluorocarbons are appropriately stored and managed in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and the Act on Rational Use and Appropriate Management of Fluorocarbons, respectively.

- 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.

#### Targets

#### Strategies and Targets

The targets of the Kobelco Group's Medium-Term Environmental Management Plan (Fiscal 2021–2023) are to engage in appropriate management, reduction, and substitution activities for chemical substances, as well as to take appropriate measures in compliance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and the Act on Rational Use and Appropriate Management of Fluorocarbons.

#### Results

#### Results

In fiscal 2023, we thoroughly investigated equipment containing low-concentration PCB currently in-use and outsourced processing for some following our disposal plan.

Regarding specified fluorocarbons, we confirmed they are managed appropriately through audits and other means.

With regard to Class 1 Designated Chemical Substances stipulated in the PRTR Law, we are taking appropriate measures such as disseminating information within the Group in light of the fact that these substances have significantly changed due to the revision of laws and regulations. The annual transfer and release of substances subject to PRTR reporting over the past three years is presented in the table below. Following revisions to the PRTR Law in fiscal 2023, the number of substances subject to reporting and the amount of substances transferred outside business sites have increased.

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

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Substances subject to reporting	47	47	56
Air emissions	437 t	363 t	388 t
Releases to public water areas	63 t	48 t	59 t
Drainage	0.5 t	0.5 t	0.6 t
Transfers outside the premises (waste)	625 t	543 t	3,007 t

Notes: 1. The information above covers 99% of the Kobelco Group's release and transfer of chemical substances in Japan.

2. The above figures for fiscal 2021 and fiscal 2022 have been corrected due to revisions to the number of substances and air emissions subject to reporting.

#### 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 2021	Fiscal 2022	Fiscal 2023
VOCs		428	357	374
Other hazardous substances	Lead	0	0	0
	Manganese and its compounds	0.1	0.3	0.3

Notes: 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

2. The information above covers 99% of the environmental impact of the Kobelco Group in Japan.

#### Major Initiatives

#### Results

#### Examples of Initiatives to Reduce Chemical Substance Use and Output

Production Facility / Company Name	Location	Activities
Kakogawa Works	Kakogawa, Hyogo Prefecture	In titanium pickling, use of waste acid is controlled by reducing the number of plates that pass through
Shinko Aluminum Wire Co., Ltd.	Sakai, Osaka Prefecture	Promotes in-line wiping to reduce the workload of degreasing and cleaning

## Environment

## Reduction of Environmental Impacts

Kobelco Group Annual Transfer and Release of Hazardous Substances Subject to PRTR Reporting  
(Aggregation results for fiscal 2023)

Unit: kg (mg-TEQ for dioxins)

Control Number <sup>1</sup>	Substance	Release <sup>2</sup>	Transfer <sup>3</sup>
1	Zinc compounds (water-soluble)	630	2,200
20	2-aminoethanol	0	22
31	Antimony and its compounds	1,000	430
53	Ethylbenzene	51,000	18,000
57	Ethylene glycol monoethyl ether	120	52
74	Para-alkylphenols (limited to those with eight carbon atoms of the alkyl group)	0	0
80	Xylene	72,000	21,000
85	Glutaraldehyde	0	0
87	Chromium and chromium (III) compounds	100	58,000
88	Chromium (VI) compounds	0	550
104	Chlorodifluoromethane	6,300	0
132	Cobalt and its compounds	24	2,100
144	Inorganic cyanide compounds (except complex salts and cyanates)	28	450
186	Dichloromethane; methylene dichloride	28,000	1,000
207	2, 6-Di-tert-butyl-4-cresol	0	0
240	Styrene	0	0
243	Dioxins	110	0
262	Tetrachloroethylene	31,000	17,000
270	Terephthalic acid	0	0
272	Copper salts (water-soluble, except complex salts)	350	23
273	1-dodecanol	0	0
277	Triethylamine	8,100	170
281	Trichloroethylene	3,800	2,000
300	Toluene	130,000	15,000
308	Nickel	3.9	4,200
309	Nickel compounds	1,200	38,000
321	Vanadium compounds	19	8,400
333	Hydrazine	18	0
349	Phenol	0	0
374	Hydrogen fluoride and its water-soluble salts	34,000	6,500
389	Hexadecyltrimethylammonium chloride	0	0
392	Hexane	78	0

Control Number <sup>1</sup>	Substance	Release <sup>2</sup>	Transfer <sup>3</sup>
400	Benzene	31	0
405	Boron compounds	880	250
407	Poly (oxyethylene) alkyl ether (alkyl C=12-15)	3,800	22,000
408	Poly (oxyethylene) alkyl ether (limited to those with eight carbon atoms of the alkyl group)	38	3,700
410	Poly (oxyethylene) alkyl ether (limited to those with nine carbon atoms of the alkyl group)	970	0
412	Manganese and its compounds	6,200	130,000
438	Methylnaphthalene	140	0
448	Methylenebis (4,1-phenylene) diisocyanate	0	0
453	Molybdenum and its compounds	840	20,000
459	Tris (2-chloroethyl) phosphate	0	0
460	Tritolyl phosphate	0	0
581	Salts of alkyl (benzyl) (dimethyl) ammonium (limited to those with 12 to 16 carbon atoms of the alkyl group and mixtures thereof)	2,300	0
594	Ethylene glycol monobutyl ether (also known as Butyl CELLOSOLVE™)	15,000	2,300
626	Diethanolamine	0	300
627	Diethylene glycol monobutyl ether	6,000	140
667	Silicon carbide	0	2,600,000
668	Lithium carbonate	0	0
691	Trimethylbenzene	39,000	8,300
693	Trimethoxy (3-[oxiran-2-ylmethoxy] propyl) silane	0	290
697	Lead and its compounds	9.6	4,900
708	(1-hydroxyethane-1,1-diyl) diphosphonic acid and its potassium and sodium salts	3,300	0
731	Heptane	550	1,800
737	Methyl isobutyl ketone	1,700	650
746	N-Methyl-2-pyrrolidone	2,700	0

<sup>1</sup> The control number is a unique serial number given to each designated chemical substance. As a general rule, it will not be changed even if the Cabinet Order is amended.

<sup>2</sup> Total releases to air and public water areas

<sup>3</sup> Total transfers outside the premises and to sewage

## Water Pollution Measures

For our water pollution measures, please refer to page 31.

► Appropriate Management of Water Resources

# Biodiversity

In recent years, the need to protect nature has become increasingly important based on the recognition that the destruction of natural environment around the world greatly damages our economic activities.

Amid this growing momentum, in September 2023 the Taskforce on Nature-related Financial Disclosures (TNFD), a framework for disclosing nature-related information, issued a formal version of its recommendations. The recommendations outline the four pillars of disclosure as governance, strategy, risk and impact management, and metrics and targets. In addition, the TNFD also presents the LEAP approach, including scoping, as a risk assessment method.

The Kobelco Group will steadily promote the disclosure of nature-related risks in its business activities in line with this framework.

## Governance

### Management Structure

The TNFD recommendations call for companies to disclose the governance of the nature-related dependencies, impacts, risks, and opportunities associated with their business activities.

As part of our biodiversity management structure, we have established a Biodiversity Response Team within the Environmental Management and Disaster Prevention Subcommittee under the Sustainability Management Committee (chaired by the executive vice president and representative director).

Since the Kobelco Group engages in a wide range of businesses, including materials, machinery, and electric power, team members are recruited equally from each business division. The team investigate the relationship between business activities and natural capital, and extensively examines risks and opportunities related to biodiversity. The results of the activities of the Biodiversity Response Team are reported to the Board of Directors through the Sustainability Management Committee. If, as a result of detailed analysis, some significant nature-related risks are found that will be impacts to the business activities of the Kobelco Group, we will take necessary measures to reduce those risks with the guidance of the Board of Directors.

In order to secure incentives for the supervisory performance of these executives, we revised our directors' remuneration system in April 2024 and introduced a system in which a portion of remuneration is linked to external evaluations based on our ESG initiatives.

► Basic Environmental Management Policy and Structure: Environmental Management Structure

### Kobelco Biodiversity Guidelines

Recognizing that conserving the earth's diverse ecosystems is an important theme of our environmental activities, the Group formulated the Kobelco Biodiversity Guidelines in December 2010, under which we are working to conserve and contribute to biodiversity through its business activities.

Recognizing the importance of conserving biodiversity, we will carry out activities 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.

### Alliances and Participation in Initiatives

As a member of Keidanren (Japan Business Federation), we endorse the Declaration of Biodiversity by Keidanren and Action Policy, which were revised in December 2023, and participate in the Keidanren Initiative for Biodiversity Conservation.

## Environment

### Biodiversity

#### Understanding the Current Situation of Nature-Related Dependencies and Impacts

The TNFD recommendations include identifying nature-related dependencies, impacts, risks, and opportunities and disclosing their impact on the company's operations, strategy, and financial planning. For this reason, TNFD recommends that companies describe the business activities and priority regions in the value chain. This section summarizes the Kobelco Group's business activities, including supply chains, and their dependencies and impacts on natural capital.

The TNFD recommendations encourage the use of the LEAP approach, including scoping, to advance risk assessment. Scoping is the process of narrowing down the key business areas in which the risk assessment will be conducted. LEAP is an acronym for Locate, Evaluate, Assess, and Prepare, indicating the stages of risk assessment.

We are currently in the process of analyzing scoping and Locate. Going forward, we will further examine the aspects that may pose a risk to the continuity of the Group's business activities.

#### Overview of Dependencies and Impacts Related to Business Fields and Nature (Scoping)

Since the Kobelco Group's business activities are wide ranging, we have created a heat map as a

matrix diagram first using Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE\*), a database recommended by the TNFD, to provide an overview of the impact on nature and the magnitude of dependencies on nature at each stage of raw materials procurement, production, and use in each business field, such as steel, aluminum, and materials.

We recognized that the assessment using ENCORE alone is insufficient as it represents general content common to the established sectors and sub-industries, and does not reflect the characteristics of the Group.

Based on this, in the following sections, we analyzed the impact of the Group's business sites, greenhouse gas (GHG) emissions, water use, waste, air pollution other than GHG, and the impact on nature of the supply chain bases (raw materials procurement) of the steel business, which is highly dependent on water resources and has a large business scale.

\* A tool that assesses the magnitude of impacts on nature and the extent of dependencies on nature of production processes based on the Global Industry Classification Standards (GICS) jointly developed by the Natural Capital Finance Alliance (NCFA), a network of financial institutions in the field of natural capital, and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), which contains 11 sectors and 157 sub-industries.

Business Category/ Description	Ratio to Net Sales in Fiscal 2023 (%)	Stage of Value Chain	Impacts on Nature (Negative)													Dependencies on Nature									
			Changes in Use of Land, Freshwater Area, and Ocean			Climate Change	Use/Restoration of Resources			Pollution / Pollution Removal					Invasive Non-Native Species	Supply Services		Adjustment and Maintenance Services							
			Land use area	Freshwater use area	Seabed use area		Water usage	Extraction of other biological resources	Extraction of other non-living resources	Generation and emissions of solid waste	Emissions of non-GHG air pollutants	Emissions of harmful soil and water pollutants	Emissions of nutrient contamination in soil and water	Disruption (Noise and light)		Water resources	Biomass and other resources	Pollution remediation	Noise abatement	Water flow adjustment	Global climate adjustment	Disaster Mitigation			Soil and sediment retention
Steel	35.72%	Raw materials procurement	M	H	—	VH	M	—	H	VH	H	H	—	H	VL	H	L	VH	VL	H	H	H	M	VH	M
		Production	L	—	—	H	M	—	—	M	H	VH	—	VH	—	H	—	M	VL	H	VL	M	M	M	L
		Use, recycling, disposal	L	VH	M	H	L	—	—	M	L	H	—	VH	L	M	—	M	VL	M	M	H	H	VH	H
Aluminum	7.76%	Raw materials procurement	M	VH	—	M	L	—	H	H	H	VH	M	VH	L	H	VL	VH	VL	H	H	H	M	VH	M
		Production	L	—	—	M	L	—	—	M	H	VH	M	VH	—	M	—	M	—	M	VL	M	M	M	L
		Use, recycling, disposal	L	—	—	M	M	—	—	L	M	H	—	VH	—	M	—	M	VL	M	VL	M	M	VL	M
Aluminum, steel castings and forgings, copper, and titanium	10.86%	Raw materials procurement	M	VH	—	M	M	—	H	H	H	VH	M	VH	L	H	VL	VH	VL	H	H	H	M	VH	M
		Production	L	—	—	M	M	—	—	M	H	VH	M	VH	—	M	—	M	VL	M	VL	M	M	M	M
		Use, recycling, disposal	L	VH	M	H	M	—	—	M	M	H	—	VH	L	M	—	M	VL	M	M	H	H	VH	H
Welding (welding rods and wires)	3.56%	Raw materials procurement	M	H	—	H	M	ND	VH	L	H	H	—	H	VL	H	L	VH	VL	H	H	H	M	VH	H
		Production	L	—	—	M	L	—	—	M	H	VH	M	VH	—	M	—	M	—	M	VL	M	M	M	L
		Use, recycling, disposal	L	VH	—	H	L	—	—	M	L	H	—	VH	L	M	—	M	VL	M	M	H	H	VH	H
Machinery	7.41%	Production	L	—	—	L	M	—	—	L	M	M	—	M	—	M	—	M	VL	M	VL	M	M	VL	L
Engineering	5.87%	Design and manufacturing	M	VH	M	M	L	—	—	M	L	H	—	VH	L	M	—	M	VL	M	M	M	M	VH	H
		Operation	M	—	—	H	M	—	—	M	M	H	H	H	M	M	—	VH	VL	M	VL	VL	L	M	VL
Electric power	13.24%	Raw materials procurement	M	H	H	VH	M	—	H	M	H	H	—	H	VL	H	L	VH	VL	H	H	H	M	VH	M
		Production	M	M	—	VH	M	—	—	H	VH	VH	—	VH	—	H	—	M	VL	H	M	M	L	—	M
		Use, recycling, disposal	M	L	L	VL	VL	—	—	L	VL	L	—	L	—	VL	—	—	VL	VL	VL	M	M	VL	L
Construction machinery	15.58%	Raw materials procurement	L	—	—	H	M	—	—	M	H	VH	—	VH	—	H	—	M	VL	H	VL	M	M	M	L
		Production	L	—	—	L	M	—	—	L	L	M	—	M	—	M	—	M	VL	M	VL	M	M	VL	L
		Use, recycling, disposal	L	VH	M	H	L	—	—	M	L	H	—	VH	L	M	—	M	VL	M	M	H	H	VH	H

**Environment****Biodiversity****High-Level Analysis of the Natural Impacts of Our Operations and Key Supply Chain Locations**

Under the TNFD recommendations, we will carry out risk assessments focusing on areas that are important for business activities (material locations) and places that pose a high risk to nature (sensitive locations).

Therefore, we are investigating the presence or absence of nature-related risks at directly operated business locations and mines that are major steel-related supply chains, by using existing tools.

**● Directly Operated Business Locations**

We used IBAT<sup>1</sup> to evaluate the potential impacts that operations of the Kobelco Group's production sites have on regions important to preserving the biodiversity of the surrounding area.

The results confirmed that there are no protected natural areas (including wetlands registered under the Ramsar Convention, UNESCO natural world heritage sites, or sites under IUCN<sup>2</sup> protected area categories 1 [protected areas] to 3 [natural monument or feature]) within a three kilometer radius of our production sites.

<sup>1</sup> Integrated Biodiversity Assessment Tool: A tool that can access basic data and the latest information on nature conservation

<sup>2</sup> International Union for Conservation of Nature

Results of the analysis using WRI Aqueduct found that none of the Group's business sites or Group companies in Japan are located in regions of high water stress or above. We have confirmed that there are overseas Group companies with high water stress or above, but we have confirmed that water consumption is low or that water is recycled.

**● Supply Chain**

We used IBAT to assess the possibility that operations at major iron ore and coal mines, among our suppliers of raw materials, could affect important points in biodiversity conservation of the surrounding area. As a result, we confirmed that none of the major mines of suppliers are located inside any area falling under IUCN protected area categories 1 (protected areas) to 3 (natural monument or feature). However, we know that some mines are in close proximity to protected areas.

We have confirmed that the mines in close proximity to these nature conservation areas are working to protect the environment and biodiversity.

In addition, we ask our raw material suppliers to support and cooperate with our initiatives, such as actively addressing global environmental issues including resource depletion, climate change, environmental pollution, and biodiversity, as well as taking into account local environmental issues while ensuring the health and safety of people in the regions concerned.

▶ [Building Responsible Supply Chains](#)

**Measures to Mitigate Dependence/Impact on Biodiversity****● Measures against Global Warming**

To mitigate impacts on biodiversity, such as changes in ecosystems brought about by climate change, we have created a roadmap for reducing CO<sub>2</sub> in the steelmaking process and electric power business aiming for carbon neutrality by 2050, and are now carrying out activities under this roadmap.

**● 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 and total phosphorus targeting our business sites located in enclosed coastal sea areas with wastewater risks.

▶ [Appropriate Management of Water Resources](#)

**● 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) resulting from our production activities.

▶ [Reduction of Environmental Impacts](#)

## Environment

### Biodiversity

#### Nature-Related Contributions

##### Products/Activities That Contribute to Biodiversity

###### ● Steel Slag

Seaweed beds, which are marine ecosystems, have an important function of improving water quality and providing an area for spawning and breeding fish. Furthermore, in recent years, attention has been focused on the properties of marine algae that easily store CO<sub>2</sub>, and there is a growing movement to conserve these areas in order to reduce the volume of the carbon cycle.

Steel slag has earned a favorable reputation from fishery operators, since demonstration testing has shown it to be effective in the restoration of the marine environment, including seaweed flourishing. As a result, iron and steel slag hydrated matrix has been adopted as a material for the construction of submerged breakwaters in the Suma district.

In Osaka Bay, blue carbon ecosystems such as seaweed beds and tidal flats are not connected in the inner part of the bay. For this reason, Osaka Prefecture and Hyogo Prefecture jointly established the Members of the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA) in order to realize the concept of connecting the Osaka Bay coast as a corridor for blue carbon ecosystems. We participate in this initiative as a member and are expanding the possibilities of seaweed bed creation using slag.

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.

