

Climate-Related Disclosures Based on TCFD Recommendations

Basic Concept

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

Going forward, the Kobelco Group will continue to pursue reduction of CO₂ emissions in order to contribute to 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.

Governance and Risk Management

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

The activities of the CO₂ Reduction Promotion Subcommittee and its study outcomes are reported through the Sustainability Management Committee to the Board of Directors quarterly for supervision and guidance from the Board of Directors. In this manner, we have a system where the Board of Directors has direct governance over risks related to climate change.



Board of Directors	Monitors CO ₂ reduction measures that may have a major impact on management	Quarterly
Executive Council	Deliberates and decides on important matters related to CO ₂ reduction measures	At least once per year
Sustainability Management Committee	Deliberates important matters related to CO ₂ reduction measures	At least 4 times per year

Hajime Nagara, Executive Vice President and Representative Director; Chair of the Sustainability Management Committee

Strategy

Our 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.

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 Risks

As exemplified by the introduction of carbon pricing schemes, environmental regulations on climate change are becoming stricter and may have significant impact on the KOBELCO Group’s

Climate-Related Opportunities

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

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		Growing demand for technologies, products, and services that contribute to reduction of CO ₂ emissions (automotive weight reduction, MIDREX® Process, etc.)	
Market and technology transitions	Rising capital investments, R&D expenses, and operating costs associated with low-carbon technologies			
Reputation	Deterioration of corporate reputation due to insufficient or delayed information disclosure		Differentiation from other companies by establishing a reputation as a frontrunner in combating climate change	
Physical risks (natural disasters, etc.)	Reduction of production volumes and disruptions of supply chains due to increases in floods, typhoons, and other natural disasters		Increase in demand for products due to increased public and capital investments for disaster prevention	
	Increases in costs of countermeasures and reductions in production volumes at factories in coastal locations due to damage from rising sea levels and high tides			

High risk Low risk Large opportunity Small opportunity

Response to Risks and Opportunities (R&D)

Reduction of CO₂ Emissions in Production Processes

Kobe Steel is collaborating with other steelmakers in the development projects being promoted by NEDO in a bid to further reduce CO₂ emissions in the ironmaking process and to realize practical application of these developments. One of these projects is the Hydrogen Utilization Project in Iron and Steelmaking Processes, which was selected as a project under the Green Innovation Fund established by METI. We are promoting efforts aimed at realizing carbon neutrality by 2050.

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

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

Scenario Analysis

In order to better understand future climate-related risks and opportunities, we carried out medium-term (2030) and long-term (2050) scenario analysis. Our scenario analysis is based on the International Energy Agency (IEA)’s 2-degree scenario (SDS: Sustainable Development Scenario) and 1.5-degree scenario (Net Zero by 2050) as well as the 4 degree-scenario presented by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report. For our analyses and evaluations, we also refer to long-term visions published by industry organizations to which we belong, such as the 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.

our stakeholders, including national and local governments, investors, and customers, will pay greater attention to our efforts to reduce CO₂ emissions from our own facilities and expand our environmental menu that contributes to CO₂ reduction.

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 Energy-derived CO₂ emissions in fiscal 2022 totaled 15.6 million tons (Scope 1 and Scope 2), which ranks high even in Japan’s manufacturing industry. Accordingly, we recognize that the trends of future national climate change policies, laws, and regulations, including carbon pricing, are transition risks that may have a significant impact on our business operations.

As for physical risks, the Japan Meteorological Agency (JMA) and various research institutes have reported that, as global warming progresses, the amount of precipitation tends to rise due to the increase of water vapor in the atmosphere, and damage caused by heavy rain and typhoons tends to become more severe. The risk of production stoppages and supply chain disruptions stemming from severe typhoons and heavy rains in recent years is also becoming more and more evident. 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 accordance with its Risk Management Regulations, our Company 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, with the aim of strengthening our risk management.

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

Impact on Business

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

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

Amid growing interest in the response to climate change and the disclosure of relevant information, the importance of CO₂ reduction efforts in the iron and steel industry is expected to continue increasing. For this reason, we anticipate that

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Metrics and Targets

Metric A Reduction of CO₂ Emissions in Production Processes

Targets

In May 2021, our Group announced that it would take on the challenge of realizing carbon neutrality by 2050 and aim to increase corporate value through this transition. We have also set 2030 targets as our medium-term goals.

Trends in CO₂ Emissions

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

CO₂ emissions in fiscal 2022 were down due to reduced production volume year on year, resulting in a 20% reduction versus fiscal 2013.

In the ironmaking process, we have completed a technical test and verified that CO₂ emissions in the blast furnace process can be reduced by approximately 20% by charging a large quantity of direct reduced iron (DRI) in the form of hot briquetted iron (HBI) manufactured with the MIDREX® Process into the blast furnace. Going forward, we will continue to work to achieve our 2030 targets by further developing the HBI charging technology and AI-based blast furnace operation technology to reduce CO₂ emissions from blast furnaces. With a view to achieving carbon neutrality in 2050, we will proceed with a double-track approach of reducing CO₂ emissions through utilizing existing blast furnaces and manufacturing high-grade steel in large electric arc furnaces.

Energy-Derived CO₂ Emissions

In fiscal 2022, our Group's energy-derived CO₂ emissions totaled 15.6 million tons. Of this amount, about 92% was emitted from the steel & aluminum business, about 3% from the advanced materials businesses, and about 4% from the electric power business.

2050 Vision
Taking on the challenge of realizing carbon neutrality

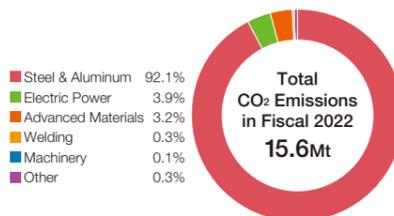
2030 Target
Reduce CO₂ emissions in production processes 30–40% reduction (compared to fiscal 2013)^{1,2}

FY2022 Actual
20% reduction (compared to fiscal 2013)^{1,2}

- Total of Scope 1 and Scope 2
- Covered range for reduction target: Major business locations of Kobe Steel, Ltd. and Kobelco Construction Machinery Co., Ltd., together representing around 93% of CO₂ emissions of the entire Group results for fiscal 2022
Fiscal 2013 emissions in covered range: 18.2 million tons
Fiscal 2022 emissions in covered range: 14.5 million tons

Energy-Derived CO₂ Emissions

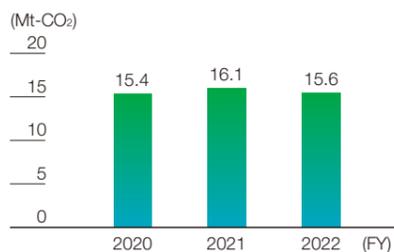
Total of Scope 1 and Scope 2, excluding some areas* (including domestic and overseas Group companies)



* Energy-derived CO₂ emissions do not include CO₂ emissions equivalent to electricity sold externally by the three subsidiaries of the Electric Power Business Unit and the steelworks of Kobe Steel (12.8 million t-CO₂)

Energy-Derived CO₂ Emissions by Year*

Total of Scope 1 and Scope 2, excluding some areas (including domestic and overseas Group companies)



* Figures for fiscal 2020 have been retroactively revised based on the revised calculation method.

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

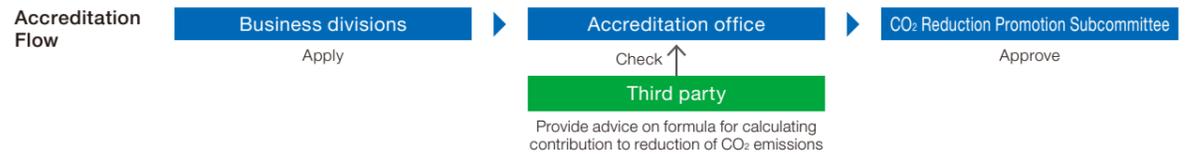
Targets

Our Group contributes to the reduction of CO₂ emissions in various areas of society through its distinctive technologies, products, and services. We have established a target for 2030 and vision for 2050 in terms of its contribution to reduction of CO₂ emissions.

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

2050 Vision
CO₂ emission reduction contribution: 100 million tons or more

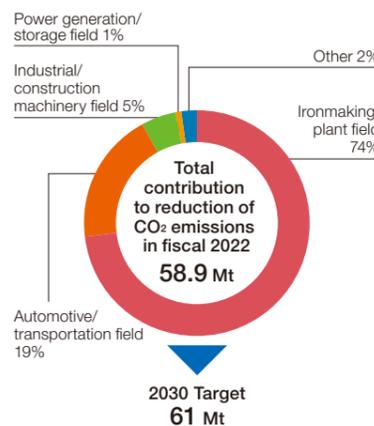
2030 Target
CO₂ emission reduction contribution: 61 million tons or more



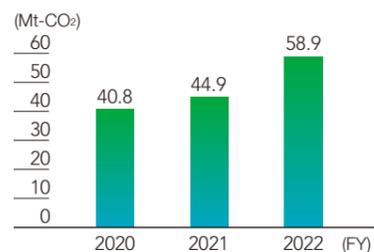
Contribution to Reduction of CO₂ Emissions

The CO₂ Reduction Promotion Subcommittee estimates that the Kobelco Group's technologies, products, and services contributed to the reduction of CO₂ emissions totaling 58.9 million tons in fiscal 2022.

Total Contribution to Reduction of CO₂ Emissions



Contribution to Reduction of CO₂ Emissions by Year



Note: The latest coefficients were used in the calculation of contributions to reduction of CO₂ emissions through technologies, products, and services. These coefficients were revised for the calculation for fiscal 2022.