###### ● Reducing CO<sub>2</sub> Emissions with the DRI Method

The MIDREX® Process, a proprietary technology of the Kobelco Group, is a technology using direct reduction with natural gas to obtain DRI without melting the raw ore. In combination with an EAF, the MIDREX® Process makes it possible to produce steel with 20% to 40% less CO<sub>2</sub> emissions compared to the conventional blast furnace–electric arc furnace method, contributing to the reduction of CO<sub>2</sub> emissions in the steel industry. Furthermore, we have developed processes that use hydrogen instead of natural gas (MIDREX Flex™ and MIDREX H2™), which contributes to significant reductions in CO<sub>2</sub> emissions.



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

###### ● CO<sub>2</sub> Reduction Led by the Engineering Business

The Engineering Business aims to reduce CO<sub>2</sub> emissions mainly in plant design related to public works.

For example, the business generates biogas at sewage treatment plants, replaces fossil fuels by turning sewage into peat, and engages in wood biomass power generation.

###### ● CO<sub>2</sub> Reduction Led by the Machinery Business

The Machinery Business sells compressors for ship engines that use LNG as fuel, contributing to the reduction of ship CO<sub>2</sub> emissions.

Compressors are said to account for approximately 25% of the electricity used in factories in Japan. By supplying our customers with standard air compressors with world-class energy-saving performance, the business is contributing to the reduction of CO<sub>2</sub> emissions around the world.

###### ● Contributions to Biodiversity of the Electric Power Business

The Electric Power Business contributes to the reduction of CO<sub>2</sub> emissions and air pollution associated with fuel use on ships by supplying shore power to vessels at anchor.

In addition, the business supplies steam to sake breweries and other neighboring companies in Kobe, contributing to energy conservation and reduction of CO<sub>2</sub> emissions in the local community.

In terms of fuel transportation, it introduced coal bulk carriers with low environmental impact in 2021.

###### ● Contributions to Biodiversity of the Welding Business

The Welding Business contributes to the realization of a carbon-neutral society by developing automatic welding systems using the KI-700 portable welding robot and specialized welding consumables for LNG fuel tanks and new welding methods for offshore wind power generation.

In addition, from the viewpoint of reducing environmental impact, the business has developed SE Wire, which are non-copper coated solid wires. SE Wire helps reduce environmental impacts by omitting the copper plating process, and also contributes to the improvement of the welding work environment by reducing the amount of spatter and fumes generated during welding.

In addition, it is striving to make effective use of packaging resources, to recover and reuse them by increasing the capacity of wire packaging forms for welding, and to use recycled raw materials for plastic spools.

## Environment

## Biodiversity

### ● Contributions to Biodiversity of the Aluminum Business

The Aluminum Business strives to recycle aluminum scrap, using it as a raw material in the manufacturing of aluminum products. In addition, the business is promoting resource conservation by developing technology to extract aluminum from aluminum dross, which is generated as a by-product during manufacturing.

### ● Participation in Hyogo Prefecture's Nutrient Management Plan

While water quality has improved in the Seto Inland Sea around Hyogo Prefecture (Harima Sea) due to wastewater regulations, the discoloration of seaweed and the decrease in fish catch have become serious issues. In response to this situation, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea was revised, and in 2022, Hyogo Prefecture formulated its Nutrient Management Plan. Under this plan, Kakogawa Works has been selected as a "nutrient increase action implementer (nitrogen)," and will contribute to the creation of a vibrant ocean by operating in accordance with the plan.

### 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 a biotope and grow *Sanguisorba tenuifolia*, *Pulsatilla cernua*, and chrysanthemum—all of which are rare flora registered in Hyogo Prefecture's Red Data Book for 2020—along with others. We work to preserve biodiversity and regularly hold nature observation events for local children through our association with NPO Rokko Nature Learning and specialists.

We will preserve the 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.

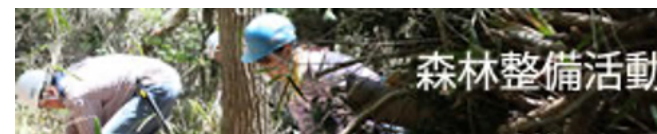


▶ [Forest Fairy Tale Prize website](#) (in Japanese only)

Since 2011, we have been carrying out forest development activities at two locations (approx. 5.6ha) in Hyogo Prefecture led by employee volunteers.

At the Kobelco Forest in Miki City (4.7ha), 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.

Additionally, at the ECOWAY Forest in Kobe's Nada Ward (0.9ha), 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 NPO Rokko Nature Learning and specialists. Specific activities include forest thinning, underbrush clearing, and tree planting to develop a forest comprised of trees of various ages and species, which helps to preserve and promote biodiversity.



▶ [History of forest development activities](#) (in Japanese only)

# Material Balance

We promote environmental management taking the environment into consideration at every stage of our operations. As part of this approach, the Kobelco 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.

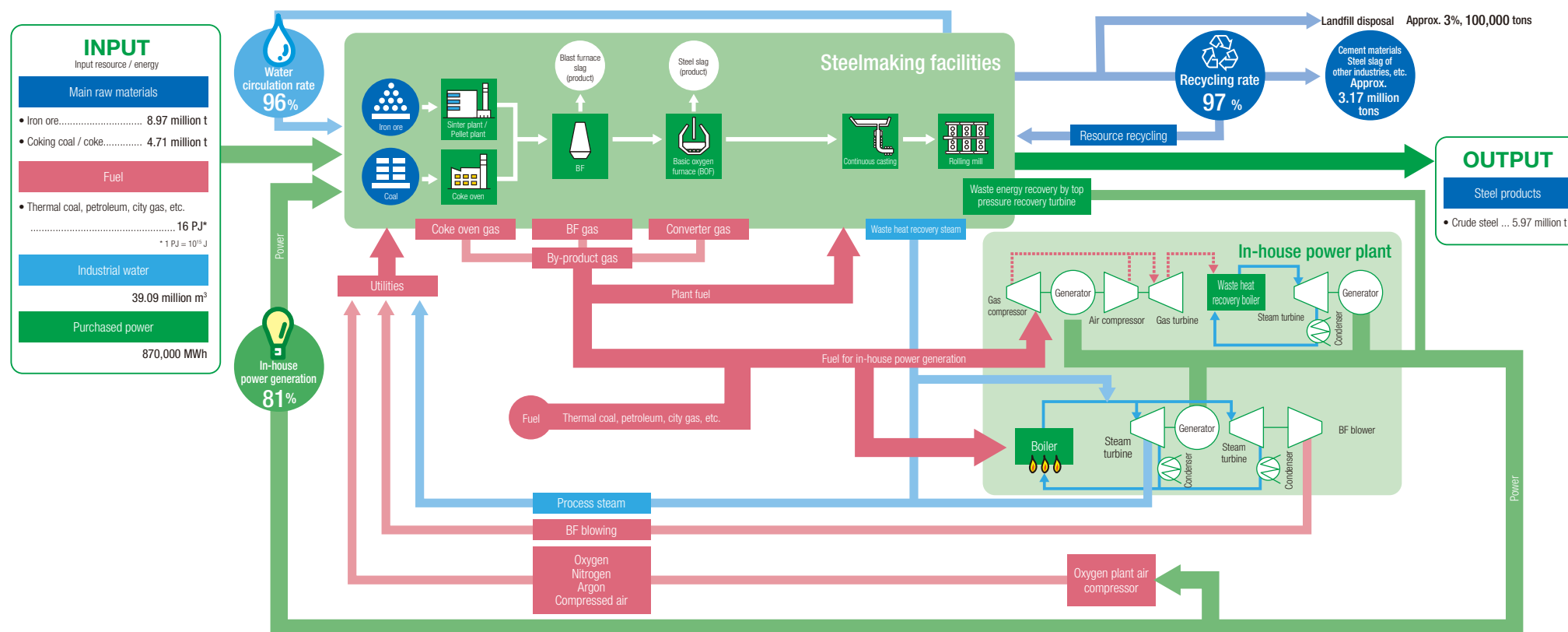
## Steel Business

At our Company, 95% of the energy used is consumed by the Steel Business. In fiscal 2023, this business division used 8.97 million tons of iron ore; 4.71 million tons of coking coal and coke; 16 PJ<sup>1</sup> of fuels such as coal, oil, and city gas; and 870,000 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,<sup>2</sup> 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 = 10<sup>15</sup> 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.



## Environment

## Material Balance

## ● 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 2023, the Fujisawa, Ibaraki, Saijo, and Fukuchiyama plants used a total of 130,000 tons of raw materials, 54,000 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 2023)

Input		Output	
Raw materials		Products	
Wire rods, hoops, fluxes, soluble glass, etc.	130,000 t	Welding rods, welding wires, etc.	130,000 t
Energy		By-products	
Purchased power	54,000 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 produce a variety of aluminum and copper products. In fiscal 2023, the business segments used 420,000 tons of raw materials, 480,000 MWh of electricity, and 3.7 PJ of city gas and other fuels to create 410,000 tons of products.

During melting and casting, 29,000 tons of by-products, such as slag, dust, and wastewater sludge, were produced. However, 90% of these by-products were successfully recycled.

## Resource and Energy Use in the Aluminum and Copper Businesses (Fiscal 2023)

Input		Output	
Raw materials		Products	
Aluminum ingots, copper ingots, etc.	420,000 t	Aluminum and copper products	410,000 t
Energy		By-products	
Purchased power	480,000 MWh	Amount produced	29,000 tons
City gas, etc.	3.7 PJ	Recycling rate*	90%

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

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

Main Raw Materials	Unit	Fiscal 2021	Fiscal 2022	Fiscal 2023
Iron ore	10,000 t	1,047	933	897
Coking coal/coke	10,000 t	534	497	471
Aluminum ingots, copper ingots, etc.	10,000 t	49	46	42
Total	10,000 t	1,630	1,475	1,410



## Social

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# Human Rights and Labor

## Basic Concept

### 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 Group has established the Kobelco Group Basic Policy on Human Rights.

► [Kobelco Group Basic Policy on Human Rights](#)

## 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 the Kobelco Group 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.

► [Kobelco Group Integrated Report 2024—Pursuing governance that supports sustainable growth: Human Rights](#)

## 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 Kobelco Group 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.

Our 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 transformation, and support for balancing childcare and nursing, etc.

## Human Rights and Labor

### ● Prohibition of Child Labor and Forced Labor

In the Kobelco 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. In order to raise awareness, we conduct in-house training in accordance with the United Nations Guiding Principles on Business and Human Rights, and we also ask our business partners for their support and cooperation with our initiatives. To prevent child labor, we confirm that the age stated in official documents does not fall under child labor at the time of joining the company. We also 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 Kobelco Group 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 whistleblower with their consent. We are also reviewing the workplace environment and taking thorough preventive measures. In both cases, the privacy of whistleblowers and persons concerned is ensured.

#### Number of Harassment Consultations

Fiscal 2020	28 cases
Fiscal 2021	30 cases
Fiscal 2022	35 cases
Fiscal 2023	42 cases

### ● 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 the Kobelco Group 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 Group supports employees' volunteer activities and has established a system that allows employees to take days off to participate in such activities.

► Communities (Communication with Stakeholders)

## Policies

## Structure

## Safety and Health

### Targets for Accident Reduction and Results

#### Strategies and Targets

#### Results

#### ● Targets

- ◇ Major injury or fatality (involving three or more people at the same time): Zero
- ◇ Lost time injury frequency rate: 0.10 or less

#### ● Achievements against Targets

Results: Previous Number of Lost Time Injuries and Lost Time Injury Frequency Rates (with/without no-lost time injuries)<sup>1</sup>

Parentheses indicate the number of fatal accidents.

Fiscal Year	Kobe Steel Employees <sup>2</sup>		Employees of Contractors <sup>3</sup>		Overall
	Number of lost time injuries	Injury frequency rate Lost time / No-lost time included	Number of lost time injuries	Injury frequency rate Lost time / No-lost time included	Lost time injury frequency rate
2018	5 cases (0 cases)	0.21/0.25	14 cases (0 cases)	0.39/0.39	0.32
2019	7 cases (0 cases)	0.29/0.37	3 cases (0 cases)	0.09/0.17	0.17
2020	8 cases (0 cases)	0.33/0.46	8 cases (0 cases)	0.24/0.33	0.28
2021	7 cases (1 case)	0.29/0.33	5 cases (0 cases)	0.16/0.19	0.22
2022	5 cases (0 cases)	0.21/0.21	8 cases (0 cases)	0.26/0.26	0.24
2023	6 cases (0 cases)	0.25/0.29	10 cases (0 cases)	0.32/0.39	0.31

<sup>1</sup> The lost time injury frequency rates with no-lost time injuries included are calculated from the total of lost time injuries and no-lost time injuries.

<sup>2</sup> All employees of Kobe Steel (including seconded employees and temporary or part-time employees)

<sup>3</sup> Employees of companies under contract with Kobe Steel (including temporary employees)

### Injury Accidents and Occupational Safety Risk Countermeasures

#### Results

#### ● Response to Injury Accidents (Initiatives to prevent similar accidents)

We investigate the causes and take corrective measures as part of our post-event response to injury accidents involving injuries or fatalities that occur 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 JISF.

#### ● Thorough Measures against Occupational Safety Risks

In order to address potential occupational safety risks 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 inherent safety.

### Participation of Workers in Discussions

#### Results

#### ● Supervision by the Board of Directors and Executive Council

Our Company's Board of Directors and Executive Council oversees and deliberates risk management in safety and health, the progress of accident 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 (representing workers) concerning risk management in safety and health, the progress of accident 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 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.

## Safety and Health

### Education and Training

Results

#### ● Training on Safety and Health

Each business site, including the Head Office, conducts training on safety and health on an ongoing basis.

Safety and health training held by the Head Office includes sessions for new employees between their first and fifth years, newly appointed supervisors, and line managers so that employees can gain knowledge and skills in safety and health.

Eligibility	Number of Trainees (Persons)			
	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
New employees (Years 1–5)	629	223	1,053	863
Supervisors	65*	539	711	434
Line managers	— *	16	56	70

\* Not held or only held partially due to the COVID-19 pandemic

### Global Health Issues and Pandemic Countermeasures

Results

Currently, there are many countries around the world facing 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.

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

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 local business sites. 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 problems 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.

Furthermore, 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.

# Health and Productivity Management

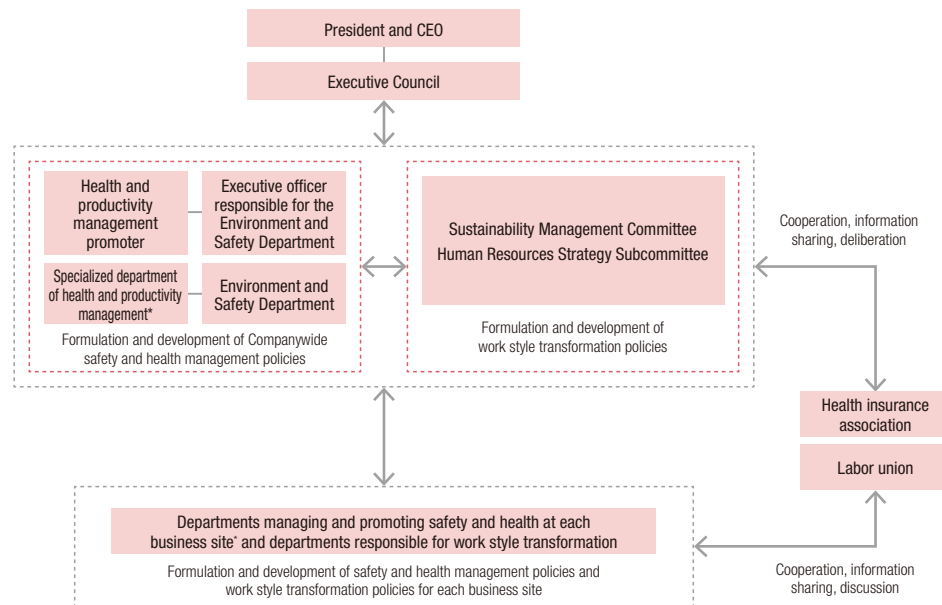
## Basic Concept

### Policies

Based on the Kobelco Group's basic policies and principles on safety and health, we are working with the goal to develop workplaces and human resources that can work energetically and in good physical and mental health from the perspectives of "prevention" and "early detection/early response."

## Management Structure

### Structure

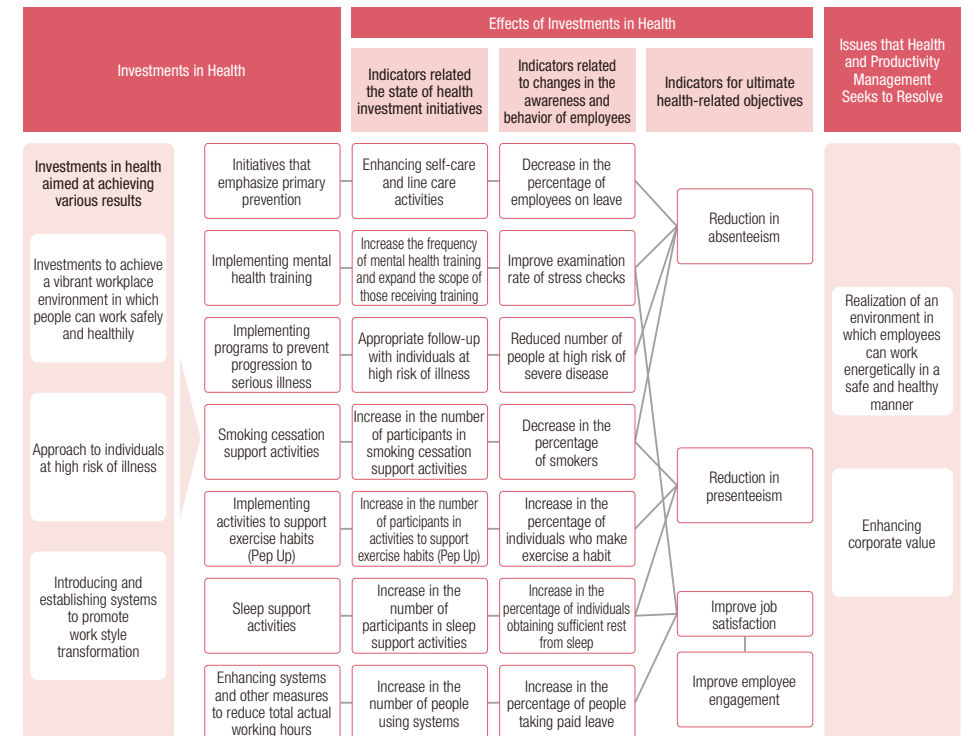


\* Placement: Industrial physicians, nurses, industrial counselors, health supervisors, consulting physicians, etc.