Technologies, Products, and Services	Contribution to Reduction (10,000 tons/year)	CO ₂ Reduction Concept	
Ironmaking plant field MIDREX® Process	4,341	Low-CO ₂ DRI production method	
Automotive/transportation field	Ultra-high-tensile strength steel for automobiles	922	Improvements in fuel economy by using high-strength, lightweight materials to reduce weight of automobiles and transportation equipment
	Wire rods for suspension springs	27	
	Wire rods for automotive valve springs	80	
	High-tensile strength steel for ships	25	
Industrial/construction machinery field	Aluminum materials for automobiles	31	Benefit of weight reduction in reducing power consumption
	Aluminum materials for rolling stock	7	
Industrial/construction machinery field	Heat pumps, standard compressors, SteamStar, binary generators, Eco-Centri	258	Energy conservation by achieving higher efficiency and utilizing unused energy
	Fuel-efficient construction machinery	48	Improvements in fuel economy by using fuel-efficient construction machinery
Power generation/storage field	Wood biomass power generation, waste-to energy (WTE)	20	Reducing fossil resource use through the use of resources that contribute to carbon neutrality
Other	Blast furnace cement Wire rods and steel bars with no need for heat treatment process	132	Energy-reduction effect in customers' manufacturing process through the use of recycled raw materials and products with no need for heat treatment process

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

Other Major Technologies, Products, and Services that Contribute to CO₂ Emission Reductions

Technologies, Products, and Services	CO ₂ Reduction Concept
Automotive/transportation field Fuel-cell separator materials, titanium for aircraft components	Improvement of fuel economy by reducing weight of automobiles and transportation equipment, effects of replacing gasoline-powered automobiles for next-generation vehicles
Hydrogen utilization field High-purity Hydrogen Oxygen Generator (HHOG)	Effects of reducing fossil resource consumption through hydrogen utilization
Power generation field Conversion of sludge into 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

Response to Climate Change ▶ See ESG Data Book 2023: p.15-26

DX Strategy



The Kobelco Group is committed to creating a sustainable future together with customers to become a provider of products and solutions that help resolve social issues, including achieving carbon neutrality.

To this end, the Group has positioned digital transformation (DX) as a key management strategy. Our DX initiative aims for not only the transformation of IT infrastructure, such as IT tools utilization and digitization, but also a major review and transformation of our business operations and structures.

We will work to create new value by strengthening individual businesses, and also by encouraging organic interaction through collaboration among business divisions and with external parties, leveraging the human resources, technologies, information, customer base and other assets of our Group's diverse businesses.

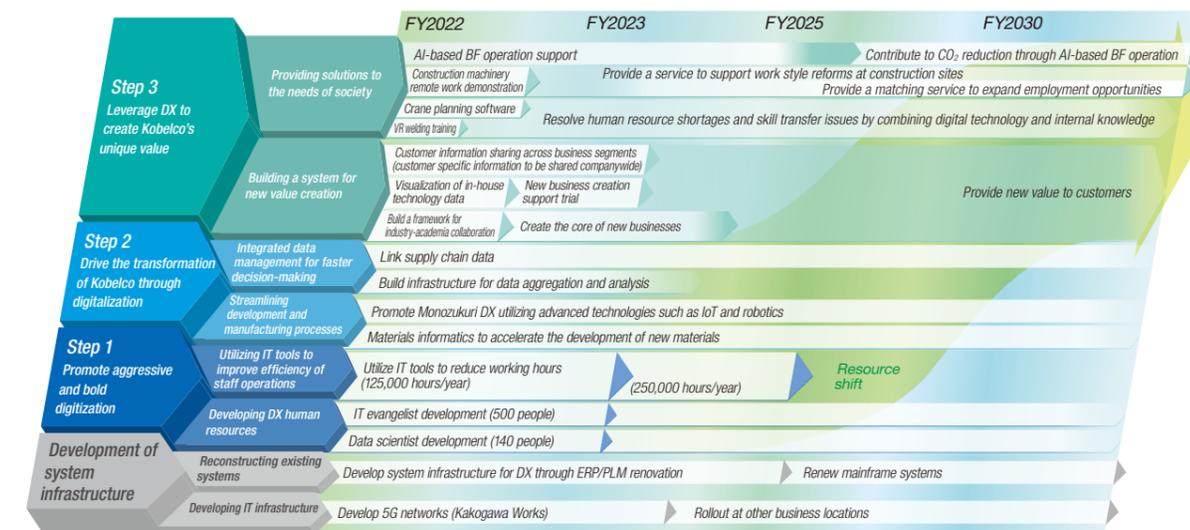
Shinji Miyaoka
Director, Executive Officer
(Chair of the DX Strategy Committee)

Kobelco Group's Basic Policy on DX Strategy

The world is changing at an unprecedented pace and the business environment is becoming uncertain amid the emergence of various new social issues, such as the rapid transition to a carbon-neutral society, changes in the industrial structure triggered by COVID-19, labor shortages due to aging populations, and rising geopolitical risks.

In this business environment, the Kobelco Group believes it is essential to implement a DX strategy that utilizes its diverse and distinctive assets (technological assets and business assets) in order to enhance corporate value through the promotion of sustainability management. We will promote our initiatives, which are defined as Steps 1 to 3.

Utilizing the resources and assets (data) that have been created and integrated through the implementation of Steps 1 and 2, we will move forward with Step 3 that pursues Kobelco's uniqueness through DX. We will promote these initiatives that lead to the resolution of social issues and the creation of new value.



Examples of Major Initiatives

Step 1 Promote aggressive and bold digitization

Our Group is working to create an environment that enables all employees to engage in digitization to improve operational efficiency for themselves.

As an initial step, we focus on the development of IT evangelists who lead the office work improvement using digital technology in each division, aimed at establishing a distinctive human resource development system. We are also working on operational improvement in a wider range of areas within the Company, promoting the use of no-code and low-code development tools that facilitates system development without specialized programming knowledge. We are making steady progress in developing IT evangelists and utilizing no-code and low-code development tools. We expect to exceed our target for hours of office work streamlined by digitization*.

Materiality and Indicators/Targets [▶ See p. 16-17](#)

Step 2 Drive the transformation of Kobelco through digitalization

We are also working to transform our development and manufacturing processes through data utilization.

Our Group has developed DataLab, a platform that enables the central management of data and analytical know-how, which is used openly for data archive and analysis, and

has begun using it for some subjects in material development and IoT.

We will continue to use DataLab for a wider range of subjects in order to improve the efficiency and level of our product development capabilities as well as our solution development capabilities for the enhancement of our monozukuri (manufacturing) capabilities.

Step 3 Leverage DX to create Kobelco's unique value

Japan faces the problem of labor shortages, and the situation is particularly serious in the construction industry. In December 2022, Kobelco Construction Machinery Co., Ltd., a Group company, began providing K-DIVE® services.

K-DIVE® will be a solution for labor shortages and other problems at construction sites by improving the working conditions at construction sites with its construction machinery remote control system and its function of visualizing machinery operation data.

We will continue to support the transformation of construction sites to workplaces where anyone can participate by expanding to general civil engineering sites and providing a service that matches sites with construction machinery operators.

Kobelco Construction Machinery Co., Ltd. [▶ See p. 69](#)

K-DIVE®

Heavy machinery remote control system

The operator can carry out heavy machinery operation from a remote cockpit with the vibration and tilt similar to the actual machine. K-DIVE® enables the implementation of construction work from a safe and comfortable place.



Utilization of operation data on workers and heavy machinery

On-site problems are visualized by the operation data stored in the cloud. K-DIVE® helps increase on-site work efficiency with the support of DB and DX advisors for data utilization.



Companywide DX Promotion Structure

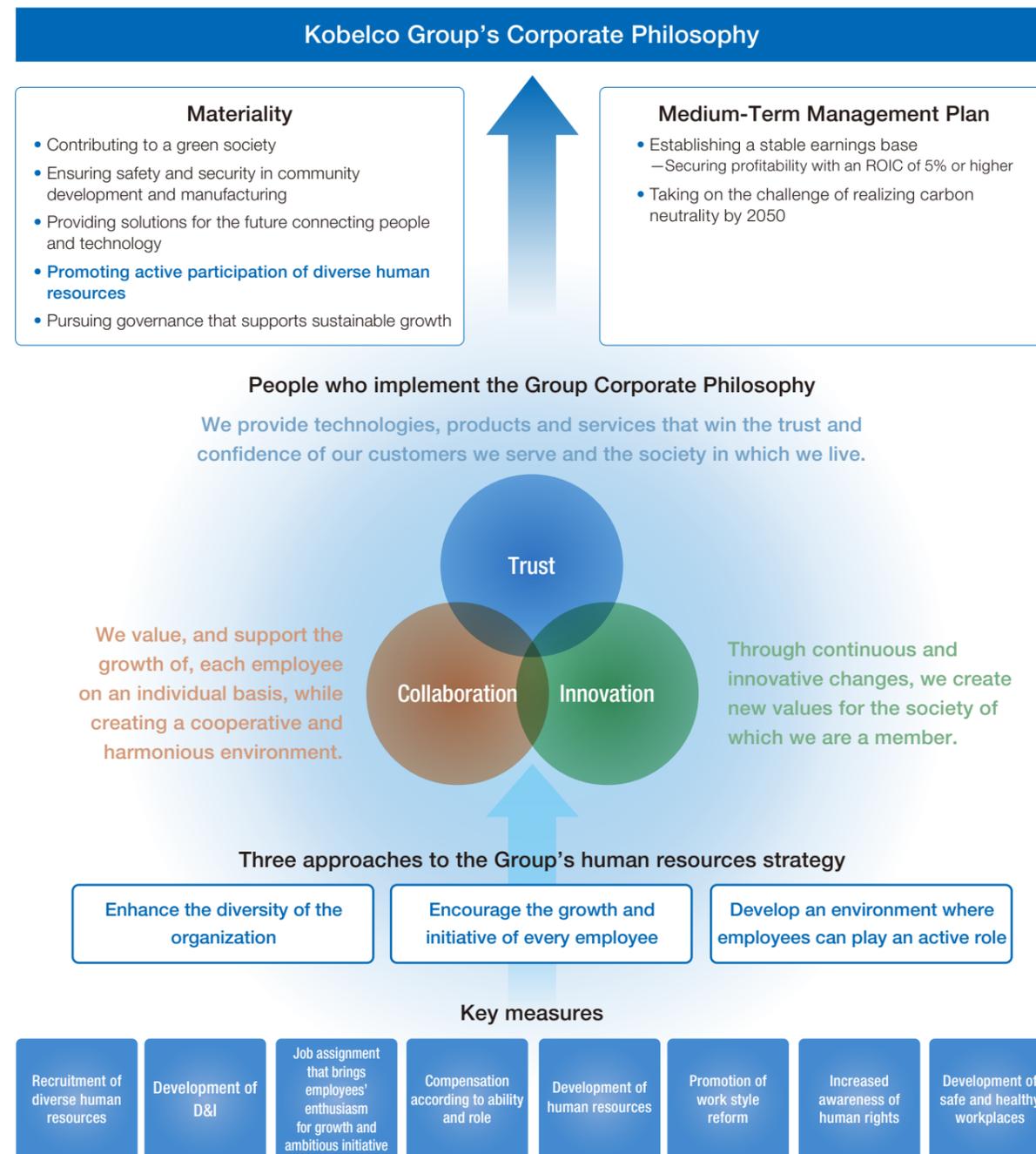
For the promotion of Companywide DX initiatives, we established the DX Strategy Committee as an auxiliary body to the Executive Council and subcommittees to address individual issues.



Human Resources Strategy

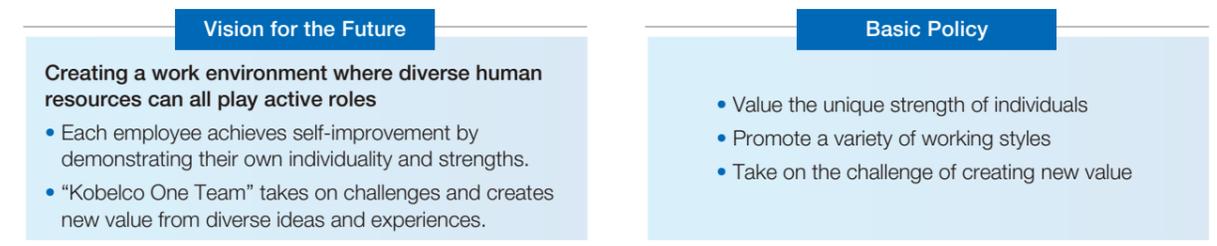
The Kobelco Group believes that in order to fulfill its social responsibilities as a corporate group and create new value, it is important to develop human resources who understand and implement the Group Corporate Philosophy. As a corporate group that operates in a wide range of business fields, we value our 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 an environment in which our people can perform at their full potential.

Kobelco Group's Human Resources Strategy



Development of D&I –Kobelco's unique approach to ensuring all employees thrive–

Our Group has formulated the Basic Policy on D&I and is strengthening the development of D&I in order to realize a work environment where diverse human resources can play an active role.



D&I Development Roadmap We are working to achieve our vision for the future

2021	2022	2023	2030 (FY)
		Achieve Materiality targets	Achieve the vision for the future
Communicate messages on D&I by management		Continue to communicate messages by management	Each employee achieves self-improvement by demonstrating their own individuality and strengths.
Implement and strengthen education on human rights and prevention of harassment		Continue to create an environment that does not tolerate discrimination or harassment in accordance with the Basic Policy on Human Rights	
	Strengthen human resources development for employees with diverse attributes	Rebuild a system for the development of diverse human resources	We create a new culture where diverse human resources can play an active role
Enhance diversity by stepping up recruitment of women, foreign nationals, and people with disabilities		Secure and retain diverse and talented human resources	
	Increase workplaces where women are assigned to technical positions		
Expand work-life balance support systems		Develop flexible work styles	"Kobelco One Team" takes on challenges and creates new value from diverse ideas and experiences.
	Secure workplace resources during long-term leave such as childcare or family care leave	Foster mindset for autonomous career development	
	Introduce and establish "self-directed, self-driven" learning support	Enhance management capabilities to draw out the strengths of diverse human resources	
Enhance management capabilities for developing diverse human resources		Invigorate communication across organizational boundaries	
Create opportunities for companywide cross-functional communication		Sharing the vision of the company for the future through D&I	
Communicate information on D&I policy, targets and initiatives			

Topics

As part of our Kobelco One Team efforts to create new value, we are promoting Diversity Network (DNW*) activities. In fiscal 2022, we proposed D&I improvement measures to executives and began rolling out the measures companywide.

* DNW: A grassroots activity led by employee volunteers to improve D&I in the workplace for specific themes.

Voices of DNW members (reason for participating, etc.)

- ▶ "While learning D&I, I am proposing measures for improvement so that junior employees and future employees feel joy and job satisfaction in the Company."
- ▶ "I get to know people inside and outside the company that I don't normally meet on a daily basis and exchange views with many people. I have learned a lot."
- ▶ "We have a common goal of creating a comfortable working environment for everyone. To this end, we exchange views with various people while expressing my own ideas. This is a great experience."



Recruitment of Diverse Human Resources

We recruit many human resources who have common ground with us in terms of the Group Corporate Philosophy and our business activities and enthusiasm for playing an active role at the Company. We are working to secure diverse human resources by actively visiting schools with low hiring records, holding company orientations targeted at overseas universities and female students, etc.

We are also focusing on mid-career recruitment to further strengthen our organization by incorporating external knowledge and diverse values. The ratio of mid-career hires is increasing year by year.

Many of our employees say that they decided to join the Company because of the positive impression they got of the people who work here. We are developing recruitment activities by offering a number of opportunities to convey the attractiveness of our people to the fullest, including

roundtable discussions for students with alumni employees and recruiters, factory tours to see what actual work is like, and internships.



Working to step up recruitment of women in both manufacturing and administrative divisions

Job Assignment That Brings Employees' Enthusiasm for Growth and Ambitious Initiative

From the perspective of revitalizing the organization, developing employees, and encouraging autonomous career development, we promote the placement of the right person in the right position beyond the boundaries of business fields and job types.

In addition to company-led placement, we have established a career self-development system that allows employees to apply to the department of their choice in order to provide opportunities for employees to autonomously develop careers, learn, and grow.

Career self-development system (internal recruitment system)		
1	Calls for applications for specific position (internal recruitment)	Departments recruit personnel internally
2	Calls for applications for specific position Plus One (internal recruitment with a concurrent post)	Departments recruit personnel internally Employees engage in the work of the recruiting department while belonging to their current department
3	Self-driven application for a division of choice	Employees apply to transfer to a desired organization or division of their own motive

Response to diversifying values of work styles

Employees have come to have diversified values about work styles and in particular, there has been a change in their attitudes toward relocation. Against this background, we are implementing measures to reduce the reluctance employees feel about relocation and the burden it places on them, and are working to create an environment where employees can work with greater peace of mind.

Measures to reduce the frequency of relocation	Measures to reduce the burden placed on relocating employees
<ul style="list-style-type: none"> Formulation of guidelines on requirements for reducing the frequency of relocation Permission for long-distance commuting 	<ul style="list-style-type: none"> Expansion of financial assistance for relocation (unaccompanied transfer allowance, etc.) Expansion of conditions under which telework is permitted

Development of Human Resources

With on-the-job training at the workplace as the basis of our human resource development, we encourage our employees to learn the job quickly by providing opportunities for communication with supervisors and senior employees through work. This aims to develop a sense of accomplishment and increase motivation of individuals, while fostering a sense of belonging to the Company and enhancing overall organizational capabilities. We place importance on dispelling the anxiety of young employees, by taking such measures as continuing partial telework while requiring commuting to the office in principle, and developing human resources who can actively contribute to improving work efficiency and make proposals for improvement.

In addition, we offer a variety of education and training programs aimed at systematically organizing acquired skills

and knowledge, separate from the assigned duty at the workplace, and helping acquire new knowledge. Through on-the-job and other training, we are working to bolster employees' practical skills.



Interactive learning session for junior employees

Initiatives for administrative employees (managers, career-track employees, and general technical positions)

A self-directed, self-driven learning support program using video-based learning materials, which started last year, is now being utilized by more employees than expected, and we are further promoting its instilling. In fiscal 2023, in order to further enhance the learning environment during spare time and on the go, we are developing a system that allows employees to learn using a company-owned device as well as a privately owned device, and also creating a place to share and spread good learning practice examples. We

hope this initiative will promote positive interaction among participants and lead to more autonomous learning habits.

In addition, we will introduce a Learning Management System (LMS) in fiscal 2023 for the purpose of quantitatively grasping and improving the quality and quantity of learning. We plan to provide support for the development of human resources in a wide range of workplaces by promoting the implementation of Kobelco TQM activities and making the results of DX personnel development more visible.