## 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.



## Health and Productivity Management

### Main Health and Productivity Management Initiatives

Results

#### ● Mental Health

	Details
Primary prevention	<ul style="list-style-type: none"> <li>■ <b>Self-care</b> <ul style="list-style-type: none"> <li>Awareness through stress checks</li> <li>Mental health education</li> </ul> </li> <li>■ <b>Line care</b> <ul style="list-style-type: none"> <li>Organizational management (daily communication within the organizational structure)</li> <li>Mental health education</li> </ul> </li> <li>■ <b>Workplace support based on the results of stress checks</b> <ul style="list-style-type: none"> <li>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.</li> <li>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 (utilizing outside consultants as needed).</li> </ul> </li> </ul>
Secondary prevention	<ul style="list-style-type: none"> <li>■ <b>Individual follow-up based on the results of stress checks</b> <ul style="list-style-type: none"> <li>Interviews of employees with high stress levels by an industrial physician</li> <li>Sleep-related questions added to the stress check questionnaire, and industrial physicians check/follow up on applicable individuals</li> <li>Regular opening of consultation desks ("ask me anything" sessions) staffed by industrial counselors</li> <li>Support provided by industrial health staff assigned to business sites (industrial physicians, nurses, and industrial counselors)</li> </ul> </li> </ul>
Tertiary prevention	<ul style="list-style-type: none"> <li>Support for returning to the workplace provided by industrial health staff assigned to business sites and departments responsible for human resources and labor relations</li> <li>Support by a consulting psychiatrist</li> </ul>

#### ● Physical Health (In cooperation with the health insurance association)

	Details
Primary prevention	<ul style="list-style-type: none"> <li>■ <b>Initiatives for increasing health literacy</b> <ul style="list-style-type: none"> <li>Promoting regular exercise using the Pep Up health promotion support app</li> <li>Implementing regular exercise promotion and sleep improvement campaigns with the themes of "walking" and "good sleep"</li> <li>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.</li> <li>At some business locations, physical fitness age is assessed by measuring physical fitness (body composition, forward bends, standing on one leg with eyes closed, reflex measurements, etc.).</li> <li>Support for smoking cessation provided by industrial health staff utilizing nicotine patch treatment (subsidies for health insurance costs available)</li> <li>Dissemination of educational materials on smoking cessation created in cooperation with the Kobe Steel health insurance association (through posting on the corporate intranet, etc.).</li> <li>At some business locations, creating an environment to promote smoking cessation by introducing smoking cessation during working hours and non-smoking hours</li> <li>Creation and deployment of sleep educational videos supervised by consulting psychiatrist (tips for healthy sleep, sleep apnea, and appropriate sleep management for shift workers)</li> </ul> </li> <li>■ <b>Vaccinations</b> <ul style="list-style-type: none"> <li>Influenza vaccinations (fully covered by the Company for employees and their health insurance dependents)</li> <li>Vaccinations for employees transferred overseas</li> </ul> </li> </ul>
Secondary prevention	<ul style="list-style-type: none"> <li>■ <b>Health checkups and aftercare</b> <ul style="list-style-type: none"> <li>Health checkups and health guidance pursuant to the Industrial Safety and Health Act</li> <li>Health checkups and health guidance for employees requiring follow-up observation</li> <li>Checkups at health screening clinics for employees reaching the age of 50 or 60 as well as their spouses</li> <li>Expanded cancer screening (e.g., gastric cancer checkups: adoption of blood tests + endoscopy, implementation of Helicobacter pylori testing)</li> <li>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)</li> </ul> </li> </ul>
Tertiary prevention	<ul style="list-style-type: none"> <li>Support for returning to the workplace provided by industrial health staff assigned to business sites and departments responsible for human resources and labor relations</li> <li>Support by a consulting psychiatrist</li> <li>Work-life balance support (expanded leave programs, etc.)</li> </ul>

### Health-Related Data

Results

Category	Target Value	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results
Regular health checkup participation rate <sup>1</sup>	100%	100%	100%	100%
Detailed examination participation rate	90.0% or more	91.9%	93.9%	93.7%
Percentage of individuals with the appropriate body weight <sup>2</sup>	70.0% or more	64.4%	64.2%	63.8%
Percentage of individuals at high risk of illness	1.2% or less	2.1%	2.3%	2.3%
Percentage of individuals at high risk of illness receiving health guidance	100%	100%	100%	100%
Percentage of individuals registered with Pep Up	90.0% or more	86.4%	86.4%	87.5%
Pep Up activity participation rate	70% or more	—	56.6%	62.2%
Percentage of employees taking part in regular exercise	30.0% or more	22.5%	23.4%	24.1%
Smoking rate	25.3% or less	28.9%	28.3%	27.7%
Examination rate of stress checks	95.0% or more	96.0%	97.0%	97.2%
Percentage of individuals experiencing high levels of stress	11.6% <sup>3</sup> or less	8.9%	8.9%	8.7%
Number of individuals obtaining sufficient rest from sleep	70% or more	64.8%	65.6%	62.6%
Job satisfaction	—	50.7	50.7	50.9

<sup>1</sup> Excludes individuals on leave or an overseas assignment

<sup>2</sup> BMI of between 18.5 and 25.0

<sup>3</sup> Less than the nationwide average

### External Awards and Assessments

Results

We aim to create a healthy work environment with safety and security ensured, where employees can maintain and improve their mental and physical well-being. In recognition of these initiatives, we were recognized as a 2024 Health and Productivity Management Organization (White 500) for the fifth time in total following the same recognition last year.



# Disaster Prevention

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 Prevention Management Policy

Policies

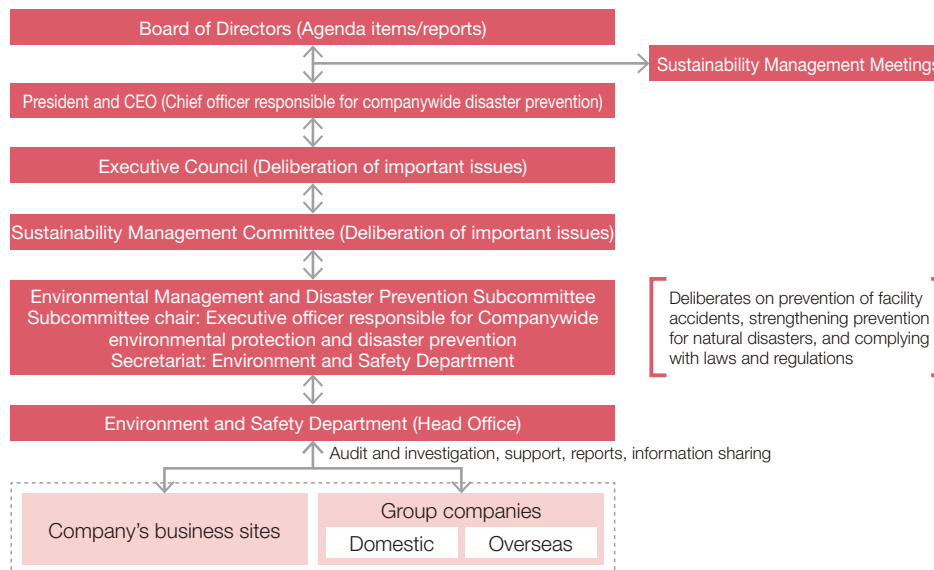
With the basic policies of “Prevention of Facility Accidents,” “Strengthening Prevention for Natural Disasters,” and “Complying with Laws and Regulations,” we are promoting initiatives to respect human life, sustain corporate activities, and deliver peace of mind to local communities.



## Management Structure

Structure

In the Companywide risk management structure, the Kobelco Group regards “prevention of facility accidents” and “preventions for and recovery from natural disasters” as Top Risks and “legal compliance” as a Significant Risk. The chief officer responsible for Companywide disaster prevention promotes disaster prevention management activities as a Risk Owner.



## Kobelco Group's Initiatives

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 Prevention for Natural Disasters

#### ● Business Continuity Plan (BCP)

The Kobelco Group formulates, reviews, and makes improvement to its BCP with the following basic policies: (1) Ensuring the lives and safety of employees, and (2) Ensuring the supply of 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. Going forward, we will maintain, review, and improve our BCP through training.

#### ● 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.

#### ● Introduced and Operate Safety Confirmation System and Damage Information Collection System

In preparation for a major earthquake or other natural disaster, we have introduced and operate a safety confirmation system and a damage information collection system, and have built a system to quickly collect information on damages.

#### ● Training for the Establishment of a Companywide Disaster Response Headquarters in the Event of a Major Earthquake

In case of extensive damage caused by a major earthquake or other natural disaster, we have a system in place to establish a Companywide disaster response headquarters at our Tokyo and Kobe head offices. In the training for the establishment of the Companywide disaster response headquarters, which was held in fiscal 2023, assuming the scenario of a Nankai Trough earthquake, members of the response headquarters of Head Office divisions and persons in charge of business divisions participated in the drill, reporting the status of damage at the affected business sites, confirming the situation, and responding to requests for assistance.



Training in progress

## Disaster Prevention

### 2nd Kobelco Disaster Prevention Festa

The Group held the 2nd Kobelco Disaster Prevention Festa at the Kobe Head Office to pass on the memories of the Great Hanshin-Awaji Earthquake and maintain and raise awareness of disaster prevention among employees.

The event, which was held with the cooperation of experts in the field, featured the following activities to heighten awareness and knowledge of disaster prevention.

1. Presentation on disaster prevention: Correct Knowledge and Prevention for Disasters by Kobe Chuo Fire Station  
(Conducted both on-site and online)
2. First-aid training: Hands-on first-aid training and learning conducted by a volunteer group
3. Exhibit of disaster prevention items: Various disaster prevention items and panel display of disasters

The Kobelco Group will continue to hold similar initiatives going forward to raise awareness among Group employees and prevent for contingencies.

### Photographs from the Event



Presentation on disaster preparedness



First-aid class

### Compliance with Disaster Prevention-Related Laws and Regulations

#### ● Disaster Prevention 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 prevention management structure throughout the Group.

### Contributions to Society in Disaster Prevention

#### ● Businesses, Products, and Technologies That Contribute to Disaster Prevention

To strengthen preventions for natural disasters, the Kobelco Group is developing businesses, products, and technologies that contribute to society. Our main initiatives are presented below.

Category	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.	Vehicles equipped with motors and generators, which can move to places where electricity is needed to generate and transmit electricity
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
Construction machinery	Kobelco Construction Machinery Co., Ltd.	Utilized for restoration work during a disaster
Bridge cables	Kobelco Wire Company, Ltd.	A product that prevents bridges from collapsing caused by major positional changes in an earthquake, etc.
Aseismic cable braces	Kobelco Wire Company, Ltd.	A product used for aseismic reinforcement of walls and roofs

#### ● Disaster Prevention Initiatives Contributing to Local Communities

The Kobelco Group has business sites equipped with 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, water for firefighting activities, and cleanup supplies for marine pollution in case of an oil spill.

### 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.

# Human Resources

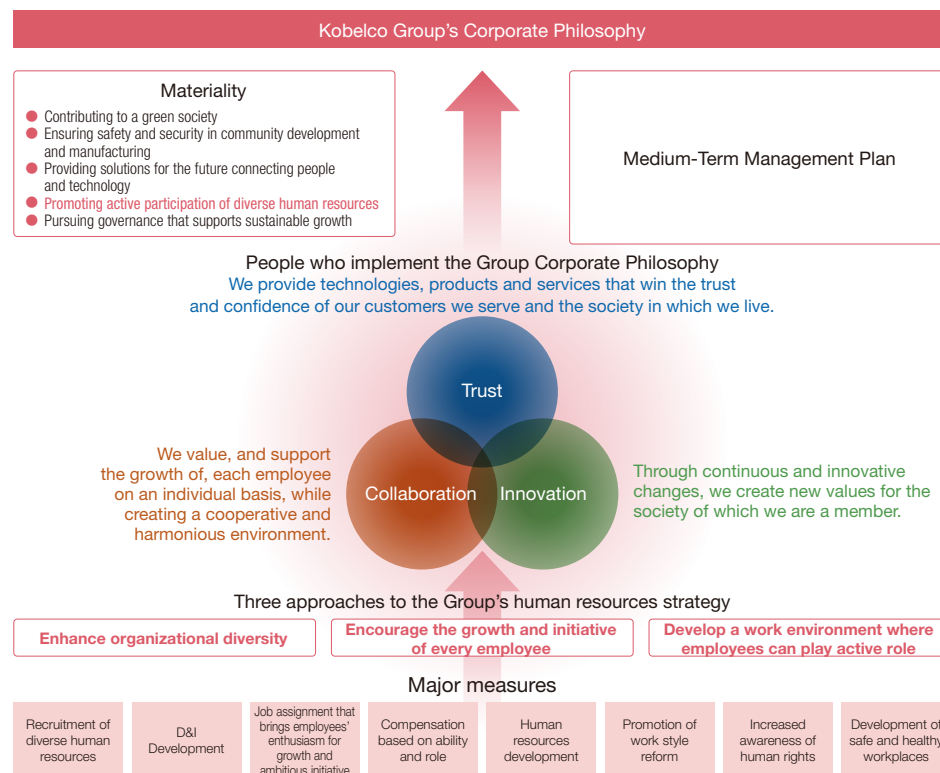
## Basic Policy

Policies | Strategies and Targets

The Kobelco Group believes that in order to fulfill its social responsibilities as a corporate group and create new value, it is important to develop employees who understand and implement the Group Corporate Philosophy.

Our Group operates in a wide range of business fields, and possess human resources with diverse backgrounds, values, and skills. Amid changes in society and world trends, our bold efforts to contribute to society and realize a world we envision will be a key to further bolstering our strengths. In order to make it happen, we will strive to create a work environment in which our people can perform at their full potential.

### ● Kobelco Group's Human Resources Strategy



## Enhance Organizational Diversity

### 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. The Kobelco Group has positioned D&I as an important management issue and set forth its vision for the future, basic policy, and KPIs for promotion of D&I, which it is working toward under our Medium-Term Management Plan (Fiscal 2024–2026). 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.
- The "Kobelco One Team" takes on challenges and creates new value from diverse ideas and experiences.

#### • Basic Policy

#### Value the Unique Strength of Individuals

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

#### Promote the 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 viewpoints and ways of thinking.
- Create a corporate culture where employees can take on challenges without fear of failure.

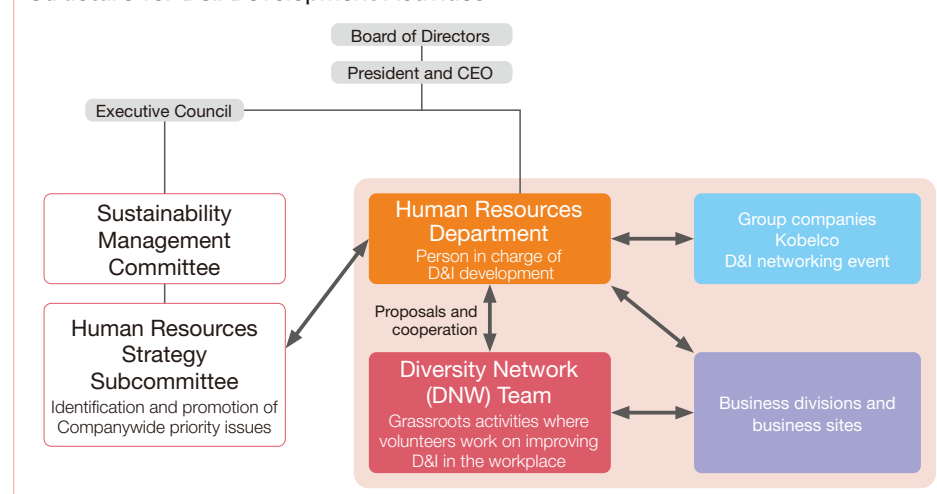
## Human Resources

### ● 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 are also advancing D&I development activities mainly through the Human Resources Strategy Subcommittee and Diversity Network Team to strengthen cross-organizational activities.

#### Structure for D&I Development Activities



### ● KPIs

Increasing the employment rate of new female graduates

Female administrative employees in career-track positions  
**50% or higher**

Female technical employees in career-track positions  
**15% or higher**

Female technical employees in general positions  
**10% or higher**

Development of female leaders

Target number of managers in fiscal 2026  
**100 persons or more**

Strategies and Targets

Support for male employees' participation in childcare

Percentage of employees taking special childcare leave  
**100%**

### ● Fiscal 2023 Results

Increasing the employment rate of new female graduates

Female administrative employees in career-track positions  
**44%**

Female technical employees in career-track positions  
**13%**

Female technical employees in general positions  
**9%**

Development of female leaders

Percentage of managers  
**3.1% 74 persons**

Support for male employees' participation in childcare

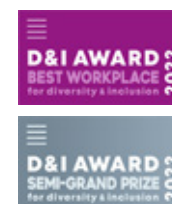
Percentage of employees taking special childcare leave  
**95%**

### ● External Awards and Assessments

- Received the Best Workplace award, the highest recognition, and the Semi-Grand Prize award at D&I Award 2022
- Received Gold ranking (2021 to 2023) and Best Practice Award (2022) in the PRIDE Index, an index for LGBTQ-related initiatives by companies

#### ▶ Human Resources: Initiative to Support LGBT People

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



## Human Resources

### ● Initiatives to Promote Understanding of Diversity

#### ● Diversity Communication Training

Since fiscal 2016, we have been conducting diversity communication training with the aim of improving communication with people of diverse backgrounds. Under the themes of "Improving Awareness of Gender Roles," "Unconscious Bias," and "Empathetic Communication," approximately 1,500 managers and supervisors and other employees who wish to participate take part in the course every year, providing an opportunity to think about how D&I can be utilized in our daily lives.

#### ● D&I Training for Management at Group Companies

In July 2023, under the theme of "Significance and Importance of D&I Management: Leading to Specific Actions," we conducted training for the management of Group companies to become inclusive leaders in D&I development. A total of 42 employees from nine companies participated, and they committed to working on issues such as active communication, organizational diversity by hiring minorities, and prevention of harassment.

#### Results

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

#### ● Promoting Women's Participation in the Workplace

#### Policies Strategies and Targets Results

Both the number of female employees and female managers are increasing. In addition to our aim to increase the rate of female employees promoted to managerial positions, we are carrying out initiatives to build a vibrant culture that embraces each and every employee, regardless of gender.