Initiatives for technical positions in the manufacturing sites (general technical positions)

In order to strengthen our manufacturing capabilities, we provide stratified training in addition to systematic on-the-job training at the workplace. In particular, for the first five years after joining the Company, we have been providing employees with specialized skills training for each job, and since fiscal 2023, we have been working on mindset education from the perspective of promoting growth.

We are also focusing on bolstering management training

for on-site supervisors, who are the cornerstone of the workplace, with the aim of providing education on basic knowledge of safety, the environment, and quality as appropriate, and on top of that, building an organization where all employees can perform to the best of their abilities.

Going forward, we will continue to develop human resources who will contribute to strengthening our manufacturing capabilities in terms of both mindset and skills.



Engagement training for first-year employees



Skills competitions as part of specialized skills training

Improving Employee Engagement

In order to enhance corporate value, it is important to ensure all employees are actively demonstrating their abilities under the Group Corporate Philosophy. Our Group conducts its own employee awareness surveys annually to get an objective measure of changes in employee awareness, including the degree to which they have committed to the Group Corporate Philosophy. Based on the results, we are working to improve their engagement.

Instilling of the Group Corporate Philosophy

The Group Corporate Philosophy sets forth KOBELCO's View of the Future and KOBELCO's Mission. We believe that increasing the number of highly engaged employees who embrace our philosophy and act toward its realization will lead to enhanced corporate value. Therefore, our Company regularly measures to what extent we have instilled the Group Corporate Philosophy as a KPI.

Initiatives for improving engagement

We are continuously working to promote the Group Corporate Philosophy through various activities, which include holding the Dialogue Platforms, an annual forum for dialogue between executives and employees and

Promoting Work Style Reforms

Since fiscal 2015, our Group has been engaged in a variety of activities aimed at improving productivity and creating a comfortable and fulfilling work environment.

Promoting flexible work styles

We are moving forward with various measures such as the promotion of a hybrid work style combining telework and work in the office, the introduction of a new leave system to expand support for work-life balance, the elimination of core time in the flextime system, and the use of digital tools.

We are also working to create a highly productive work environment by reviewing our office layout so that it harmonizes well with a hybrid work style coupled with remote work and online meetings that are becoming normal practices.

Employee VOICES

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 like 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.



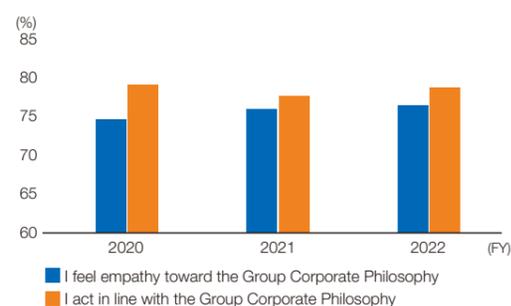
An operational improvement award winner
Steel & Aluminum Business

Other Initiatives

▶ See ESG Data Book 2023: p. 59-60 "Human Resources", p. 61-67 "Diversity and Inclusion (D&I)", p. 68-69 "Work-Life Balance", and p. 73 "Social and Labor Data"

Declaration of Pledges by Senior Management, which is also disseminated annually.

Percentage of employees who answered "Agree" or "Agree to some extent" in the employee awareness survey (5-point response)



Promoting operational improvement

We are promoting initiatives for operational improvement in order to increase the quality of work by reviewing operations and processes.

To foster a corporate culture that pursues operational improvement, we have instituted an operational improvement award for initiatives that improve operations and increase operational efficiency in the workplace and are promoting the companywide sharing of good practices in improvements.

Core Values of KOBELCO—Next 100 Project

Aiming to unite all employees, create a corporate group full of pride, confidence, passion, and hope, and achieve sustainable development, the Kobelco Group launched the Core Values of KOBELCO—Next 100 Project in fiscal 2017. A key focus of this initiative is to further instill the Group Corporate Philosophy and to prevent us from forgetting the

quality misconduct (namely, passing on the lessons learned to future generations). The project is promoting recognition and empathy among all employees, as well as participation and practice by all employees, hoping that such actions of each individual will grow into our corporate culture and take firm root in the organization.



Main activities of the Next 100 Project

We are working to instill the Group Corporate Philosophy and prevent the memory of the quality misconduct from fading through the following activities.

Major Activities

	Measures	Description
Participation and practice	Declaration of pledges by senior executives, general managers, and employees	<ul style="list-style-type: none"> We share the pledges made by senior executives throughout the Group and the pledges made by department heads in their respective divisions, while having individual employees declare their own pledges on their personnel evaluation sheets and on the Group Corporate Philosophy cards. From fiscal 2022, the video of declaration of pledges by all executives was made available to the entire Group.
	Training for department heads who preside over Dialogue Platforms	<ul style="list-style-type: none"> Has been held every year since fiscal 2018 focusing on sharing issues and exchanging opinions, in order to improve the skills of department heads who act as facilitators of Dialogue Platforms. Target trainees: Department heads and heads of business sites in Japan and overseas (approx. 700 people)
	Dialogue Platforms	<p>Has been held every year since fiscal 2018 targeting all persons engaged in the business of Kobe Steel and its Group companies for the following purposes:</p> <ol style="list-style-type: none"> Instilling the Group Corporate Philosophy Preventing the quality misconduct from being forgotten Promoting two-way communication in the organization
Recognition and empathy	Kobelco Core Values Awards	<ul style="list-style-type: none"> Started in fiscal 2019 as an initiative to commend activities that exemplify the Group Corporate Philosophy and contribute to building a new corporate culture and to promote the practice of the Group Corporate Philosophy. In fiscal 2022, awards were given to 14 teams, including the Grand Prix and Semi Grand Prix awards.
	Dialogues between senior executives and employees	<ul style="list-style-type: none"> An activity to proactively demonstrate senior executives' commitment to restoring trust through dialogues in which President Yamaguchi and other senior executives speak directly to employees about their thoughts The president has engaged in dialogues with approximately 1,500 people on a total of roughly 150 occasions (as of March 31, 2023). Around 5,000 people (a cumulative total in fiscal 2022) attended the Kobelco Gathering, a large-scale online dialogue event.
	Kobelco Core Values Place	<ul style="list-style-type: none"> Established in 2019 within the Kobelco HRD Center in Kobe as a facility to share the lessons learned from the quality misconduct and pass them onto future generations Visited by around 23,000 people to date, including visitors to the online version and satellite facilities (as of March 31, 2023)
Identification of issues	Kobelco Core Values Day	<ul style="list-style-type: none"> We have designated March 6, the day we announced the final report on the misconduct, as Kobelco Core Values Day to remind ourselves every year of our pledge to society to prevent recurrence and to ensure that the lessons learned are not forgotten. On this day, we share the president's message.
	Compliance and employee awareness surveys	<ul style="list-style-type: none"> Started in fiscal 2018 as a mechanism to comprehensively grasp the current status and issues of employee awareness about their work and the Company, as well as the state of the organization. Conducted annually. Necessary measures are taken based on survey results.

Employee VOICES



Technical Development Group
Application Technology Center

We participated in the Core Values Awards so that other employees know more about our ongoing activities. Receiving this award especially motivated and invigorated the young employees who engaged in the activities. In addition, we were able to learn about other award-winning activities, which were very beneficial as it helped us realize what we can do to improve in our own activities.



Kobelco Eco-Solutions Co., Ltd. Environmental Engineering Business Unit
Operation and Maintenance Technology Section for Public Sector, Asset Management Department, Water Infrastructure and Service Division

We took part in the Core Values Awards to boost the confidence of team members and raise awareness of our activities within the Company. I am very glad that we received the award for the activities we were working on with our customers, which made them very happy and led to enhancing our relationship of trust.

Safety and Health

We believe that safety and health are fundamental to our business operations and take priority over all business activities. In accordance with this principle, we comply with all relevant laws and regulations and carry out various safety and health activities to create vibrant workplaces where employees can work with safety and security,

Safety Code of Conduct Based on the Core Values of KOBELCO

- We follow workplace rules and earn the trust of family and coworkers.
- We value each and every one of our coworkers and care for each other.
- We aim for higher levels of safety and security through continued improvement of workplace facilities and systems.

Key Objectives (Fiscal 2023)

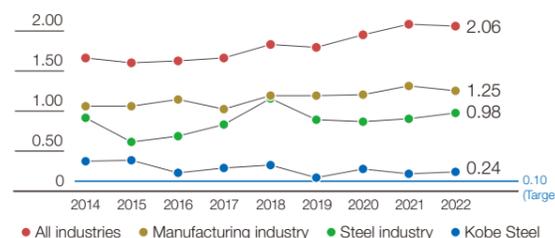
- Fatal accidents and serious accidents (Involving three or more people at the same time): Zero
- Lost time injury frequency rate (LTIFR): 0.10 or less

In fiscal 2022, the second year of the Medium-Term Management Plan (Fiscal 2021–2023), we continued our efforts, as in the previous year, to foster a safety-oriented culture and climate through (1) checking the status of all-hands activities for raising safety awareness and watching out for each other and following up their progress by means of enhancing stratified training and promoting safety awareness with the Safety Card. Along with these, we worked on (2) further enhancement of safety by creating Companywide machine safety standards, (3) continued implementation of safety and health diagnoses and support activities by the Safety Caravan Team, and (4) reaffirming thorough implementation of Group standards at overseas Group companies and implementing improvement measures at business sites where accidents occurred.

As a result, the lost-time injury frequency rate (LTIFR) remained below the national average despite the increase of 0.02 points to 0.24 from 0.22 in fiscal 2021.

In fiscal 2023, the final year of the Medium-Term Management Plan (Fiscal 2021–2023), we will continue to foster a safety-oriented culture and strengthen our training system for developing human resources. In particular, we will work toward our key objectives by promoting machine safety Companywide.

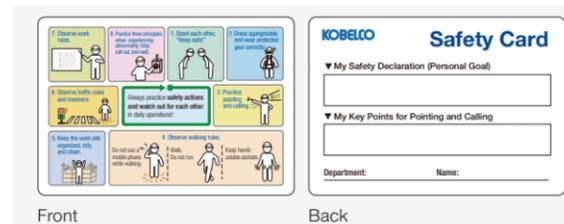
Lost Time Injury Frequency Rate



Notes
 1. Lost time injury frequency rate (LTIFR) = (Number of injuries requiring absence from work / Number of total hours worked) x 1,000,000
 2. Data for all industries, manufacturing industry, and steel industry is based on data from the Ministry of Health, Labour and Welfare, Japan, and calculated on a calendar year basis (January–December).
 3. Data for Kobe Steel is calculated on a fiscal year basis (April–March).

Safety Card

As part of efforts to promote all-hands activities for raising safety awareness and watching out for each other, we provide a Safety Card to all employees with the aim of making it a habit to act with awareness of basic rules and manners, and raising safety awareness and increasing the momentum for all employees to participate in activities by encouraging each and every individual to think about safety as their own matter and continuously making safety the highest priority both in awareness and action.



Safety fences with interlock functions have been installed to reduce the risk of unsafe access to rewinders and other moving sections of manufacturing processes at the Ibaraki Plant of the Welding Business

Health and Productivity Management Initiatives

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 our initiatives, we were selected as a 2023 Health & Productivity Stock Selection for the fourth time total and first time in six years and recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500) for the fourth time total and first time in two years.



Mental Health Initiatives

- All of our business locations have consultation offices staffed by industrial counselors.
- We are working to create a healthy workplace environment with an emphasis on work engagement based on the results of stress checks.
- We have added sleep-related questions to the stress check questionnaire, and industrial physicians follow up on applicable individuals. In addition, we plan to formulate and develop sleep education videos, and provide support for better sleep.

Providing Improved Health Checkups (in cooperation with Health Insurance Association)

- Providing regular blood tests and endoscopic checkups, treatment of Helicobacter pylori
- Providing checkups at health screening clinics for employees reaching the age of 50 or 60 as well as their spouses

Activities to Help Employees Maintain and Improve Their Health

- Promoting regular exercise using the Pep Up health promotion support app
- Introducing videos on stretching and low back pain prevention exercises on the intranet

"Safety and Health" and "Health and Productivity Management"

▶ See ESG Data Book 2023: p.51-56

Human Rights

Human Rights Initiatives (Promoting Human Rights Awareness)

As a corporate group that operates globally, the Kobelco Group respects the International Bill of Human Rights adopted by the United Nations and implements initiatives in accordance with international standards. In March 2021, we began participating in the United Nations Global

Compact advocated by the United Nations. Going forward, as a company that endorses the principles of protecting human rights and eliminating improper labor practices, we will continue our efforts to achieve them and strengthen our initiatives to prevent human rights violations.

Revision of Basic Policy on Human Rights

In January 2019, we established the Kobe Steel Group's Basic Policy on Human Rights in response to rising global awareness of human rights. In light of the growing scope of human rights issues in the international community, we revised it to the Kobelco Group's Basic Policy on Human Rights in December 2022 in accordance with the United Nations Guiding Principles on Business and Human Rights, and formulated the appendix to address specific human rights issues.

Our human rights policy is our Group's commitment, which was formulated based on the opinions of experts inside and outside the Company, deliberated by the Sustainability Management Committee, and approved by the Board of Directors. We have always worked to respect human rights, and based on this policy, we will enhance our initiatives to comply with international norms.

Our human rights policy applies to all directors, executive officers, and employees of the Group. In addition, we will seek the support and implementation of this policy by our business partners, including suppliers.

Kobelco Group's Basic Policy on Human Rights (Contents)

- | | |
|--|--|
| 1. Respect for International Norms and Standards | 6. Dialogue and Consultation |
| 2. Scope of Application | 7. Corrective and Remedial Measures |
| 3. Compliance with Applicable Laws and Regulations | 8. Promotion of This Policy and Handling of Complaints |
| 4. Training | 9. Decision on This Policy |
| 5. Human Rights Due Diligence | 10. Appendix to This Policy |

Appendix (Human Rights Issues)

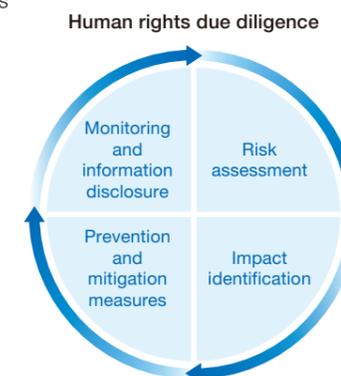
1. Elimination of Forced Labor
2. Elimination of Child Labor
3. Prohibition of All Forms of Discrimination
4. Respect for Freedom of Association and the Right to Collective Bargaining
5. Appropriate Management of Working Hours
6. Ensuring Adequate Wages
7. Respect for Diversity and Realization of a Comfortable Work Environment
8. Consideration for the Rights of Indigenous Peoples
9. Contribution to the Local Community
10. Supply Chain

Human Rights Due Diligence

We will identify and assess any potential adverse impact on human rights from our Group's business activities and take appropriate measures to prevent or mitigate any such impact.

To begin with, in fiscal 2022, we conducted a risk assessment on a non-consolidated basis to identify human rights issues, assess risks, and identify impacts.

Since fiscal 2023, we have been implementing human rights risk assessments for major Group companies in Japan and some overseas Group companies, with the objective of establishing a human rights due diligence process throughout the Group.



Education on human rights

Our Group continues to provide education on human rights.

In fiscal 2022, we conducted emotional regulation training for managers and supervisors, inviting Dr. David Matsumoto, a world-renowned expert on emotion research, as a speaker to give a practical lecture on how to deal with anger, with the aim of preventing situations that lead to harassment due to inability to control anger.

We will continue to work to raise awareness and promote education about human rights.



Emotional regulation training

Human Rights and Labor ▶ See ESG Data Book 2023: p.49-50

Building Responsible Supply Chains

Basic Policy

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

In September 2022, the Group released its Basic CSR Procurement Policy with the goal of building responsible supply chains. We will fulfill our social responsibility while working to grasp the supply chain issues in the procurement of raw and other materials and ensuring a stable supply of products and services.

Promotion System

The Companywide policy is proposed by the Sustainability Management Committee to the Executive Council for deliberation to build consensus. The approved policy is promoted by operation managers at procurement divisions under respective business divisions. From the viewpoint of risk management, procurement activities are conducted in collaboration with the Risk Management Committee to strengthen the policy implementation.

Basic Procurement Policy

Our Group's procurement divisions act in accordance with the basic procurement policy as provided below.

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

Requests to Our Business Partners

Our Group requests its business partners to understand and practice the following in order to work together to build responsible supply chains.

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

Our Group's Initiatives

In fiscal 2020, we announced our Group policies, and in fiscal 2021 began activities to promote a deeper understanding of our policies among business partners and initiated surveys on the current status of their initiatives.

Main Initiatives in Fiscal 2022

Formulation and Dissemination of the Basic CSR Procurement Policy

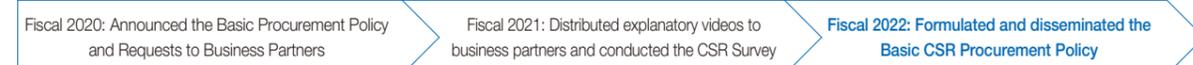
- In September 2022, we added our policy on building responsible supply chains to the already established Basic Procurement Policy and Requests to Business Partners and integrated these elements into the Basic CSR Procurement Policy.
- We have disseminated the Basic CSR Procurement Policy to our Group companies (October 2022) and business partners (December 2022). In addition, we have received letters of consent from our major business partners stating that they agree with our Basic CSR Procurement Policy.



Please see our website for the full text of the Basic CSR Procurement Policy and introductory video materials.

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

Reference Our Group's Initiatives Implementation Timeline



Initiatives Scheduled for Fiscal 2023 and Beyond

We plan to ask for the cooperation of our major business partners in our second CSR Survey and a questionnaire survey on their compliance status, focusing on important items such as "human rights" and "disputes over minerals."

Building Responsible Supply Chains See ESG Data Book 2023: p. 70-72

Quality

Trust Improvement Project

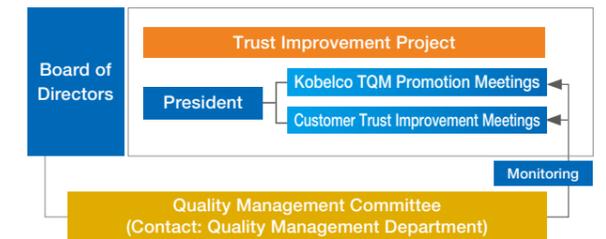
The Kobelco Group has implemented measures to prevent recurrence of the quality misconduct since fiscal 2018 and completed planned activities. In fiscal 2020, we launched an initiative for Kobelco Total Quality Management (TQM)* to prevent the quality misconduct from fading away and realize the Group Corporate Philosophy. In fiscal 2021, we reorganized the Project for Restoring Trust into the Trust Improvement Project led by the president to implement TQM activities Groupwide. The project is composed of Kobelco TQM Promotion Meetings and Customer Trust Improvement Meetings.