#### ● Percentage of Female Employees

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Percentage of female employees* (Including Group companies) (%)	9.9	10.6	10.3	14.3	14.2	14.6	14.9

\* Data up to fiscal 2019 is for the Kobelco Group in Japan only.

#### ● Recruitment

	Fiscal 2022			Fiscal 2023		
	Recruitment through the Regular Hiring Process	Mid-Career recruitment	Total	Recruitment through the Regular Hiring Process	Mid-Career Recruitment	Total
Men	224	188	412	234	304	538
Women	25	33	58	37	64	101
Total	249	221	470	271	368	639
Proportion of women (%)	10.0	14.9	12.3	13.7	17.4	15.8

#### ● Workforce

	Fiscal 2022	Fiscal 2023
Men	10,284	10,428
Women	1,084	1,106
Total	11,368	11,534
Proportion of women (%)	9.5	9.6

#### ● Continuous Years of Service

	Fiscal 2022	Fiscal 2023
Men (Years)	15.4	15.4
Women (Years)	14.5	14.5
Difference in average continuous years of service between men and women (%)	-5.8	-5.8

Note: Regular employees only

## Human Resources

### • Number of Managers

	Fiscal 2022	Fiscal 2023
Men	2,256	2,302
Women	65	74
Total	2,321	2,376
Proportion of women (%)	2.8	3.1

Note: Due to changes in the calculation method, the figures for fiscal 2022 have also been revised.

### • Directors

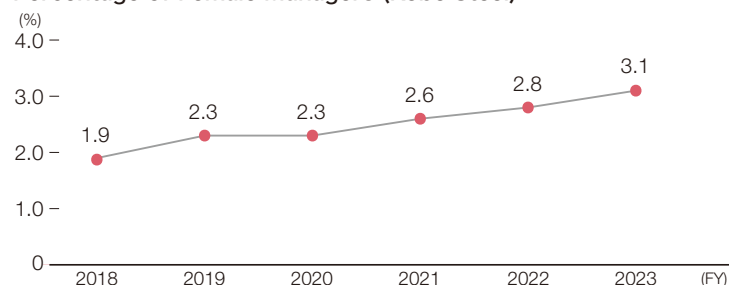
	Fiscal 2022	Fiscal 2023
Men	11	11
Women	2	2
Total	13	13
Proportion of women (%)	15.4	15.4

Note: After the Ordinary General Meeting of Shareholders held in June 2024, there are 10 male directors, three female directors, and the proportion of female directors is 23.1%.

### • Initiative to Develop Female Leaders

We are working to develop female leaders with the target of increasing the number of female managers to 100 or more by fiscal 2026.

Percentage of Female Managers (Kobe Steel)



Note: Due to changes in the calculation method, the figures for fiscal 2018 to fiscal 2022 have also been revised.

### • Training for Female Leaders

With the goal of thinking about one's own leadership and putting it into practice, we provide training specifically for women in mid-level positions. A total of four programs were held, including a panel discussion with female managers, role playing, and a networking session for participants.

Participants provided many positive comments, such as, "I realized that every leader is different and I learned that I could be a leader in my own way" and "It was a great opportunity to talk with my supervisor about leadership."

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

We have formulated our Third 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.

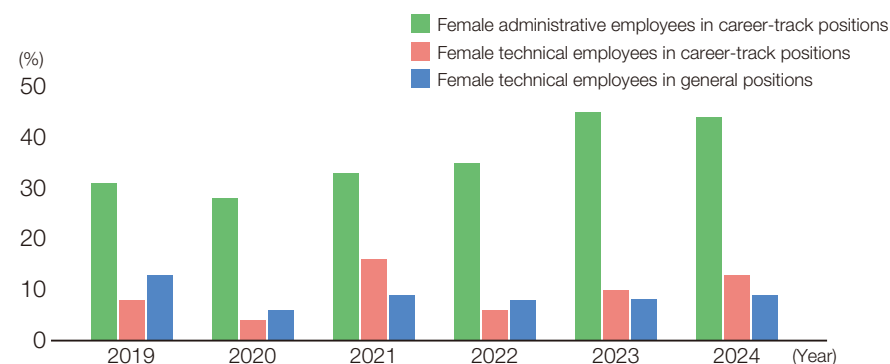
#### Third Action Plan (Fiscal 2024–2025)

Target 1	Increase the employment rate of female new graduates to 50% or higher for administrative career-track positions; 15% or higher for technical career-track positions; and 10% or higher for general technical positions
Target 2	Increase the number of female managers to 100 or more by fiscal 2026
Target 3	Increase the percentage of male employees taking childcare leave or special leave for child-rearing to 100%

### • Initiative to Increase the Number of Female New Graduates Hired

Beginning with new hires 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 (As of April 1)



## Human Resources

### • 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.



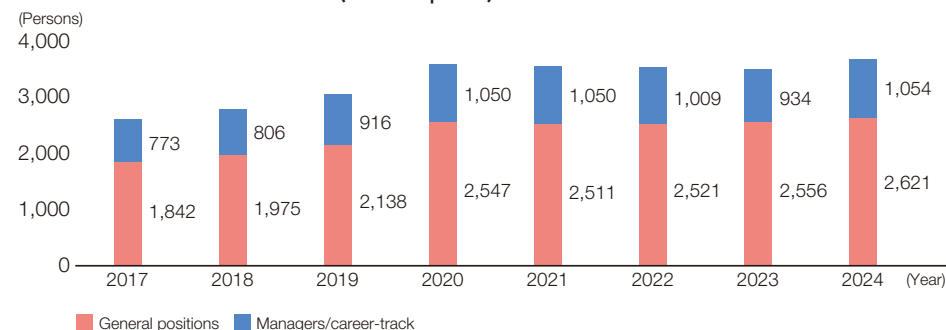
### • Initiatives for Mid-Career Hires

Results

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

With the aim of greater retention of mid-career hires and their active participation, we have revamped our onboarding measures to provide opportunities for them to form personal networks, understand the corporate culture, and learn what they need to do to readjust to the organization.

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



### • Initiative to Support Employees from Overseas

Results

Employees from overseas are active in a wide range of fields at our Company. Since employees from overseas have various backgrounds, including where they are from, and diverse values, we support each individual so that they can draw out their strengths and play an active role.

### • Cross-Cultural Management Training for the Supervisors of Employees from Overseas

We hold regular training sessions to help supervisors who have employees from overseas 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 Employees from Overseas

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 Employees from Overseas

With the aim of encouraging employees from overseas 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.



### • Initiatives for Employees with Disabilities

Results

#### • Employment of People with Disabilities

We actively promote the hiring of people with disabilities.

Recruitment activities are conducted throughout the year with the aim of having an increased number of employees with disabilities. Our efforts include collaboration with 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.

Additionally, we strive to improve the work environment so that each individual can work with peace of mind while fully demonstrating their abilities.

## Human Resources

### Employment Rate of People with Disabilities

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Employment rate of people with disabilities (Non-consolidated)	2.30%	2.35%	2.37%	2.34%	2.57%	2.64%	2.62%

### 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 for general employees on LGBT topics. Also, we are improving the environment with better in-house offerings, including 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. We are also working to increase the number of people who become an Ally<sup>1</sup> through seminars and by distributing stickers with the Kobelco LGBT ALLY logo. In recognition of these initiatives, we received the highest ranking of Gold in the PRIDE Index<sup>2</sup> for the third consecutive year in 2023 and received the Best Practice Award in 2022.

In May 2024, we endorsed Business for Marriage Equality (BME)<sup>3</sup>.

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.

3 Campaign to visualize companies that support marriage equality (legalization of same-sex marriage)

Kobelco  
LGBT ALLY Logo

Gold Ranking in  
2023 PRIDE Index

Best Practice

Business for  
Marriage Equality

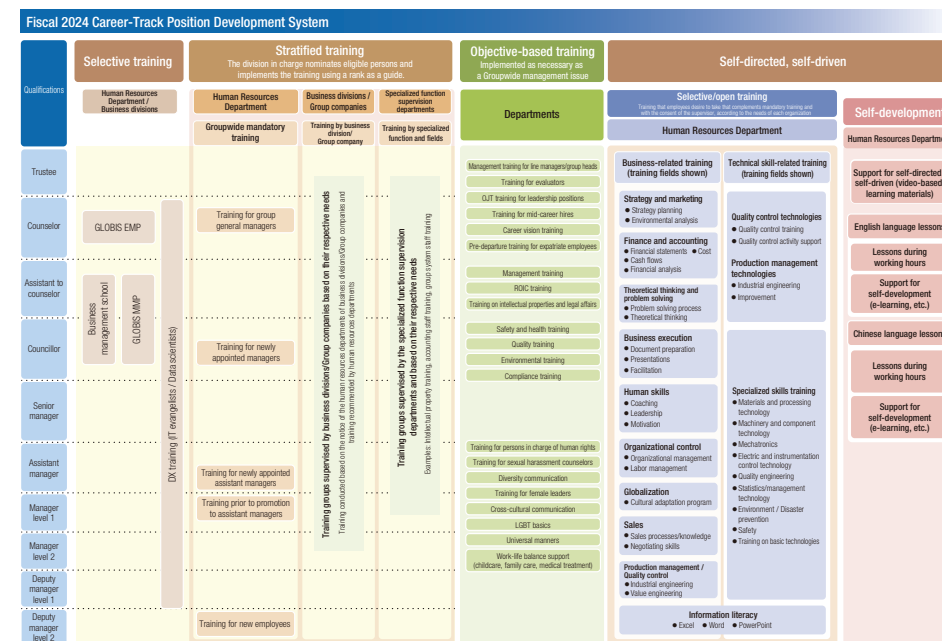


### Encourage the growth and initiative of every employee

Results

### Human Resources Development

To maintain and enhance *monodzukuri* (manufacturing) 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.



## Human Resources

Training System for Employees in General Technical Positions			
Qualification	Common and stratified training (Mandatory)		Specialty College of Industrial Technology
	Details/Content, etc.	Period	
Section manager	Follow-up training for newly appointed section managers	1 day	Training for leaders (TWJ) at Advancing in attitudes (AWA)
	Training for newly appointed section managers (second half)	5 days	
Foreman	Training for newly appointed foremen (second half)	10 days (Stage I: 5 days) (Stage II: 5 days)	
	Training for newly appointed foremen (first half)		
Group leader	Training for group leaders 3 or 10 years after appointment	2 days	
	Training for newly appointed group leaders	3 days	
Chief	Leadership training	3 days	
	Training for employees in chief positions		
Assistant chief	Specialized skill training in 1st to 5th years	Approx. 40 to 60 days	
	Common skills training	Approx. 20 days	
Assistant chief	Engagement training	7 days	
	Training for newly hired employees		

\* Trainings are conducted at each business site according to the training system of each business division and business site. Learning curriculum varies depending on the business site.

### Development of New Employees

For the first five years after joining the Company, new employees are provided with systematic group training to learn skills and specialized knowledge. In fiscal 2023, we introduced engagement training with the aim of further promoting employee growth, as the mindset of each individual affects their acquisition of technologies and skills.

In this training, participants experience the importance and fun of teamwork through hands-on manufacturing experiences and deepen their understanding of social contributions through *monozukuri*.



Engagement training for first-year employees

### Technical Skills Competitions

Every year, we hold a technical skills competition for second-year technical track employees to measure their proficiency in the skills they have acquired and to confirm the fundamentals of safe work. As the automation of machine tools progresses at manufacturing sites, this competition is an important opportunity to foster awareness of safety and health.



Technical skills competition

### Dispatch to the College of Industrial Technology

We have established a dispatch program for leader candidates on the front line to be sent to the College of Industrial Technology in Amagasaki City, Hyogo Prefecture.

In addition to acquiring technical theories and advanced specialized knowledge related to *monozukuri*, the purpose of the program is to grow employees into engineers with improved communication skills through interaction with working students and general students dispatched from industries such as steel companies, volunteer activities, club activities, and participation in academic conferences.

We hope that graduates will serve as role models for other employees as leaders in the field, and we provide opportunities to showcase their learning and achievements to their supervisors and prospective students in March every year.



Joint presentation by students dispatched to the College of Industrial Technology

### 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.

### Shift to and Entrenchment of Self-Directed, Self-Driven Learning Support

We are reducing the ratio of conventional standard/stratified programs, and shifting toward human resources development that is self-directed and 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.

## Human Resources

### Results of Skills Development Training over the Past Three Years

	Fiscal 2021		Fiscal 2022		Fiscal 2023	
Number of employees (Persons)	11,296		11,368		11,534	
	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)
Learning hours	349,585	30.9	408,216	35.9	380,056	33.0

### Human Resources Development Spending in Fiscal 2023

Human resources development spending	1,947 million yen
Human resources development spending per employee	171,000 yen

### ● Improving Operations through Initiatives by Employees

We are promoting operational improvement initiatives by employees in order to increase the quality of work through the review of operations and processes. In addition, we provide the operational improvement award for initiatives to improve and streamline efficiencies in each workplace.

We are working to expand those improvements to more employees by disseminating improvement examples Companywide on our internal portal site.



### ● Voice of an Operational Improvement Award Winner

With the desire to further improve our products, we have built a system that allows us to focus on improvement work by utilizing the macro function of Microsoft Excel to reduce repetitive and menial routine work such as tallying.

By promoting this initiative, we have increased our sensitivity to inefficient or unnecessary work in the workplace. We now have an atmosphere in which people can give suggestions and advice to each other about work efficiency, creating a virtuous cycle in the workplace.



An operational improvement award winner from the Steel & Aluminum Business

## Develop a work environment where employees can play active role

### Promoting Work Style Transformation

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 transformation activities for its 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 transformation 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.

### ● Promotion of Flexible Work Styles

Results

#### • Telework System

We have established a system that allows employees to work without coming to the office, and introduced a telework system so that employees who are balancing childcare or family care or have time constraints can play an active role to the fullest while being conscious 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. In fiscal 2023, we abolished core time and established a system to enable more flexible work styles.

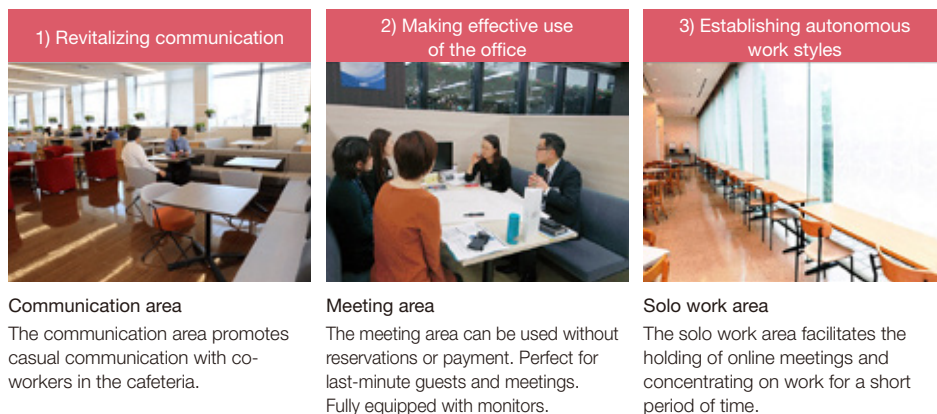
#### • Use of Microsoft Teams

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

## Human Resources

### • 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 a solo work area 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.

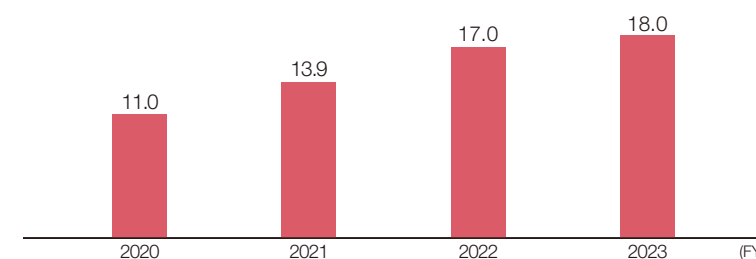
### • Shift to Less Formal Attire

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.

### ● Initiatives to Reduce Working Hours

To create an environment in which employees can work healthily for a long period of time, we are promoting initiatives to improve operational efficiency and reduce working hours throughout the company via work style transformation activities. In order to improve productivity and offer work styles with greater balance, each division does not work past 7 p.m., and sets a no-overtime day and a day to leave work at the end of the work day. Also, a goal for employees has been established for taking 15 days of annual paid leave to encourage them to take days off in a planned manner.

Number of Days of Paid Leave Taken (Days per employee per year)



# Work-Life Balance

## Support for Work-Life Balance

## Policies

## Strategies and Targets

## Results

To help employees achieve work-life balance, we are actively providing information on training and seminars to support balancing childcare, nursing care, and medical treatment, and are working to improve the workplace environment.

Not only for those eligible but also for their supervisors, we post information on how to review internal systems and work styles, as well as on various other services, on the internal D&I promotion website so that employees can access this information at any time.

## Childcare Support

We are moving forward with initiatives to support a balance between work and childcare, regardless of gender. Our initiatives in childcare support have gained recognition, and the Company received the "Platinum Kurumi<sup>1</sup>" certification as an Outstanding Childcare Support Company (acquired in 2019).

In the past, we have received "Kurumin<sup>2</sup>" certification twice, in 2012 and 2015. The Platinum Kurumin certification was awarded to our Company for the recognition of our efforts such as promoting work style transformation activities, which increased the rate of employees taking annual paid leave, and encouraging male employees to take the Company's own special leave for childcare.

- 1 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.
- 2 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.



## Usage of Main Childcare Support Systems

## Results

### ● Usage of Childcare Support Systems

#### Percentage of Employees Taking Childcare Leave<sup>1</sup> and Average Number of Days Taken<sup>2</sup>

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Men	8.2%	16.5%	32.0%	42.3%
	76 days	57 days	62 days	72 days
Women	97.3%	100.0%	100.0%	100.0%
	470 days	431 days	487 days	465 days

- 1 Percentage of employees taking leave for a child born within the fiscal year
- 2 Number of days includes persons who took leave the previous fiscal year and the current fiscal year.

#### Percentage of Employees Taking Special Childcare Leave

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Men	77.8%	78.5%	88.0%	95.0%

### ● Support for Male Participation in Childcare

With the aim of supporting men's participation in childcare, we are conducting activities to encourage male employees to take childcare leave\* with the goal of reaching a 100% rate of male employees with infants taking childcare leave\* by the end of fiscal 2024.

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 our internal D&I promotion website, we discuss how to take childcare leave, introduce examples of male employees who have taken childcare leave, and hold seminars and other events for taking childcare leave.

As a result of these activities, the number of employees taking childcare leave is increasing, and the average number of days taken is also on the rise.

\* Special paid leave that can be taken by employees with children under the age of three

## Strategies and Targets



## Nursing Care Support

## Policies

We have created an environment that supports a balance between work and nursing care. Nursing care leave can be taken for up to three years for making necessary preparations for nursing care at home. We have also established a system for responding to consultations from employees by assigning nursing care counselors at each business site. We create and distribute a handbook to support balancing work and nursing care as part of our active efforts to provide information on nursing care.

### ● Nursing Care Seminar

To help employees begin preparing for providing a loved one with nursing care, we hold training to support balancing work and nursing care, and provide them with information about nursing care and tools to communicate with family members who may need nursing care.

## Work-Life Balance

### Support for Employees Battling Illness or Undergoing Infertility Treatments

#### Policies

By reviewing the leave system, we are supporting employees to balance work while battling illness or undergoing fertility treatments. In addition, we hold various seminars to provide information and promote understanding of those around them.

#### ● Women's Health Seminars

We hold seminars on themes such as symptoms associated with menstruation, menopausal symptoms, and infertility treatment to deepen understanding of the decline in the performance of female employees due to health issues specific to women and the Company's support for helping women to balance work and life. We also hold networking sessions for new female employees on the technical career track where they can hear from senior female employees about communication methods related to women's health issues in a workplace dominated by men.

### Other Support for Work-Life Balance

#### Policies

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

#### ● Kobelco Life Support Leave

In order to build a flexible employment system that contributes to the active participation of our diverse workforce, we established the Kobelco Life Support Leave program in fiscal 2023 with the goal of expanding support for employees who are temporarily restricted from working due to reasons such as medical treatment, family care, volunteer activities, or reskilling, in addition to conventional childcare and nursing care support.

#### Overview of Kobelco Life Support Leave Program

Number of days granted annually	5 days (granted April 1 every year)
Increments of leave	1 day or half day
Unique feature	Can accumulate up to 60 days
Reasons for taking this leave	Leave can be taken as needed for childcare, nursing care, medical treatment, volunteer activities, reskilling, etc.
Number of employees who took this leave in fiscal 2023 (at least one day)	2,684

#### ● 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 reemployment 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 the 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.



# Building Responsible Supply Chains

## Basic Policy

### Strategies and Targets

In order to realize KOBELCO's View of the Future, as a responsible member of the global supply chain, the Kobelco Group actively promotes initiatives to address issues such as human rights and environmental challenges, not only within the Group but also throughout its supply chains.

In accordance with our Basic CSR Procurement Policy for 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 CSR Procurement Policy

### Policies

Our Group has formulated the Basic CSR Procurement Policy, which systematizes its approach and action agenda to build responsible supply chains and shares it with all of its business partners.

#### ► Procurement

(The entire Basic CSR Procurement Policy is available on our corporate website.)

Approach	· Basic Procurement Policy · Requests to Our Business Partners	
Response policies	1. Notification of Requests to Our Business Partners to the suppliers of our business partners	3. Information disclosure
	2. Solicitation for compliance with Requests to Our Business Partners and support for improvements	4. Cooperation with business partners 5. Cooperation with employees, Group companies, and affiliates

## Basic Procurement Policy

### Policies

The Kobelco Group'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 of 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.

## 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. (For details, please visit our corporate website.)

#### ► Procurement

### 1. Compliance

Comply with applicable laws and regulations in your country and the countries/regions in which you operate.

### 2. Human rights and labor

- Prohibited items (forced labor, child labor, inhumane treatment, and discrimination)
- Consideration for working hours, adequate wages and benefits, and freedom of association/ right to collective bargaining

### 3. Safety and health

Occupational safety, emergency preparedness, occupational accidents and diseases, industrial hygiene, consideration for physically demanding tasks, safety measures for machinery and equipment, safety and health of facilities, safety and health communication, and health care of workers

### 4. Environment

Obtain environmental permits and reports; reduce energy consumption and greenhouse gas emissions as well as emissions into the atmosphere; ensure management of water, effective use of resources, and waste management; promote control of chemical substances and management of chemical substances contained in products

### 5. Fair trade and ethics

Anti-corruption, prohibition of giving or receiving unreasonable or improper benefits or facilities, appropriate information disclosure, respect for intellectual property, conduct business fairly, protection of the informant, and prohibition of the use of conflict minerals

### 6. Quality and safety

Ensuring product safety and establishment and operation of quality management system

### 7. Information security

Defense against cyberattacks, protection of personal information, and preventing leakage of confidential information

### 8. Business continuity plan

Business continuity planning and preparation

### 9. Social contribution

Voluntary engagement in activities that contribute to the development of international and local communities

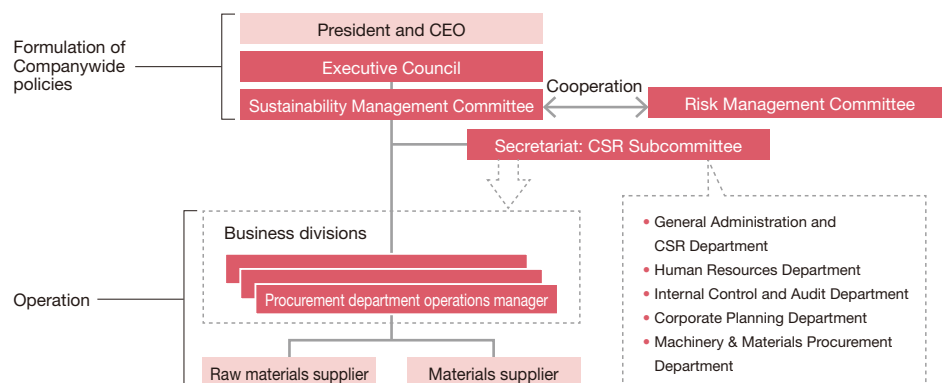
## Building Responsible Supply Chains

### Steering System

#### Structure

Our Companywide policy is proposed by the Sustainability Management Committee to the Executive Council for deliberation to build consensus. The approved policy is carried out by operation managers at procurement divisions 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.



### Response Policies

#### Policies

#### 1. Notification of Requests to Our Business Partners to the suppliers of our business partners

We also ask our business partners to ensure that their suppliers thoroughly understand and implement the above Requests to Our Business Partners.

#### 2. Solicitation for compliance with Requests to Our Business Partners and support for improvements

- We confirm the progress of business partners that require improvements while providing support.
- We may visit business partners in person, including performing third-party audits as needed.
- If appropriate improvements are not made, we may elect to terminate the business relationship.

#### 3. Information disclosure

We disclose relevant information in a timely and suitable manner.

#### 4. Cooperation with business partners

We share the Basic CSR Procurement Policy with business partners and pursue various avenues of collaboration while striving to understand any issues.

#### 5. Cooperation with employees, Group companies, and affiliates

We continuously raise awareness and organize training with regard to the importance of the environment and human rights in the supply chain and our Basic CSR Procurement Policy.

### Initiatives for Fiscal 2023

#### Results

In order to build responsible supply chains, we have conducted surveys to better understand the current situation and used the PDCA cycle.

#### Governance Structure

To confirm the development of internal governance structures at major business partners (approximately 330 companies), we conducted the first general CSR survey in February 2022. Following this, we conducted a second survey of the same business partners to understand the changes from the first survey.

#### ● Detailed Items of the Survey

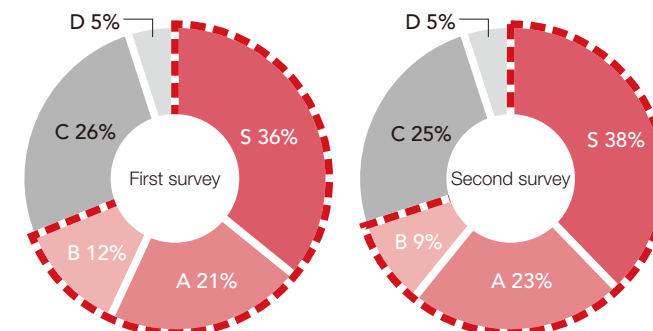
In accordance with the United Nations Global Compact CSR/Sustainable Procurement Self-assessment Tool, we asked questions about business partners' basic stance on each item, legal compliance, and internal management structure, etc.

Item	Number of Questions
(1) Corporate governance related to CSR	20
(2) Human rights	9
(3) Labor	23
(4) Environment	15
(5) Fair business activities	22
(6) Quality and safety	7
(7) Information security	9
(8) Supply chain	7
(9) Live in harmony with the local community	4
Total	116

#### ● Results

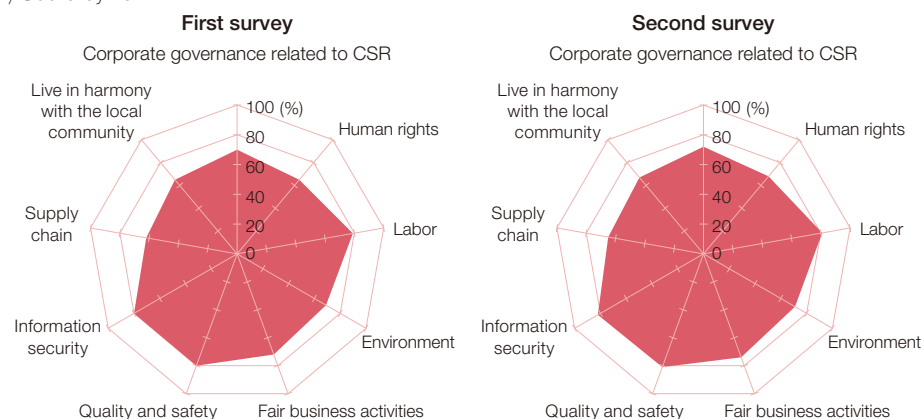
##### (1) Score distribution

Rank	Score
S	85% or more
A	70–84%
B	60–69%
C	30–59%
D	Less than 30%



## Building Responsible Supply Chains

(2) Score by item



### ● Analysis of Results

- 70% of all respondents had an average score of 60% or more (S to B rank) (+1% compared to the previous survey).
- The average score was 73% (+2% compared to the previous survey). The scores of all items increased compared to the previous survey. The scores for "Human rights," which is an important item, increased (+3%) compared to the previous survey, but the score is still relatively low.
- We will continue to conduct the survey going forward.

### Human Rights and Labor

In February 2024, we distributed a guidebook to support the improvement of human rights issues, which clearly states the items that we request to address in the area of "human rights and labor," to suppliers who were found to be inadequacies in their internal governance structure in terms of "human rights and labor" in the first general CSR survey. At the same time, we conducted the first detailed survey on human rights for the purpose of confirming compliance with laws and regulations related to human rights and labor at each business partner. We are now providing feedback to each business partner based on the results of the responses.

#### Items in the Detailed Human Rights Survey (41 questions in total)

Domain	Number of Questions	Domain	Number of Questions
General	2	Adequate wages and benefits	8
Non-Japanese technical trainees	10	Prohibition of harassment	5
Prohibition of child labor	2	Prohibition of discrimination	3
Consideration of working hours	10	Protection of whistleblowers	1

### Conflict Minerals

- We conducted a survey on conflict minerals covering Kobelco. As a result, we found that we did not purchase minerals (tin, tantalum, tungsten, and gold) mined in conflict areas (Democratic Republic of the Congo and nine neighboring countries) regulated by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").
- We will also conduct a survey on cobalt and mica, which are considered the most likely to violate human rights after the above minerals.

○: No purchases made from conflict areas —: No purchases of minerals

Mineral	Steel & Aluminum	Advanced Materials	Welding	Machinery	Engineering	Electric power	Technical Development Group
Tin	—	○	—	—	—	—	○
Tantalum	○	—	—	—	—	—	○
Tungsten	○	○	○	—	—	—	—
Gold	—	—	—	—	—	—	—

### Establishment of Supply Chain Grievance Desk

In order to receive requests for consultation on human rights in supply chains, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in April 2024, and established a structure to respond appropriately, fairly, and transparently to the opinions received through JaCER's engagement and remedy platform as a third-party point of contact. (Information about the Supply Chain Grievance Desk can be found on our corporate website.)

► Procurement

### Initiatives Scheduled for Fiscal 2024 and Beyond

Strategies and Targets

We have designated "human rights and labor" and "conflict minerals" as important items, and will advance initiatives based on the PDCA cycle, continuously understanding the situation at our business partners and promoting support and other measures.

Fiscal 2024	Fiscal 2025	Fiscal 2026
<ul style="list-style-type: none"> <li>Feedback on responses to the first detailed survey on human rights</li> <li>Survey on conflict minerals (cobalt and mica)</li> </ul>	<ul style="list-style-type: none"> <li>Third CSR survey</li> <li>Second detailed survey on human rights</li> </ul>	<ul style="list-style-type: none"> <li>Provide in-depth support to business partners found to have room for improvement based on the results of the second detailed survey on human rights</li> </ul>

## Social and Labor Data

				Fiscal 2021	Fiscal 2022	Fiscal 2023
Employees	Consolidated	Consolidated	Persons	38,106	38,488	38,050
	Non-consolidated	Total	Persons	11,296	11,368	11,534
		Men	Persons	10,231	10,284	10,428
		Women	Persons	1,065	1,084	1,106
		Non-Japanese employees	Persons	76	74	87
Percentage of female managers <sup>1</sup>	Non-consolidated		%	2.6 (61 persons)	2.8 (65 persons)	3.1 (74 persons)
Employment rate of people with disabilities <sup>2</sup>	Non-consolidated		%	2.57 (2.3)	2.64 (2.3)	2.62 (2.3)
Number of employees taking childcare leave <sup>3</sup>	Non-consolidated	Men	Persons	82	142	183
		Women	Persons	49	31	73
Percentage of employees returning from childcare leave	Non-consolidated		%	99.0	99.4	99.6
Number of new graduates employed	Non-consolidated	Men	Persons	254	224	234
		Women	Persons	39	25	37
Turnover of employees with less than 3 years of service <sup>4</sup>	Non-consolidated		%	17.7	10.4	4.1
Turnover of employees with less than 10 years of service (Non-consolidated) <sup>5</sup>			%	19.5	20.0	21.1
Number of annual paid leave days taken	Non-consolidated		Days/year per employee	13.9	17	18
Overtime hours	Non-consolidated		Hours/month per employee	17.2	16.5	16.1
Total hours worked	Non-consolidated			2,057.0	2,050.1	2,050.4

<sup>1</sup> Due to changes in the aggregation method (including seconded employees and employees on leave of absence), the figures for fiscal 2021 and fiscal 2022 have been revised.

<sup>2</sup> Figures in parentheses are the statutory employment rate.

<sup>3</sup> 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.

<sup>4</sup> 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 2021 and 2022, the percentage of those retiring by the end of fiscal 2023).

<sup>5</sup> 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 employees who left the Company between fiscal 2014 and the end of fiscal 2023).



## Governance

74	Corporate Governance
87	Compliance
91	Risk Management
93	Quality
95	Tax Risk
96	Information Security (Cybersecurity)

# Corporate Governance

## Basic Stance on Corporate Governance

The Kobelco Group recognizes that corporate value encompasses not only business results and technological capabilities but also the stance on social responsibility to all stakeholders, including shareholders, business partners, people of local communities, and Group employees. 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, we place 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, our 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.**

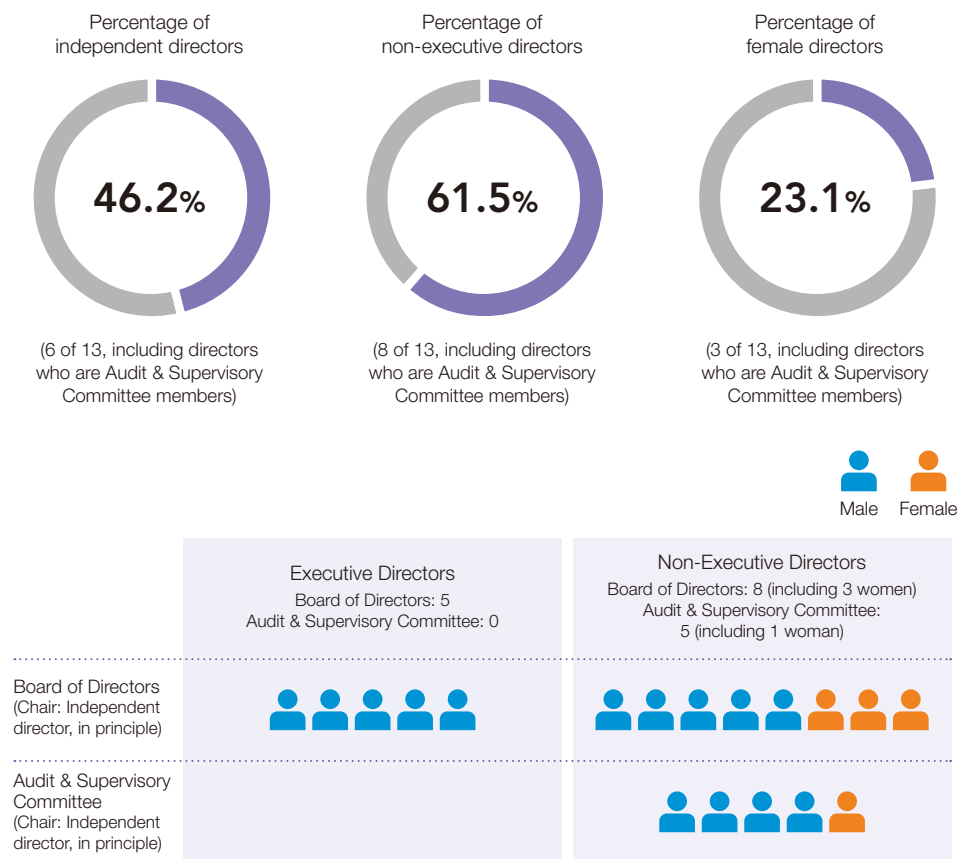
## Initiatives to Strengthen Corporate Governance

	1999	2010	2015	2020	2024	(FY)
Philosophy and Policies	<ul style="list-style-type: none"> <li>• 2000 Establishes Corporate Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>→ • 2006 Establishes Corporate Philosophy</li> </ul>	<ul style="list-style-type: none"> <li>→ • 2017 Turns Corporate Philosophy into the Core Values of KOBELCO and establishes the Six Pledges of KOBELCO Men and Women</li> </ul>	<ul style="list-style-type: none"> <li>→ • 2020 Establishes the new Group Corporate Philosophy by integrating the newly formulated KOBELCO's View of the Future and KOBELCO's Mission</li> </ul>	<ul style="list-style-type: none"> <li>• 2015 Establishes the Basic Policy and Initiatives on the Corporate Governance of Kobe Steel, Ltd.</li> </ul>	
Organizational Structure	<ul style="list-style-type: none"> <li>• 1999 Introduces an internal company system and adopts an executive officer system</li> </ul>	<ul style="list-style-type: none"> <li>→ • 2010 Abolishes the internal company system and introduces a business unit system</li> </ul>	<ul style="list-style-type: none"> <li>• 2003 Establishes the Compliance Committee as an advisory committee to the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>• 2015 Establishes the Meetings of Independent Directors</li> <li>• 2016 Becomes a company with an Audit &amp; Supervisory Committee</li> <li>• 2018 Reassesses the role of the Board of Directors from the standpoint of enhancing its oversight functions</li> </ul>	<ul style="list-style-type: none"> <li>→ • 2021 · Shifts to a Board of Directors that places greater emphasis on decisions regarding important management directions as well as on monitoring that encompasses risk management</li> <li>· Establishes the Corporate Governance Committee as an advisory body to the Board of Directors</li> <li>• 2022 Reduces the maximum number of directors (excluding directors who are Audit &amp; Supervisory Committee members) from 15 to 10</li> </ul>	<ul style="list-style-type: none"> <li>• 2024 Establishes Sustainability Management Meetings</li> </ul>
Directors and Executive Officers		<ul style="list-style-type: none"> <li>• 2007 Appoints two independent directors</li> </ul>	<ul style="list-style-type: none"> <li>• 2015 Establishes principles on appointment of directors/Audit &amp; Supervisory Board members and establishes standards for independent directors/auditors</li> <li>• 2016 Establishes training policy for directors and executive officers</li> <li>• 2019 Appoints the Company's first female director</li> <li>• 2021 Abolishes the positions of senior managing executive officer and managing executive officer</li> </ul>			
Effectiveness Evaluation			<ul style="list-style-type: none"> <li>• 2016 Introduces evaluation system for the Board of Directors</li> </ul>			
Remuneration			<ul style="list-style-type: none"> <li>• 2016 Revises directors' remuneration system (introduces stock-type remuneration)</li> </ul>		<ul style="list-style-type: none"> <li>• 2024 Revises directors' remuneration system (introduces ESG-related indicators, etc.)</li> </ul>	

## Governance

## 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)

Our 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.