Under the Trust Improvement Project, the Quality Management Committee, an advisory body to the Board of Directors, continues to monitor and make recommendations from an objective perspective.

Kobelco TQM Promotion Meetings

We promote activities across the entire Group through five task forces dedicated to Planning and Promotion, Human Resources Development and Training, Operational Quality Improvement, Quality Assurance Improvement, and *Monodzukuri* (Manufacturing) Support. We also provide TQM training for management and employees as a comprehensive training program for all members. As well, we are working to revitalize quality control activities and other improvement activities, and to strengthen our quality assurance structure centered on Kobelco Group Quality Guidelines.

Trust Improvement Project Structure



* TQM (Total Quality Management): As the next step to prevent recurrence, 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.

Customer Trust Improvement Meetings

We are working to achieve and maintain a state where customers recognize that Kobe Steel has changed and employees also feel that the Company has changed, and we have earned trust from customers. As measures to achieve this goal, we are working in collaboration with relevant departments to promote the sharing of customer information, and customer satisfaction surveys.

Message from the Director Overseeing Companywide Quality

We have been implementing Kobelco TQM activities since fiscal 2020, aiming to be a corporate group that continues to be indispensable to our stakeholders and society, now and in the future, based on the Group Corporate Philosophy.

The "Q" in TQM, which stands for quality, covers not only the quality of products and services, but also the quality of overall activities in our Company. It encompasses all activities to realize our vision and management objectives, involving organizations, operations, human resources, etc.

The Kobelco TQM activities are based on the action principles of customer perspective (Trusted Quality) participation of all members (harmony of group members), and continuous changes. In addition to the basic elements of TQM activities such as daily management, policy management, and small group improvement activities, we focus on education to support them. While working to improve the quality of these activities in general, we aim to make improvements and innovative changes in addressing problems and issues. Three years have passed since the start of activities, and awareness has increased through internal dialogue and discussion. As our efforts progress, we will continue to upgrade them into more practical and effective initiatives so that we can deliver concrete outcomes. Along with these, we will link our TQM activities with other initiatives such as the Core Values of KOBELCO—Next 100 Project, DX strategy, work style reforms, D&I development, and ROIC management, etc.

Our Group has a wealth of business and technological assets and diverse human resources that have been developed through its wide range of businesses. We will continue to provide solutions to the needs of society while encouraging each business division and unit to employ TQM to provide products and services that satisfy customers. Furthermore, we will pursue solutions that meet the needs of society by taking advantage of the Group's comprehensive strengths that combine its diverse management resources and assets with an aim of achieving the Kobelco Group that grows sustainably.



Koichi Sakamoto
Director, Executive Officer

Quality See ESG Data Book 2023: p. 84-85

Directors

(Including Audit & Supervisory Committee Members, as of June 21, 2023)



Shinji Miyaoka
Director, Executive Officer

Koichi Sakamoto
Director, Executive Officer

Nobuko Sekiguchi
Independent Director,
Audit & Supervisory Committee Member

Kunio Miura
Independent Director, Audit & Supervisory
Committee Member

Shinsuke Kitagawa
Independent Director

Yumiko Ito
Independent Director

Hiroshi Ishikawa
Director (Audit & Supervisory Committee
Member, full time)

Gunyu Matsumoto
Director (Audit & Supervisory Committee
Member, full time)

Hajime Nagara
Executive Vice President and
Representative Director

Yoshihiko Katsukawa
Executive Vice President and
Representative Director

Mitsugu Yamaguchi
President, CEO and
Representative Director

Hiroyuki Bamba
Independent Director

Masaaki Kono
Independent Director, Audit & Supervisory
Committee Member

Directors

Directors



Mitsugu Yamaguchi
President and CEO
Compliance Committee Member
Nomination & Compensation Committee Member
Corporate Governance Committee Member

Number of Company shares owned: 74,100

Apr. 1981 Joined the Company
Apr. 2011 Officer
Apr. 2013 Senior Officer
Apr. 2015 Senior Managing Executive Officer
Jun. 2016 Director, Senior Managing Executive Officer
Apr. 2017 Executive Vice President and Director
Apr. 2018 President, CEO and Director (incumbent)



Yoshihiko Katsukawa
Executive Vice President and
Representative Director
Corporate Governance Committee Member

Number of Company shares owned: 42,400

Apr. 1985 Joined the Company
Apr. 2015 Officer
Apr. 2017 Managing Executive Officer
Apr. 2018 Senior Managing Executive Officer
Jun. 2018 Director, Senior Managing Executive Officer
Apr. 2021 Director, Executive Officer
Apr. 2023 Executive Vice President and Director (incumbent)

Duties
Oversees the Corporate Planning Department, the Finance and Accounting Department, and overseas locations (under the Head Office)



Hajime Nagara
Executive Vice President and
Representative Director
Compliance Committee Member
Corporate Governance Committee Member

Number of Company shares owned: 41,000

Apr. 1985 Joined the Company
Apr. 2016 Officer
Apr. 2018 Managing Executive Officer
Apr. 2020 Senior Managing Executive Officer
Jun. 2020 Director, Senior Managing Executive Officer
Apr. 2021 Director, Executive Officer
Apr. 2023 Executive Vice President and Director (incumbent)

Duties
Oversees the Internal Control and Audit Department, the Legal Department, the General Administration and CSR Department, the Human Resources Department, the Civil Engineering & Construction Technology Department, the Machinery & Materials Procurement Department, the Rugby Center, domestic branch offices and sales offices, and Takasago Works (departments under its direct supervision). Oversees companywide compliance.



Koichi Sakamoto
Director, Executive Officer
Quality Management Committee Member

Number of Company shares owned: 16,400

Apr. 1990 Joined the Company
Apr. 2012 General Manager of the Materials Research Laboratory in the Technical Development Group
Oct. 2017 General Manager of the Development Planning Department
Apr. 2019 Executive Officer
Jun. 2023 Director, Executive Officer (incumbent)

Duties
Oversees the Environment and Safety Department, the Quality Management Department, and the Intellectual Property Department. Oversees the Technical Development Group. Oversees companywide safety and health. Oversees companywide environmental protection and disaster prevention. Oversees companywide quality. Oversees companywide TOM activities.



Shinji Miyaoka
Director, Executive Officer

Number of Company shares owned: 1,600

Apr. 1994 Joined the Company
Apr. 2018 General Manager of the Corporate Planning Department
Apr. 2022 Executive Officer
Jun. 2023 Director, Executive Officer (incumbent)

Duties
Oversees the Business Development Department and the IT Planning Department. Oversees companywide information systems.



Hiroyuki Bamba
Independent Director
Chairman of the Board of Directors
Nomination & Compensation Committee Member
(Committee Chair)
Corporate Governance Committee Member

Number of Company shares owned: 13,300

Apr. 1976 Joined Sumitomo Rubber Industries, Ltd.
Mar. 2000 Director of Sumitomo Rubber Industries, Ltd.
Mar. 2003 Executive Officer of Sumitomo Rubber Industries, Ltd.
Jul. 2003 President and Director of SRI Sports Limited (currently Sumitomo Rubber Industries, Ltd.)
Mar. 2011 Chairman and Director of SRI Sports Limited
Mar. 2015 Counselor to Sumitomo Rubber Industries, Ltd.
Jun. 2015 Outside Director of Sekisui Plastics Co., Ltd. (currently Sekisui Kasei Co., Ltd.)
Jun. 2017 Director of the Company (incumbent)



Yumiko Ito
Independent Director
Corporate Governance Committee Member
(Committee Chair)

Number of Company shares owned: 7,600

Apr. 1984 Legislation Staff (Sanji), The Legislative Bureau of the House of Representatives of Japan
Apr. 1989 Admitted to the bar in Japan, Sakawa Law Office
Jul. 1991 Tanabe & Partners
Apr. 2001 General Counsel, Legal & Patent Operation, GE Yokogawa Medical Systems, Ltd. (currently GE Healthcare Japan Corporation)
May 2004 Staff Counsel, Legal & Intellectual Property, IBM Japan, Ltd.
Mar. 2007 Executive Officer, Legal & Corporate Affairs, Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)
Apr. 2013 Executive Officer and General Counsel, Sharp Corporation
Jun. 2013 Director, Executive Officer, and General Counsel, Sharp Corporation
Apr. 2014 Director, Executive Managing Officer and General Counsel of Sharp Corporation
Jun. 2016 Executive Managing Officer and General Counsel of Sharp Corporation
Mar. 2019 Resigned as Executive Managing Officer and General Counsel of Sharp Corporation
Apr. 2019 Established Ito Law Office, appointed as Representative (incumbent)
Jun. 2019 Director of the Company (incumbent)
Outside Corporate Auditor of Santen Pharmaceutical Co., Ltd. (incumbent)
Mar. 2023 Outside Director of Nippon Express Holdings, Inc. (incumbent)



Shinsuke Kitagawa
Independent Director
Corporate Governance Committee Member

Number of Company shares owned: 1,000

Apr. 1981 Joined the Ministry of International Trade and Industry
Sep. 2012 Director-General, Trade and Economic Cooperation Bureau, the Ministry of Economy, Trade and Industry (METI)
Jun. 2013 Commissioner, Small and Medium Enterprise Agency, METI
Jul. 2015 Retired from METI
Nov. 2015 Advisor of MITSUI & CO., LTD.
Apr. 2016 Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2019 Senior Executive Managing Officer of MITSUI & CO., LTD.
Jul. 2020 President & CEO of Mitsui & Co. Global Strategic Studies Institute
Jun. 2022 Director of the Company (incumbent)
Mar. 2023 Left the post of Senior Executive Managing Officer of Mitsui & Co.
Left the post of President & CEO of Mitsui & Co. Global Strategic Studies Institute
Jun. 2023 President, The Japan Commercial Arbitration Association (incumbent)
Outside Audit & Supervisory Board Member of YUTAKA TRUSTY SECURITIES Co., Ltd. (incumbent)

Directors who are Audit & Supervisory Committee members



Hiroshi Ishikawa
Director
Audit & Supervisory Committee Member, full time
Corporate Governance Committee Member

Number of Company shares owned: 17,600

Apr. 1982 Joined the Company
Apr. 2014 Officer
Apr. 2016 Managing Executive Officer
Jun. 2018 Director, Audit & Supervisory Committee Member of the Company (incumbent)



Gunyu Matsumoto
Director
Audit & Supervisory Committee Member, full time
Corporate Governance Committee Member

Number of Company shares owned: 0

Apr. 1989 Joined the Company
Apr. 2017 General Manager of the Finance and Accounting Department
Apr. 2021 General Manager of the Finance and Accounting Department
Apr. 2023 General Manager, the Internal Control and Audit Department (incumbent)
Jun. 2023 Director, Audit & Supervisory Committee Member of the Company (incumbent)



Masaaki Kono
Independent Director,
Audit & Supervisory Committee Member
Audit & Supervisory Committee Chair
Nomination & Compensation Committee Member
Corporate Governance Committee Member

Number of Company shares owned: 5,000

Apr. 1979 Joined The Dai-ichi Kangyo Bank, Limited
Mar. 2006 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2008 Managing Executive Officer of Mizuho Corporate Bank, Ltd.
Apr. 2011 Managing Executive Officer of Mizuho Financial Group, Inc.
Jun. 2011 Managing Director and Managing Executive Officer of Mizuho Financial Group, Inc.
Apr. 2012 Managing Executive Officer of Mizuho Bank, Ltd.
Managing Executive Officer of Mizuho Corporate Bank, Ltd.
Apr. 2013 Director of Mizuho Financial Group, Inc. Deputy President and Deputy President-Executive Officer (Representative Director) of Mizuho Bank, Ltd.
Deputy President & Executive Officer of Mizuho Corporate Bank, Ltd.
Jul. 2013 Deputy President & Executive Officer of Mizuho Financial Group, Inc.
Apr. 2016 Resigned from Mizuho Bank, Ltd.
Advisor of Orient Corporation
Jun. 2016 President and Representative Director of Orient Corporation
Apr. 2020 Chairman and Representative Director of Orient Corporation
Jun. 2020 Director, Audit & Supervisory Committee Member of the Company (incumbent)
Chairman and Director of Orient Corporation (incumbent)
Director, Audit & Supervisory Committee Member of the Company (incumbent)



Kunio Miura
Independent Director,
Audit & Supervisory Committee Member
Compliance Committee Member
(Committee Chair)

Number of Company shares owned: 5,000

Apr. 1979 Appointed as judge
Mar. 1988 Resigned as judge
Apr. 1988 Admitted to the bar in Japan
Apr. 1997 Established Kawamoto and Miura Law Office; appointed as Representative (incumbent)
Jun. 2003 Outside Corporate Auditor of YAMAHA CORPORATION
Jun. 2008 Outside Audit & Supervisory Board Member of ASAHI INTELLIGENCE SERVICE CO., LTD. (incumbent)
Jun. 2010 External Corporate Auditor of Sumitomo Seika Chemicals Company, Limited (incumbent)
Jun. 2020 Director, Audit & Supervisory Committee Member of the Company (incumbent)
Jun. 2021 External Director (Audit and Supervisory Committee Member) of Sumitomo Seika Chemicals Company, Limited.
Jun. 2023 External Director of Sumitomo Seika Chemicals Company, Limited. (incumbent)



Nobuko Sekiguchi
Independent Director,
Audit & Supervisory Committee Member

Number of Company shares owned: 1,000

Nov. 2005 Joined CAPCOM CO., LTD.
Apr. 2011 Corporate Officer supervising Management Planning, CAPCOM CO., LTD.
Apr. 2016 Managing Corporate Officer, Head of Management Planning and Human Resources, CAPCOM CO., LTD.
Mar. 2019 Resigned from CAPCOM CO., LTD.
Jun. 2019 Outside Director of DUSKIN CO., LTD. (incumbent)
Jun. 2020 Outside Director, Audit & Supervisory Committee Member of H2O RETAILING CORPORATION (incumbent)
Jun. 2022 Director, Audit & Supervisory Committee Member of the Company (incumbent)

Corporate Governance

Basic Stance on Corporate Governance

The Kobelco Group recognizes that corporate value involves not only business results and technological capabilities but also the stance on social responsibility to all stakeholders who may be affected by its business activities, such as shareholders and investors, customers, business partners, people of local communities, and the 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 we are 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.

▶ Visit our corporate website to learn more about our basic approach to corporate governance and management policies.

https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/Basic_Policy_and_Initiatives.pdf

Initiatives to Strengthen Corporate Governance

	1999	2010	2015	2020	(FY)
Philosophy and Policies		→ 2006 Establishes corporate philosophy	→ 2017 Turns corporate philosophy into the Core Values of KOBELCO and establishes the Six Pledges of KOBELCO	→ 2020 Establishes the new Group Corporate Philosophy by integrating the newly formulated KOBELCO's View of the Future and KOBELCO's Mission	
Organizational Structure	• 1999 Introduces an internal company system and adopts an executive officer system	→ 2010 Abolishes the internal company system and introduces a business unit system	• 2003 Establishes the Compliance Committee as an advisory committee to the Board of Directors	• 2015 Establishes the Meetings of Independent Directors • 2016 Becomes a company with an Audit & Supervisory Committee • 2018 Reassesses the role of the Board of Directors from the standpoint of enhancing its oversight functions	• 2015 Establishes the Basic Policy and Initiatives on the Corporate Governance of Kobe Steel, Ltd.
Directors and Executive Officers		• 2007 Appoints two independent directors	• 2015 Establishes principles on appointment of directors and Audit & Supervisory Board members and establishes standards for independent directors/auditors	• 2016 Establishes training policy for directors and executive officers • 2019 Appoints the Company's first female director	• 2016 Establishes the Meetings of Independent Directors • 2016 Becomes a company with an Audit & Supervisory Committee • 2018 Reassesses the role of the Board of Directors from the standpoint of enhancing its oversight functions → 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 • Establishes the Corporate Governance Committee as an advisory body to the Board of Directors • 2021 Abolishes the positions of senior managing executive officer and managing executive officer
Effectiveness Evaluation			• 2016 Introduces evaluation system for the Board of Directors		
Remuneration			• 2016 Revises directors' remuneration system (introduces stock-type remuneration)	→ 2022 Partially revises the remuneration system for directors and executive officers (including lowering the maximum remuneration)	

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.

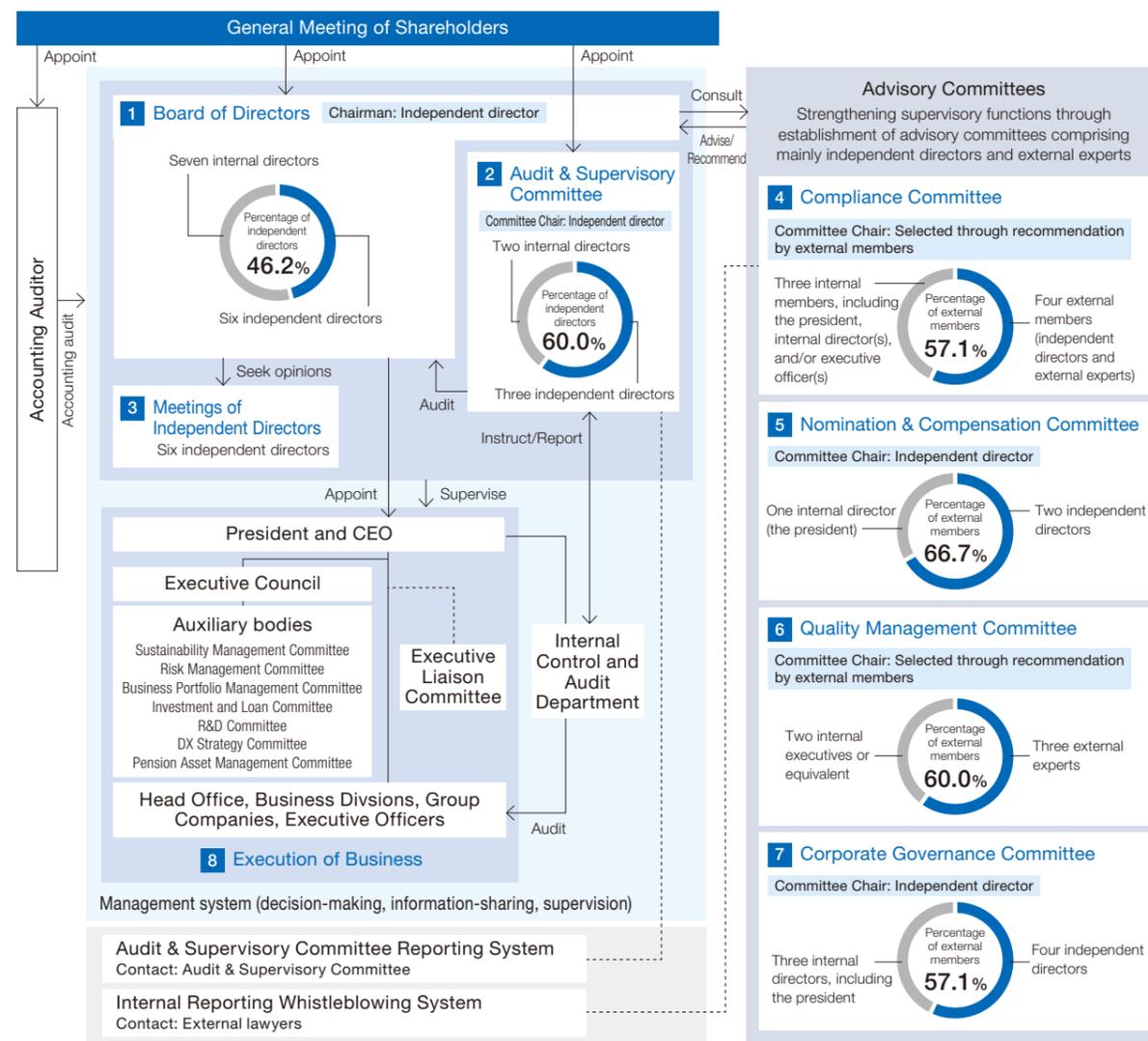
Under this governance structure, the Company aims to

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

Corporate Governance

Our Corporate Governance System



1 Board of Directors

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

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

Supervisory Committee members to the Board of Directors. The Chairman of the Board of Directors is elected from among the independent directors.