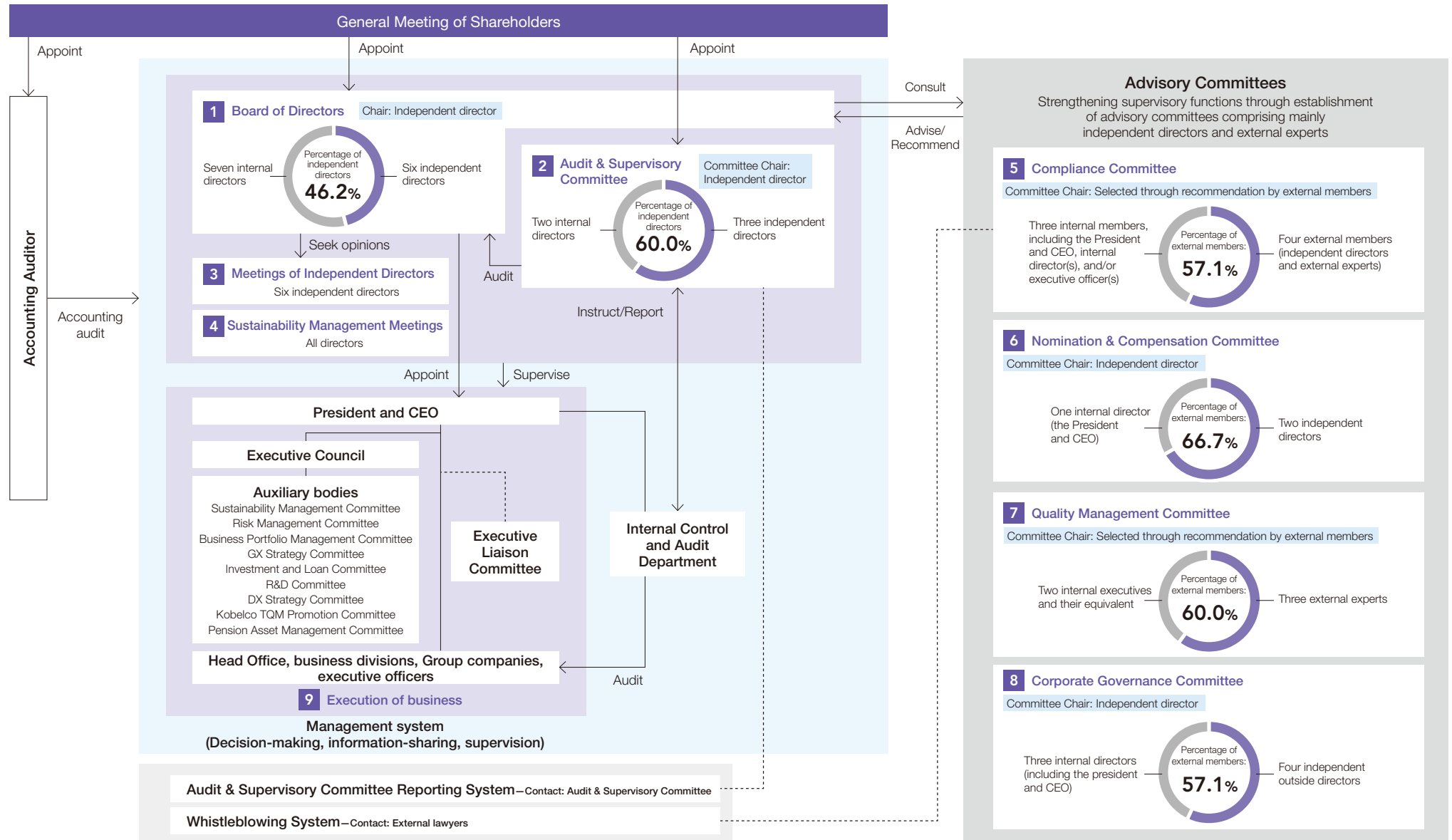
Furthermore, the Company believes it is necessary for the Board of Directors to hold active discussions and make appropriate decisions regarding the risk management and the distribution of management resources for a wide range of businesses, and at the same time, to flexibly supervise business execution. 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 and CEO, 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



## Corporate Governance

### 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 and CEO, 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 Chair 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 Audit & Supervisory Committee Chair is selected from among the 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 Sustainability Management Meetings

The Company established the Sustainability Management Meetings to strengthen the monitoring function of the Board of Directors by sharing broad awareness periodically and exchanging opinions with executive management, including business divisions, and discussing the Group's major sustainability-related activities (Companywide strategies in the areas of carbon neutrality, human resources, quality).

The Sustainability Management Meetings consists of all the directors. Regular meetings are held every quarter and ad-hoc meetings are held when necessary.

### 5 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 and CEO, the director/executive officer overseeing Companywide compliance, the executive officer responsible for Companywide compliance, lawyers (without a retainer agreement executed by the Company) as a contact point for the internal 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.

## Corporate Governance

### 6 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 a chief executive officer, 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 Nomination & Compensation Committee consists of three to five members appointed by the Board of Directors, including the president and CEO, 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.

### 7 Quality Management Committee

The Company has established the Quality Management Committee as an advisory body to the Board of Directors. The committee undertakes continuous monitoring and makes recommendations regarding quality management enhancement activities within the Group, as well as monitors the effectiveness of measures to prevent recurrence of the quality misconduct. The membership of the committee consists of two internal executives of the Company or their equivalent 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.

### 8 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 and CEO, the director/executive officer overseeing the Corporate Planning Department, the director/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 members who are independent directors. The Corporate Governance Committee meets at least once every fiscal year and calls a meeting as needed.

### 9 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 membership of the Executive Council consists of the president and CEO, executive directors, the executive officer responsible for the Corporate Planning Department, executive officers nominated by the president and CEO (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.

To enhance the effectiveness of deliberations by the Executive Council, the Company forms various auxiliary committees dedicated to addressing key matters concerning its business strategy, such as sustainability management, risk management, business portfolio management, GX strategy, investment and loans, and Kobelco TQM promotion, among others.

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

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 within 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 (Fiscal 2024–2026), which was formulated and announced in May 2024, 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.

## Governance

## Corporate Governance

## 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 solving social issues and creating new value, and (3) Skills in further strengthening the business 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	Gender	Length of service as director (Years)	Comprehensive skills in overall management		Skills in solving social issues and creating new value			Skills in further strengthening the business foundation			Insights into other industry sectors	Attendance at Board of Directors' meetings (FY2023)	Attendance at Audit & Supervisory Committee meetings (FY2023)
			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			
President, CEO and Representative Director Yoshihiko Katsukawa	Male	6	●	●			●	●				19 of 19 meetings (100%)	—
Executive Vice President and Representative Director Hajime Nagara	Male	4	●	●					●	●		19 of 19 meetings (100%)	—
Director, Executive Officer Koichi Sakamoto	Male	1	●	●		●						14 of 14 meetings (100%)	—
Director, Executive Officer Shinji Miyaoka	Male	1	●		●	●	●					14 of 14 meetings (100%)	—
Director, Executive Officer Kazuhiko Kimoto	Male	—	●	●	●		●					—	—
Independent Director Yumiko Ito	Female	5		●			●			●	●	19 of 19 meetings (100%)	—
Independent Director Shinsuke Kitagawa	Male	2		●			●			●	●	19 of 19 meetings (100%)	—
Independent Director Yoshie Tsukamoto	Female	—	●		●	●					●	—	—
Director, Audit & Supervisory Committee Member Gunyu Matsumoto	Male	1	●					●	●			14 of 14 meetings (100%)	12 of 12 meetings (100%)
Director, Audit & Supervisory Committee Member Yuichiro Goto	Male	—		●	●	●						—	—
Independent Director, Audit & Supervisory Committee Member Masaaki Kono	Male	4	●	●				●			●	19 of 19 meetings (100%)	17 of 17 meetings (100%)
Independent Director, Audit & Supervisory Committee Member Kunio Miura	Male	4		●						●	●	19 of 19 meetings (100%)	17 of 17 meetings (100%)
Independent Director, Audit & Supervisory Committee Member Nobuko Sekiguchi	Female	2		●			●	●			●	19 of 19 meetings (100%)	17 of 17 meetings (100%)

Notes: 1. This matrix does not present all the knowledge, experience, and skills that each person possesses, but rather maximum four ticks (●) are given for areas that are particularly expected.

2. Directors Koichi Sakamoto, Shinji Miyaoka, and Gunyu Matsumoto took office as Director on June 21, 2023. Since then, the Board of Directors and the Audit & Supervisory Committee have met 14 times and 12 times, respectively.

## 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 Chair 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 2023

#### Overview of the Effectiveness Evaluation of the Board of Directors

Evaluators	All 13 directors
Implementation process	Conducted questionnaire survey targeting all directors and individual interviews by the Corporate Governance Committee The Company entrusted a third-party organization to carry out the questionnaire survey.
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 directors, (6) Discussions during Board of Directors' meetings, (7) Monitoring function of the Board of Directors, (8) Mutual evaluation of directors, and (9) Other
Evaluation method	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

### ● Summary of Analysis and Evaluation Results

- In the evaluation of Board effectiveness for fiscal 2022, we found that it is necessary to strengthen the monitoring function of the Board of Directors by setting a planned agenda and deepening discussions on the realization of a path to enhance corporate value over the medium to long term.
- Therefore, in fiscal 2023, as a result of efforts to share information with directors and hold discussions with execution on themes concerning the business portfolio and sustainability to formulate Medium-Term Management Plan (Fiscal 2024–2026) as well as major investment projects in a well-planned manner, the Board of Directors has deepened its understanding of the executives' efforts and found that 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 2024 and strive to make further improvements.
- Additionally, the Company established Sustainability Management Meetings in April 2024 to further strengthen the monitoring function of the Board of Directors as a forum to share understanding and exchange opinions with executives, broadly and regularly, on our Group's major sustainability activities (Companywide strategies in areas such as carbon neutrality, human resources, quality, etc.)

## Corporate Governance

### ● Future Initiatives for Improving Effectiveness

- The Company will continue to utilize meetings of independent directors and offline meetings to further strengthen the monitoring function of the Board of Directors by regularly exchanging opinions with executives on major sustainability activities at the newly established Sustainability Management Meetings.
- The Company will continue to work to improve the efficiency and discussion-oriented operation of the Board of Directors.

### 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 the Accounting Auditor

#### 1 Basic Approach to Remuneration for Directors and Executive Officers

1. The system aims to secure talented human resources who can contribute to the Company's sustainable development, and appropriately compensate for such efforts.
2. The system aims to share values widely with stakeholders and promote not only short-term growth but also medium- to long-term growth.
3. In offering the incentive for accomplishing consolidated business result targets, the system must be devised with due consideration of the characteristics of each business so that directors and executive officers can fully carry out their roles.
4. 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

1. 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 Executive Remuneration Regulations for Directors and Executive Officers and the 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.
2. 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 into account the level of responsibility of the assigned duties and reported to the Nomination & Compensation Committee and the Board of Directors.
3. Of performance-based compensation, the standard pay amount for the portion linked to division performance will be set at the level of 40–60% 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.

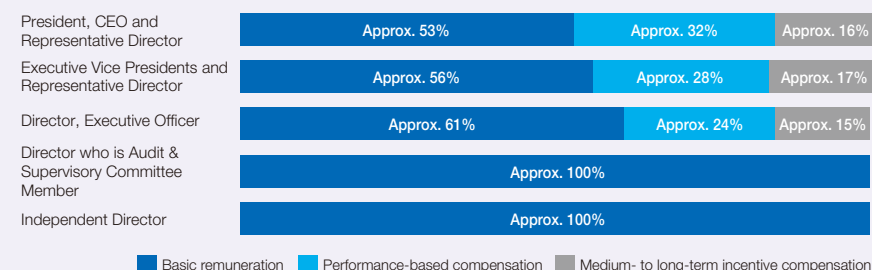
4. Limits of remuneration and other benefits based on the resolution at the Ordinary General Meeting of Shareholders are as follows.

- 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 387 million yen per fiscal year  
Maximum points to be granted for medium- to long-term incentive compensation..... Within a total of 471,200 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 composition of remuneration for directors and executive officers is as follows. 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: 1. 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 standard pay amount for the portion linked to division performance of performance-based compensation and 0–120% of the standard pay 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 respective payments are made at 100% of the standard pay 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.
2. Executive directors and executive officers are based on a standard remuneration rank.

## Corporate Governance

### 3 Performance-Based Compensation

1. 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.
2. 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 individual evaluation reflects the status of ESG-related initiatives in the work entrusted to each director and executive officer.

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

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

- 1 The standard pay amount for each rank and remuneration rank is set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers.
- 2 The coefficient is calculated based on the following formula using the ROIC over the given period as the evaluation index. The applicable business division for the portion linked to division performance shall be determined for respective prospective recipients based on their 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 shall not include the portion of compensation linked to division performance and shall be calculated by multiplying the portion linked to Companywide performance by a factor of 1.0 [Portion linked to Companywide performance × 1.0] regardless of the following formula.

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

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

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

- 3 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%.

3. The calculation methods for the standard pay amount 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.
4. Business management indices are disclosed in the Business Report.

Note: ROIC is used as an evaluation indicator to promote the efficiency of management resources with an awareness of capital cost and strengthening of the business foundation. In the calculation, the maximum payment coefficient (200%) will be reached when the Company achieves ROIC of 8% as stated in the Medium-Term Management Plan.

### 4 Medium- to Long-Term Incentive Compensation

1. For medium- to long-term incentive compensation, a system known as the 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 0–120% according to profit attributable to owners of parent, the state of dividend payment for each fiscal year, and performance against ESG-related indicators will be granted. On a fixed date during each trust period of three years, 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, the Company uses profit attributable to owners of parent (hereinafter, "profit") as an evaluation indicator of the Company's performance. The base value for the calculation is profit of 79.4 billion yen, which reflects the dividend payout ratio as stated in the Company's dividend policy. ESG-related indicators are also used as evaluation indicators as a way of actively promoting solutions to various ESG management issues. Specifically, to comprehensively and objectively evaluate all aspects of our ESG efforts, we use the evaluations of major global ESG rating agencies as indicators. Our benchmark values are a CDP score of A, a FTSE ESG score of 3.9 or higher, and an MSCI ESG rating of AAA.

2. 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.
3. As funds for acquisition of shares thorough the trust, in principle, 1.25 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 an amount derived by deducting the amount of the remaining Company shares, etc. from 1.25 billion yen will be contributed.

#### Calculation method of points to grant medium- to long-term incentive compensation

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

- 1 The base point number for each rank and remuneration rank is set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers.
- 2 The coefficient is determined based on dividends, profit, and performance against ESG-related indicators.

## Corporate Governance

### 5 Timing of the Determination and the Payment of Remuneration Amount

1. 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.
2. 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 in a 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 together with the portion linked to division performance in the amount determined based on the calculation formula according to the results of individual evaluation after the end of each fiscal year.
3. 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 duties expected of directors and executive officers.

### 7 Method to Determine and Examine Remuneration Policy

1. 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.
2. 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 Indicators for Each Compensation

Compensation item	Performance-based compensation	Medium- to long-term incentive compensation
Indicators	ROIC	Profit attributable to owners of parent
Base value for fiscal 2023	5.0%	79.4 billion yen
Actual value for fiscal 2023	6.7%	109.5 billion yen

Note: The base value in the calculation of performance-based compensation (portion linked to division performance) for fiscal 2023 is set at an ROIC of 5%, based on the targets set forth in the Kobelco Group Medium-Term Management Plan (Fiscal 2021–2023).

#### Activities of the Board of Directors and the Nomination & Compensation Committee in Recent Fiscal Years

The following items regarding the remuneration for directors and executive officers have been deliberated by the Nomination & Compensation Committee and then decided on by the Board of Directors.

Meeting period	Deliberations and resolutions
Sept., Nov., and Dec. 2023 and Jan. 2024	Revision of the remuneration system for directors and executive officers (review of performance-based compensation ratio, review of remuneration for outside directors, introduction of ESG-related indicators, submission of the proposal on revision to the maximum amount of remuneration for directors and executive officers to the General Meeting of Shareholders, review of the Basic Policy on Remuneration for Directors and Executive Officers)
May 2024	Additional contribution to the Board Benefit Trust Amounts of performance-based compensation and medium- to long-term incentive compensation for fiscal 2023

#### Fiscal 2023 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)	10 (3)	475 (40)	289 (40)	117 (—)	67 (—)	The number of payees and the amount of payment include two internal directors (not Audit & Supervisory Committee members) who resigned during fiscal 2023.
Directors, Audit & Supervisory Committee members (of whom are independent directors)	5 (3)	102 (44)	102 (44)	— (—)	— (—)	
Total	15	577	391	117	67	

#### Remuneration for the Accounting Auditor

In fiscal 2023, remuneration and other amounts payable to the accounting auditor by the Company totaled 177 million yen, and the total amount of money and other financial interests payable by the Company and its subsidiaries was 559 million yen.

## Corporate Governance

### 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 holdings of shares, if it is deemed necessary for alliances and other arrangements that contribute to the growth of our Group, after considering capital efficiency and economic rationality. However, the holdings of these shares will be kept to the minimum amount necessary and efforts will be made to reduce these holdings in stages.
- The holdings 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 holdings.
- 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 holdings 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 our 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 holdings, 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 holdings 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 has reviewed the necessity of all the strategic holdings of shares that the Company holds in listed companies as of March 31, 2024 at its Board of Directors' meeting.

A summary of the verification results is as follows.

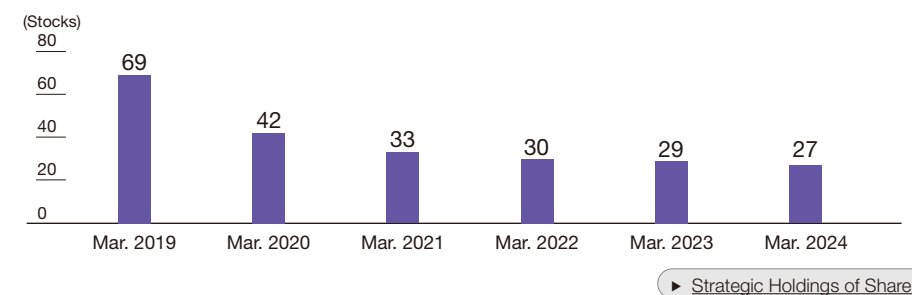
Targets	All the strategic holdings of shares that the Company holds in listed companies as of March 31, 2024 (27 stocks)
Verification details	<p>We verified whether the holdings of each company's shares contributes to strengthening the Company's business foundation and to improving the Company's corporate value over the medium to long term, based on the following evaluation items, and comprehensively judged the reasonableness of each shareholding.</p> <p><b>Evaluation items</b></p> <p>(i) Scale and importance as a business partner (volume of transactions, share of transactions, and stable procurement)</p> <p>(ii) Relationship as an alliance partner (economic effect of the alliance)</p> <p>(iii) Dividend yield</p>

#### ● Verification Results

- As of March 31, 2024, the Company holds 27 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.

However, to ensure these holdings are kept to the minimum amount necessary, 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.

#### Changes in the Company's 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. From these perspectives, two of our 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"> <li>Heightened employee motivation</li> <li>Highly skilled human resources</li> <li>Flexible fundraising from capital markets</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	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. The Company exercises its voting rights on proposals for the election of outside directors of Nippon Koshuha Steel Co., Ltd. in consideration of its independence from the Company.
Kobelco Wire Company, Ltd.	<ul style="list-style-type: none"> <li>Heightened employee motivation</li> <li>Highly skilled human resources</li> <li>Flexible fundraising from capital markets</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	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. The Company exercises its voting rights on proposals for the election of outside directors of Kobelco Wire Company, Ltd. in consideration of its independence from the Company.

► Corporate Governance Report (in Japanese only)

# Compliance

## 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 the plans, and makes necessary revisions and improvements. The committee is comprised of the president and CEO, two other internal members, and four 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 their own compliance committees.

### (2) Kobelco Group's Compliance Program

The 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) Commitment and Risk Assessment, (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 considering the characteristics of respective businesses and regions, we will implement comprehensive and effective compliance activities throughout the Group.

### Kobelco Group's Compliance Program

Commitment and Risk Assessment

Setting Rules and Procedures and Securing Resources

Training and Communication

Monitoring and Response to Reports

Review and Improvement

## 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.

##### ● Risk Assessment

As part of its risk management activities, the Group regularly analyzes and assesses compliance risks associated with its business and activities based on any internal and/or external trends. In particular, violations of competition laws, anti-bribery laws, and security export control laws are regarded as Top Risks since they 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, the Kobelco Group has developed necessary rules and procedures for general compliance, compliance with competition laws, prevention of bribery, security trade control, internal whistleblowing 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 and benefits such as excessive entertainment which may lead to corruption of public officials, and any similar acts that lead to embezzlement or breach of trust among private individuals. We have implemented procedures for preapproval 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 consider that securing the time required for compliance initiatives, such as taking the time necessary for education, is part of securing resources. In addition, we are working to enhance our compliance promotion system by assigning a person in charge of compliance at Group companies in Japan and overseas.

#### Training and Communication

##### ● Training

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

In addition, for specific areas such as compliance with competition laws, prevention of bribery, security trade control, internal whistleblowing systems, etc., we create manuals and conduct necessary training so that they can understand and comply with the rules and procedures associated with their work.

We continuously offer 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 whistleblowing systems widely known through the distribution of cards, posters, the intranet, Group newsletters, etc.

## Governance

## Compliance

## Monitoring and Response to Reports

## ● Monitoring

The Kobelco Group regularly monitors compliance with competition laws, prevention of bribery, and security trade control, which are positioned as Top Risks. We have gradually introduced the Kobelco Compliance Program at Group companies, and checks 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 whistleblowing 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, harassment, etc. When a report is received, we ensure the complete confidentiality of those involved and the full protection of whistleblowers and take appropriate measures utilizing necessary resources and skills.

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

In addition, our Company also provides multiple points of contact for internal and external whistleblowers and accepts reports and consultations from external business partners.

(We had 117 reported cases in fiscal 2023, including those received at Group companies in Japan and overseas.)

## Review and Improvement

## ● Review and Improvement

The Kobelco Group conducts compliance awareness surveys among employees of the Company, its Group companies in Japan, and certain Group companies overseas, and reviews compliance efforts in light of issues that have been identified through monitoring and responding to reports to whistleblowing 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.

With regard to specific laws and regulations, we are now reviewing our initiatives based on amendments and trends inside and outside the Company.

## 4. Status of Specific Compliance Activities

Results

**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.

**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 confirmed the status of activities in areas such as compliance systems, competition laws, prevention of bribery, security trade control, etc.

**Implementation of Compliance Training**

We organized compliance training programs for the Group by job grade, applicable laws and regulations, and roles and implemented them as planned, while utilizing online training and e-learning.

**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 117 reported cases through the whistleblowing system, including those received at Group companies in Japan and overseas, and responded to them appropriately. Also, the status of the responses to these reports was reported to the Compliance Committee.

**Implementation of Compliance Awareness Surveys**

In fiscal 2023, we conducted compliance awareness surveys at the Company, its Group companies in Japan, and certain Group companies overseas. Based on the survey results, we planned compliance promotion activities for fiscal 2024.

## Compliance

### 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 are working to establish a Groupwide framework to prevent 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 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

No events involving fines, penalties, or out-of-court settlements arose in fiscal 2023 in relation to bribery.

### Compliance with Competition Laws

##### Policies

The Company's internal rules and regulations prohibit violations of 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

No events involving fines, penalties, or out-of-court settlements arose in fiscal 2023 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 the 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 have designated 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

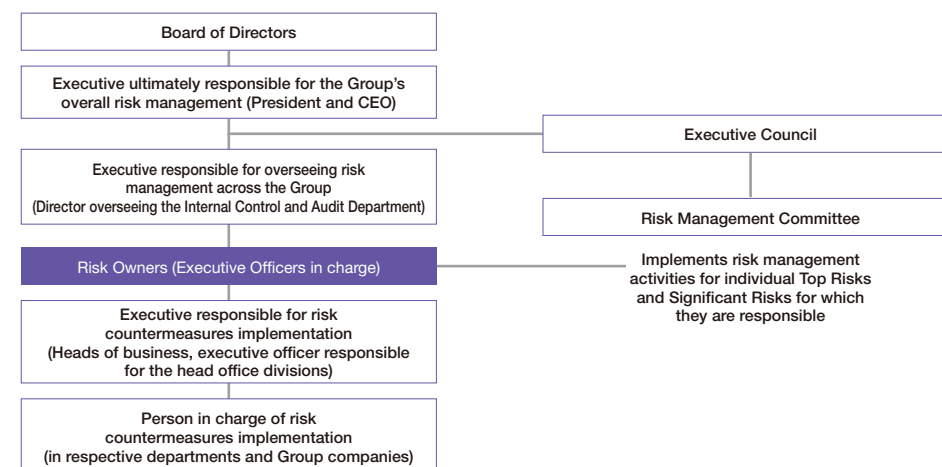
Risk Classification	Definitions
Top Risks	Of Significant Risks, risk that are likely to have a material impact if they materialize
Significant Risks	Risks that have a material impact on the Group and its stakeholders
Risks Identified by Each Department/Company	Risks identified by each department/company, excluding Top Risks and Significant Risks

## Management Structure

### Structure

The president and CEO 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 committee members. The status of the activities of the Risk Management Committee is 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 and CEO, is operated independently from the Audit & Supervisory Committee.

## Management Structure



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 as a Groupwide initiative. 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.

### Identification of Risks

- Identify risks that require response based on changes in the business environment and incidents of internal and external risks
- Select risks to be managed based on potential level of impact

### Establishment of Risk Management Plans

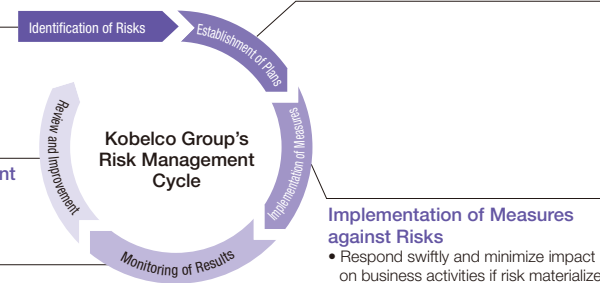
- Establish management plans for individual risks
- Formulate risk measures based on management plans

### Review and Improvement

- Review activities and make improvements

### Monitoring of Results

- Monitor the progress of measures



## Risk Management

## Actions for Major Risks

## Results

Risks	Actions (Examples)	Results
Natural disasters, pandemics	<ul style="list-style-type: none"> <li>• Maintaining, managing, reviewing, and improving business continuity plans (BCPs) already formulated at each business location</li> <li>• Reviewing measures against storm and flood damage based on information such as the latest hazard maps issued by the government and conducting training</li> <li>• Introduced and operating safety confirmation system and damage information collection system</li> <li>• Implementing extensive infection controls following our guidelines for dealing with new types of infectious disease</li> </ul>	<p>[Initiatives for Disaster Prevention and Safety and Health]</p> <p>Disaster Prevention on pages 56 to 57</p> <p>Safety and Health on pages 51 to 53</p>
Quality	<ul style="list-style-type: none"> <li>• Monitoring and providing recommendations for strengthening quality management activities, including preventive measures through the Quality Management Committee, a majority of whose members are outside experts</li> <li>• Transitioned the Kobelco TQM Promotion Meeting, which was an organization under the Trust Improvement Project, to the Kobelco TQM Promotion Committee as an auxiliary body to the Executive Council to strengthen and promote Kobelco TQM activities throughout the Group</li> <li>• Quality audits and Promotion of Conformity to the Kobelco Group Quality Guidelines</li> </ul>	<p>Actions for Quality</p> <p>Quality on pages 93 and 94</p>
Safety management	<ul style="list-style-type: none"> <li>• Fostering safety personnel who can “check safety and ensure safety before work or action” (Fostering a safety culture)</li> <li>• Strengthening safety audits and support for Group companies (Domestic and overseas)</li> <li>• Promoting machinery safety</li> <li>• Safety and health initiatives associated with DX</li> <li>• Initiatives to establish the Occupational Safety and Health Management System</li> </ul>	<p>Actions for Safety and Health and Lost Time Injury Frequency Rate, etc.</p> <p>Safety and Productivity Management on pages 51 to 53</p>
Environmental regulations	<ul style="list-style-type: none"> <li>• Strengthening environmental management (Promoting an environmental management system)</li> <li>• Implementing environmental audits (Paper-based audits and on-site audits)</li> <li>• Environmental training and learning at overseas and domestic locations</li> </ul>	<p>Actions for Environmental Management</p> <p>Environmental Management on pages 26 to 30</p> <p>Appropriate Management of Water Resources on pages 31 to 33</p> <p>Resource Recycling on pages 34 to 37</p> <p>Reductions of Environmental Impacts on pages 38 to 40</p> <p>Biodiversity on pages 41 to 45</p>
Supply chains	<ul style="list-style-type: none"> <li>• Released the Basic CSR Procurement Policy containing our Response Policies for building responsible supply chains added to our Basic Procurement Policy and Requests to Our Business Partners, and formulating mechanisms for the PDCA cycle</li> <li>• Response Policies               <ol style="list-style-type: none"> <li>(1) Request for business partners to notify their suppliers of Requests to Our Business Partners</li> <li>(2) Request for business partners to comply with Requests to Our Business Partners and support provided by Kobelco</li> <li>(3) Information disclosure from Kobelco</li> <li>(4) Cooperation between Kobelco and business partners</li> <li>(5) Cooperation with employees, Group companies, and affiliates</li> </ol> </li> <li>• Implementing CSR survey</li> <li>• Conducting surveys on the status of compliance with important items (human rights and conflict minerals)</li> <li>• Established grievance desk for suppliers</li> </ul>	<p>Actions for Building Responsible Supply Chains</p> <p>Building Responsible Supply Chains on pages 69 to 71</p>

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)

## Governance

## Quality

## Policies

With the highest priority placed on preventing 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.

1. Strengthening the infrastructure that can provide “Trusted Quality”
2. Strengthening management capabilities to provide “Satisfying Quality”

## Quality Charter

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

## Our Initiatives

- 1. Strengthening the infrastructure that can provide “Trusted Quality”
  - 1) Prevent fading awareness by sharing and educating on quality compliance case examples and improving communication (Eliminating inappropriate handling of quality data)
  - 2) Reduction of critical quality incidents through prevention of recurrence and steady implementation of horizontal development (PDCA and SDCA)
  - 3) Enhancing prevention activities through quality KY\* by utilizing critical quality incidents and risks at each level

\* KY (*kiken yochi*): hazard prediction
- 2. Strengthening management capabilities to provide “Satisfying Quality”
  - 1) Implementation of *hoshin-kanri* / daily management from middle management through practical management programs and KPI management (ROIC management)
  - 2) Improving problem-solving skills and activating staff improvement activities through education and utilization of small-group improvement activities

## Structure



\* Total quality management: A method of business management for comprehensive quality control. Kobelco TQM aims to strengthen the management of each business segment while identifying legal compliance issues that serve the needs of customers and society and addressing them with the participation of all employees.

## Targets

Medium-Term Quality Targets (Key goal indicators)	
Percentage of business sites certified under the Kobelco Group Quality Guidelines	FY2025: 100%
Kobelco TQM Completion rate of practical management program	FY2025: Line managers 100% FY2027: Managers and eligible employees of Group companies 100%

## Quality Management Committee

Members of the Quality Management Committee visit the Group's business sites approximately once a quarter to check the status of the activities of the business sites and the quality management system, based on which they make recommendations for improvement. They also receive regular reports on the status of Companywide activities, including the Kobelco TQM activities that started in fiscal 2020, through the Kobelco TQM Promotion Committee, which was newly established in fiscal 2024, and make recommendations.

## Governance

### Quality

#### Kobelco TQM Promotion Committee

Members of the Kobelco TQM Promotion Committee visit the Group's business sites approximately once a quarter to check and discuss the status and the progress of measures common to business divisions and the entire Company in order to raise the quality level of the Group as a whole.

#### Working Groups

##### ● Planning & Promotion Working Group

The Planning & Promotion Working Group is expanding and promoting Kobelco TQM activities throughout the Group in order to provide Satisfying Quality internally. The working group is making efforts to improve organizational capabilities in order to effectively implement TQM and promote improvement activities on an independent and self-driven basis. Recently, the working group is shifting the phase of improving the management skills of middle management from the acquisition of TQM knowledge to practical use. It is also focusing on strengthening and expanding the knowledge acquisition of TQM among staff.

##### ● Quality Assurance Strengthening Working Group

In order to strengthen the foundation of Trusted Quality, the Quality Assurance Strengthening Working Group is promoting activities to ensure that the lessons learned are not forgotten, to reduce critical quality incidents, and to advance preventive activities. As of the end of fiscal 2023, the total number of business sites certified as conforming to the Quality Guidelines (starting in fiscal 2021) was 75. The working group is making efforts to complete the conformity certification of the remaining business sites by the end of fiscal 2025. Through the Quality Caravan Team, the working group identifies problems at business sites and continues to improve the soundness of quality data by utilizing DX, IT technology, and other means.

##### ● Operational Quality Improvement Working Group

The Operational Quality Improvement Working Group aims to achieve sustainable growth at Kobelco by revitalizing QC circle activities and staff improvement activities in small group improvement activities, and by continuing to resolve management issues through the participation of all members. From this fiscal year, the working group launched and will now expand the Business Improvement Award. In terms of 5S activities\*, the working group will establish procedures to ensure a work environment that is secure and comfortable at all times.

\* *Seiri* (sorting), *seiton* (setting-in-order), *seiso* (shining), *seiketsu*, (standardizing), and *shitsuke* (sustaining the discipline)

# Tax Risk

## 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 our 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 systems for advance pricing arrangements for transfer pricing and other routes, 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.

## Taxes Paid by Region

### Results

### Taxes Paid by Region (Consolidated cash flow basis)

Region	Unit	Fiscal 2022	Fiscal 2023
Japan	Billions of yen	17.6	18.9
	Proportion (%)	85	75
Other regions	Billions of yen	3.0	6.2
	Proportion (%)	15	25
Total	Billions of yen	20.6	25.1

Note: 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 promoting 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

### Structure

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<sup>1</sup>/K-SOC<sup>2</sup>, and the respective roles are as follows.

1 Computer Security Incident Response Team  
2 Kobelco Security Operation Center



### ● Information Security Subcommittee

The Information Security Subcommittee, chaired by the CISO (director/executive officer), determines the Group's basic policies and key measures on information security.

### ● Kobelco CSIRT / K-SOC

At Kobelco CSIRT, IT and legal departments, as well as information system-related companies, work together to prevent damages from cyberattacks; update or abolish security regulations and standards; plan and implement information security education and training for directors, executive officers, and employees; and respond to incidents and other events.

## Governance

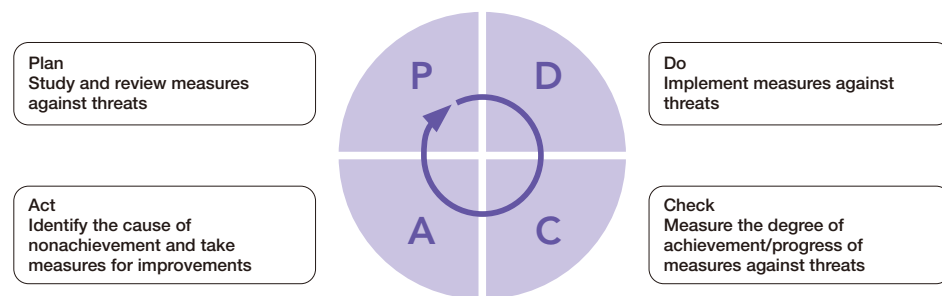
## Information Security (Cybersecurity)

## 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

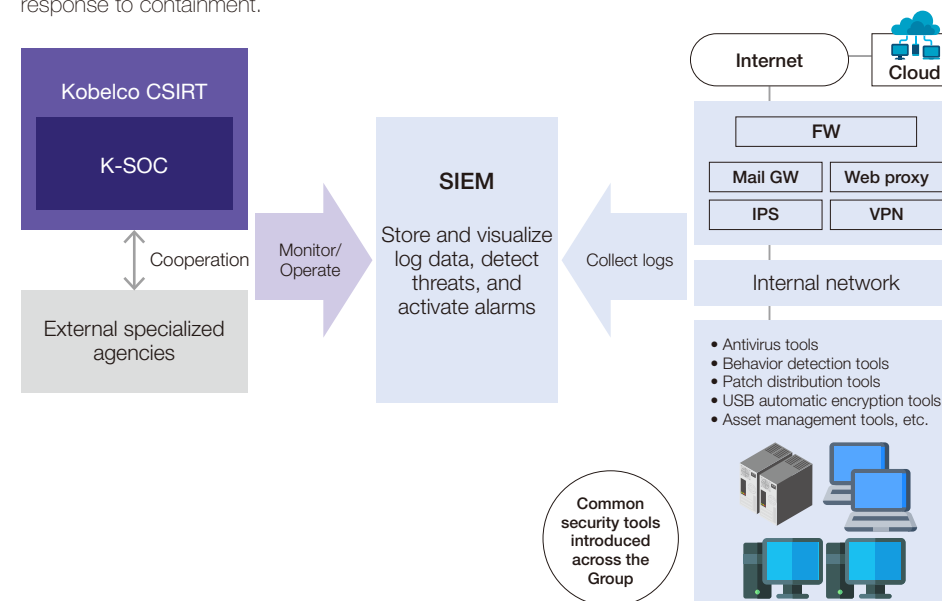


## Information Security Initiatives

## 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

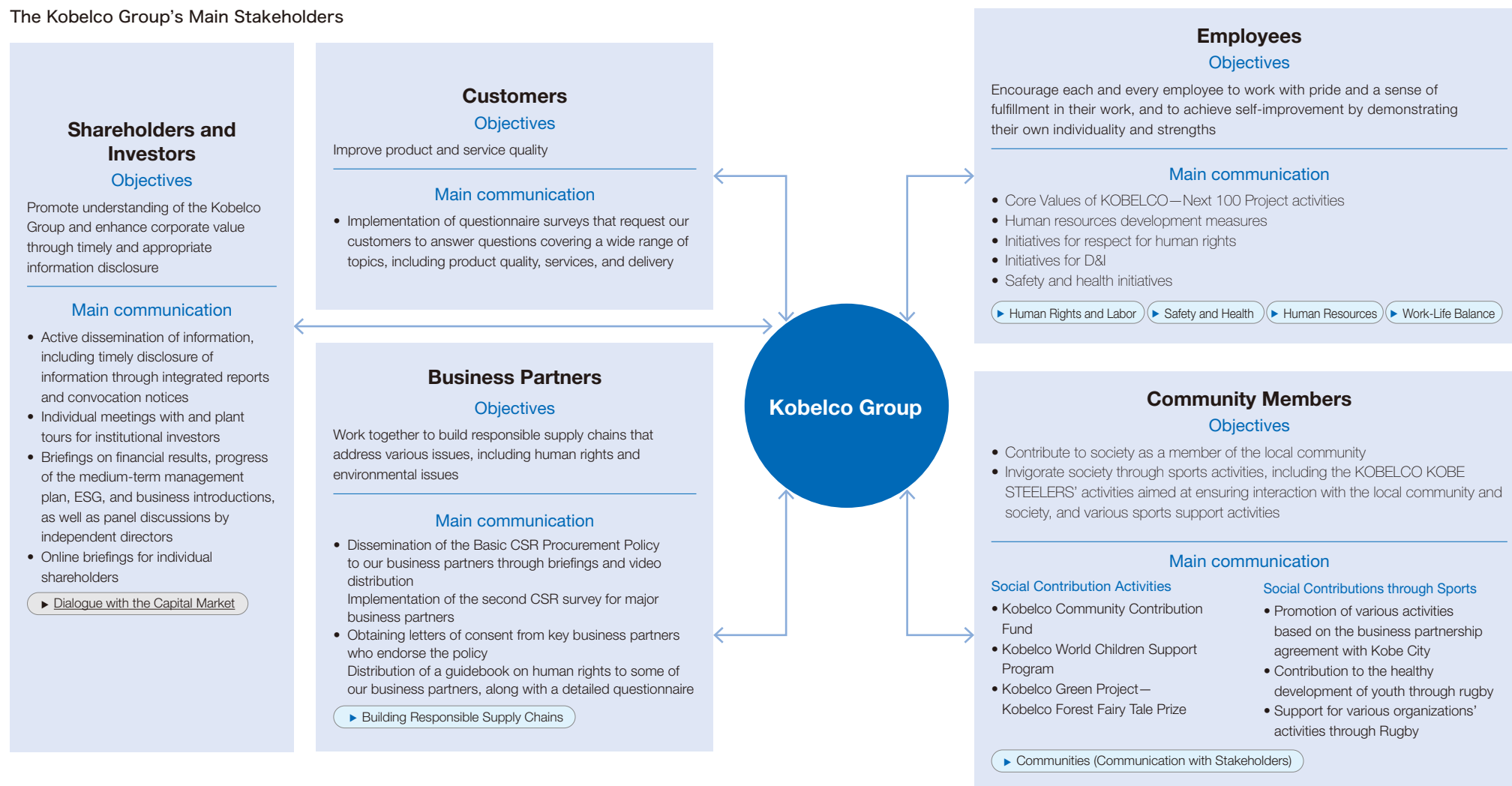
We are working to raise the level of information security management throughout the Group by conducting annual internal audits to check the status of compliance with the Kobelco Group Information Security Standards through annual internal audits and making improvements.

# Communities (Communication with Stakeholders)

The Kobelco Group is committed to proactive communication with its 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



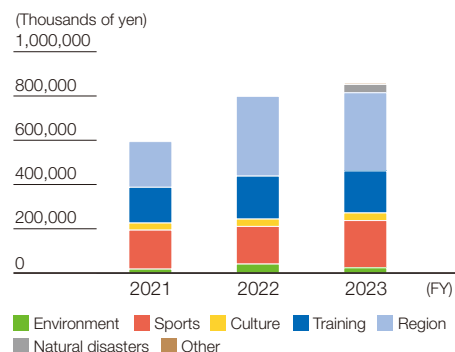
## Communities (Communication with Stakeholders)

### Social Contribution Activities

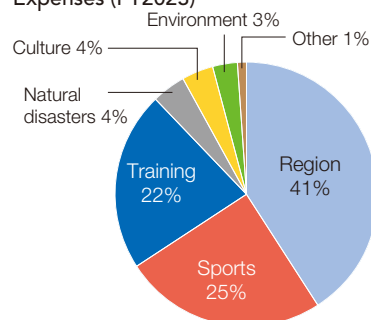
The Kobelco Group carries out various social contribution activities, including support for children through the Kobelco Community Contribution Fund and social contributions through sports. In fiscal 2023, we spent approximately 850 million yen for social contribution activities expenses, such as donations through UNICEF and donations to local governments in areas where our business sites are located.

Since fiscal 2019, expenses for social contribution activities had been declining due to the COVID-19 pandemic, but in fiscal 2023 they increased following the resumption of events and activities and for assistance provided following the Noto Peninsula Earthquake. We will continue to engage in social contribution activities while taking into account the future situation.

#### Kobelco Group's Social Contribution Spending



#### Breakdown of Social Contribution Activities Expenses (FY2023)



### Social Contributions for Communities

#### ● Nadahama Garden Baden

Nadahama Garden Baden is a bathing facility that utilizes the energy of the nearby Kobe Power Plant. Local residents use it as a place for health promotion and relaxation.

In addition, in the event of a disaster, the facility can use pool water for fire prevention, fire extinguishing, and daily use, giving consideration to local disaster prevention.



#### ● Kobelco Community Contribution Fund

In fiscal 2006, the 100th anniversary of the Company's founding, we established the Kobelco Community Contribution Fund, which carries out support activities for children. In fiscal 2023, the Company and its Group companies donated approximately 5.6 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.



### Social Contributions through Sports

#### ● Activities Rooted in the Comprehensive Partnership Agreement with Hyogo Prefecture

On November 9, 2023, we concluded a comprehensive partnership agreement with the KOBELCO KOBE STEELERS and Hyogo Prefecture mainly covering sports promotion and regional revitalization, including the following:

- 1) Promotion of sports through rugby;
- 2) Regional revitalization through collaboration between industry, government, and academia;
- 3) Remembering the lessons of major earthquakes; and
- 4) Disseminating the importance of food by athletes.

Since then, we have carried out activities such as inviting children to watch matches and regional revitalization initiatives in collaboration with universities in the prefecture.

- Rugby classes for beginners were held for fifth and sixth graders and junior high school students in Kakogawa City, Kobe City, and Itami City



#### ● Activities Rooted in the 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 and create a legacy for the Rugby World Cup;
- 2) Improve the health of citizens, promote the sound development of young people, and realize a prosperous society;
- 3) Promote regional revitalization; and
- 4) Disseminate the attractiveness of Kobe City both in Japan and overseas.

In fiscal 2023, we conducted projects in cooperation with related departments of the Kobe municipal government.

- Rugby classes for elementary schools in Kobe City [Board of Education]
- Collaboration on dissemination of SDGs message [Construction Bureau]
- Participation in the public viewing of Rugby World Cup 2023 in France [Culture and Sports Bureau]
- Participation in the Kobekko Welcome Project [Children and Family Bureau]



▶ [Kobelco Community Contribution Fund](#) (in Japanese only)

## Communities (Communication with Stakeholders)

### ● Elementary School Graduation Exchange Match

On March 16, 2023, before the match against Saitama Panasonic Wild Knights in Round 10 of Japan Rugby League One 2023–24, the Harvest Global Presents KOBELCO KOBELCO STEELERS Elementary School Graduation Exchange Match was held at the Kobe Sports Park Universiade Memorial Stadium Auxiliary Field.

This year marks the third time the tournament has been held since 2022 based on the desire of Ambassador Daisuke Ohata to “make good final memories of elementary school among all his sixth grade teammates, regardless of whether they are a regular player or not, to wear the team’s uniform and take part in matches without worrying about winning or losing.”



### ● Community Child Watch Activities

Since 2019, we have watched over children walking to elementary schools near the Kobe Head Office.



### ● Support for the Activities of Various Groups through Rugby

(Support for Activities of the Hyogo Guide Dogs Association)

The KOBELCO KOBELCO 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. This year as well, many visitors came to the booth to participate in our activities.



(Support for Activities of the Kobe Kodomo Takushoku Project; Delivering Food for Children (BE KOBELCO PROJECT))

We conducted PR activities for a food drive at the match venue.



▶ KOBELCO KOBELCO STEELERS (in Japanese only)

### ● KOBELCO Cup for Spreading and Developing High School Rugby in Japan

In order to contribute to the spread of high school rugby, we hold the KOBELCO Cup with the aim of supporting high school rugby nationwide. The KOBELCO Cup, which celebrates its 20th anniversary this year, plays an extremely important role in strengthening Japanese rugby and developing players. The Kobelco Group is also a special sponsor of the National High School Rugby Tournament, which is held in Hanazono, Higashiosaka City, every year during the year-end and New Year holidays.



### ● Community Exchange Facility: Nadahama Sports Zone

The Nadahama Sports Zone has tennis courts and artificial turf fields that are open to the public.



## Social Contributions for Education

### ● Nadahama Science Square

Nadahama Science Square connects the four themes of “steelmaking,” “power generation,” “energy,” and “the environment.” In the exhibition room, visitors can experience the fun and wonder of science and technology while playing, and on weekends, fun events such as experiments are held. In addition, the green space and the biotope in the facility are used by local residents as places to relax.



## Social Contributions for People Affected by Disasters

### ● Supporting Areas Affected by Disasters

The Kobelco Group provides support to people following earthquakes and other natural disasters. After the Noto Peninsula Earthquake occurred in January 2024, we have donated 30 million yen through the Japanese Red Cross Society.

## Communities (Communication with Stakeholders)

### ● Kobelco World Children Support Program

This program was established in fiscal 2021 to support children in need around the world due to natural disasters such as earthquakes and volcanic eruptions, as well as conflicts. In fiscal 2023, we donated 5 million yen to the Japan Committee for UNICEF's natural disaster emergency relief fund and for support of those affected by the Morocco Earthquake. Going forward, we will continue to make donations every year to support activities carried out by the United Nations and other international organizations.

Program Donations in Fiscal 2023  
UNICEF (natural disasters): 4 million yen  
Morocco Earthquake: 1 million yen

### Social Contributions for Culture

#### ● Kobelco Grand Hall (Supporting cultural activities)

We support cultural activities through a contract for the naming rights\* of the grand hall at the Hyogo Performing Arts Center.

\* Refers to the naming of public facilities by companies such as theaters and libraries that are part of a company's support for cultural promotion activities.



### Contribution to Preservation of the Environment

#### ● Kobelco Green Project

The Kobelco Group aims to coexist and cooperate with society from an environmental perspective as well. Since fiscal 2013, we have been promoting the Kobelco Green Project, an environmental contribution activity that fosters a desire to care for the environment, throughout the Group to conserve and maintain forests that are a sink for CO<sub>2</sub>, along with the Kobelco Forest Fairy Tale Prize to foster children's feelings for nature, as well as forest development activities and environmental education outreach to children's centers led by Group employees.

#### ● Kobelco Forest Fairy Tale Prize

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, with approximately 2,000 sets having been donated to elementary schools, junior high schools, high schools, special needs schools, and public libraries run by the sponsoring municipality. In fiscal 2023, we received 569 entries, and Ano Kobayashi's "Forest Emissary Jura" won the Gold Prize in the elementary school category,



11th Gold Prize-winning picture books

and Kanna Hirashima's "Forest Perfume Shop" won the Gold Prize in the junior high and high school category. In addition, we donated picture books to the Hyogo Prefecture Library, the Kobe City Board of Education, and other facilities.

### ● Forest Development Activities

Since 2011, our employees have been engaged in forest development activities at two locations (approximately 5.6ha) in Kobe City and Miki City, both located in Hyogo Prefecture, in order to nurture biodiversity, other environmental functions, disaster prevention functions, and cultural functions in a sound manner.



### ● Environmental Education Outreach to Children's Centers

Kobe Children's Eco Challenge 21 Club, run by the City of Kobe, offers environmental education outreach to children's centers so that children can develop an interest in the environment and continue to practice environmentally friendly activities.

Since 2011, we have been providing programs to learn about the importance of the environment and electricity, and the convenience of iron under the theme of iron and electricity.



### Launched Kobelco's Neo-Haru Action (Social Contribution Activity Website)

We launched a website called Kobelco's Neo-Haru Action to showcase our social contribution activities. This site mainly lists activities that are rooted in the community (*neo-haru*) and are carried out by Group employees.

▶ [Kobelco's Neo-Haru Action](#) (in Japanese only)



# Participation in Sustainability Initiatives and External Evaluations

## Participation in Sustainability Initiatives (Listed below are only major ones)

TCFD



SDGs



White Logistics Movement



#HereWeGo203030  
(Challenge Initiatives for 30% of Executives to be Women by 2030)



United Nations Global Compact



Male Leaders Coalition for Empowerment of Women



Declaration of Partnership Building



GX League



## External Evaluations (Listed below are only major ones as of August 2024)

FTSE4Good Index Series



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



S&amp;P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

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MSCI Japan Empowering  
Women (WIN) Select Index

2024 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

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CDP



Received "A-" in the climate change category  
four years running

Platinum Kurumin



PRIDE Index



Received Gold ranking three years running

2024 Health and Productivity  
Management Organization (White 500)



5th time certified

2023 Award for Excellence in  
Corporate Disclosure



Ranked first in the steel and  
non-ferrous metal category

# Independent Assurance Report

## Independent Assurance Report

To the President, CEO and Representative Director of Kobe Steel, Ltd.

We were engaged by Kobe Steel, Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the “Indicators”) for the period from April 1, 2023 to March 31, 2024 included in its ESG Data Book 2024 (the “Data Book”) for the fiscal year ended March 31, 2024.

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company's reporting criteria”), as described in the Data Book.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Data Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Data Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data Book.

### Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Shinnosuke Kayumi  
Shinnosuke Kayumi, Partner  
KPMG AZSA Sustainability Co., Ltd.  
Osaka, Japan  
September 24, 2024