2 Audit & Supervisory Committee

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

Internal directors who are full-time Audit & Supervisory Committee members are mainly responsible for acting as liaisons between the management team and the Audit & Supervisory Committee and for coordinating with the internal

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

3 Meetings of Independent Directors

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

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

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

4 Compliance Committee

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

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

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

5 Nomination & Compensation Committee

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

6 Quality Management Committee

The Company has established the Quality Management Committee, as an advisory body to the Board of Directors. The committee undertakes the continuous monitoring and makes

recommendations regarding quality management enhancement activities within the Group, as well as the monitoring of the effectiveness of measures to prevent recurrence of the quality misconduct. Members of the committee include two internal executives or 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.

7 Corporate Governance Committee

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

The Corporate Governance Committee consists of the president, the director / 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 independent directors. The Corporate Governance Committee meets at least once every fiscal year and calls a meeting as needed.

8 Execution of Business

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

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

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

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

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

Corporate Governance

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 Kobelco Group Medium-Term Management Plan (Fiscal 2021–2023), which was formulated and announced in May 2021, we have put together a skills matrix of the knowledge, experience, and skills that the Board of Directors particularly expects the

directors to demonstrate for the improvement of the functions of the Board of Directors. These areas of knowledge, experience, and skills will be reviewed as necessary in response to changes in the business environment, the formulation of new management plans, and other changes.

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

- The Kobelco Group aims to enhance corporate value over the medium to long term by promoting sustainability management with the Group Corporate Philosophy positioned as the foundation of all business activities.
- In order for the Board of Directors to appropriately determine important management directions and conduct monitoring that encompasses risk management, aimed at enhancing the Kobelco Group's corporate value over the medium to long term, we believe it is necessary to have the Board of Directors consisting of directors who have well-balanced knowledge, experience, and skills in the following three key areas: 1. Comprehensive skills in overall management, 2.

Skills in resolving social issues and creating new value, and 3. Skills in further strengthening the 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	Length of Service as Director (Years)	Comprehensive skills in overall management		Skills in resolving social issues and creating new value			Skills in further strengthening the business foundation			Insights into other industry sectors	Attendance at Board of Directors' meetings (FY2022)	Attendance at Audit & Supervisory Committee meetings (FY2022)
		Business management and administration	ESG	Sales strategy and marketing	Technical development, intellectual properties, production technologies, and DX	Global business	Finance and accounting	Organization and human resources	Legal and risk management			
Mitsugu Yamaguchi President, CEO and Representative Director	7	●	●	●		●					16 of 16 (100%)	—
Yoshihiko Katsukawa Executive Vice President and Representative Director	5	●				●		●		●	16 of 16 (100%)	—
Hajime Nagara Executive Vice President and Representative Director	3	●	●						●	●	16 of 16 (100%)	—
Koichi Sakamoto Director, Executive Officer	—	●	●		●						—	—
Shinji Miyaoka Director, Executive Officer	—	●		●	●	●					—	—
Hiroyuki Bamba Independent Director	6	●	●		●					●	16 of 16 (100%)	—
Yumiko Ito Independent Director	4		●			●				●	16 of 16 (100%)	—
Shinsuke Kitagawa Independent Director	1		●			●				●	11 of 11 (100%)	—
Hiroshi Ishikawa Directors who are Audit & Supervisory Committee members	5	●		●		●					16 of 16 (100%)	18 of 18 (100%)
Gunyu Matsumoto Directors who are Audit & Supervisory Committee members	—	●						●	●		—	—
Masaaki Kono Independent Director, Audit & Supervisory Committee Member	3	●	●					●		●	16 of 16 (100%)	18 of 18 (100%)
Kunio Miura Independent Director, Audit & Supervisory Committee Member	3		●							●	16 of 16 (100%)	17 of 18 (94%)
Nobuko Sekiguchi Independent Director, Audit & Supervisory Committee Member	1		●			●		●		●	11 of 11 (100%)	13 of 13 (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. There have been 11 Board of Directors meetings and 13 Audit & Supervisory Committee meetings since June 22, 2022 when Shinsuke Kitagawa and Nobuko Sekiguchi were appointed as directors.

Corporate Governance

Initiatives to Ensure the Effectiveness of the Board of Directors

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

- Every year, the Audit & Supervisory Committee interviews each director to verify the decisions on business execution made by the Board of Directors and the implementation of efficient business execution as stipulated in the basic policy of the internal control system.
- In the operation of the Board of Directors, the Company distributes meeting materials at least three days prior to the date of the meeting as necessary in order to enable active and sufficient deliberations at meetings of the Board of Directors. To this end, the Company will promote the use of electromagnetic means with due consideration for the protection of trade secrets, so that meeting materials can be received regardless of the whereabouts of the directors.
- In addition to meeting materials for the Board of Directors, the Company provides the directors with sufficient information and explanation as necessary, upon the request of the directors, etc.
- To revitalize and deepen discussions at meetings of the Board of Directors and further enhance the monitoring function for business activities, the Company has an independent director serve as the Chairman of the Board of Directors, in principle.
- The Company has established a secretariat for the Board of Directors within the Corporate Planning Department.

The Secretariat determines and organizes the annual schedule of meetings of the Board of Directors and anticipates agenda items to the extent possible, in advance of the fiscal year. In addition, the Secretariat coordinates with each department to ensure that the number of deliberation items and the frequency of meetings are appropriate, and that sufficient deliberation time is secured.

- The Board of Directors and the Audit & Supervisory Committee strive to improve the effectiveness of the supervisory function of the Board of Directors by seeking advice from external experts and others at the Company's expense when deemed necessary.
- Through supervision and auditing of the internal control system, the Board of Directors and the Audit & Supervisory Committee ensures the smooth provision of information as requested by each director and Audit & Supervisory Committee member.
- For the verification of the effectiveness of the Board of Directors, the Corporate Governance Committee requests each director to complete a questionnaire every fiscal year and provides a preliminary evaluation of the survey results. Based on this, the Board of Directors discusses and evaluates its effectiveness and identifies issues at its meetings. The questionnaire items are reviewed by the Board of Directors based on the evaluation results of each fiscal year. A summary of evaluation results is disclosed every fiscal year.

Evaluation Results for Fiscal 2022

Overview of the Effectiveness Evaluation of the Board of Directors

Targets	All 12 directors	Implementation process	Questionnaire survey targeting all directors and individual interviews by the Corporate Governance Committee <small>Note: A third-party organization was contracted to conduct the questionnaire survey.</small>
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"> • Based on the results of the questionnaire and interviews, the Corporate Governance Committee submits to the Board of Directors the results of the effectiveness evaluation and proposes the future direction for improving the effectiveness. • The Board of Directors reviews the evaluation results and identifies current issues. Based on these, the Board of Directors deliberates future initiatives for improving effectiveness and makes decisions on future measures. 		

Summary of Analysis and Evaluation Results

- In the previous fiscal year's effectiveness evaluation, the Board of Directors recognized that there were many discussions on individual business issues, while there were few opportunities to discuss themes related to the business foundation area among the various initiatives to enhance corporate value.
- In fiscal 2022, as a result of sharing information with directors and holding discussions with the executive side on themes centered on the business foundation area by utilizing meetings of independent directors and offline meetings, the Board of Directors has deepened its understanding of the efforts of the executive side in the business foundation area. In light of this, the Company evaluated that the function of

the Board of Directors as a monitoring board were enhanced.

- 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 2023 and strive to make further improvements.
- As the monitoring function of the Board of Directors has been strengthened, the Company recognizes that it is necessary to narrow down the themes to be discussed at Board of Directors' meetings and to set agenda on a yearly basis in a planned manner. In fiscal 2023, we will set an

agenda with an eye on the formulation of the next medium-term management plan and proceed with discussions according to schedule.

Future Initiatives for Improving Effectiveness

- The Board of Directors sets agenda for the fiscal year in a planned manner to map out a concrete path for the enhancement of corporate value over the medium to long term and discusses it at Board of Directors meetings.
- The Company will continue to explore initiatives for the efficient 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 Accounting Auditor

1 Basic Approach to Remuneration for Directors and Executive Officers

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

2 Remuneration Framework

- Based on the resolution at the Ordinary General Meeting of Shareholders, the Board of Directors establishes the Remuneration Regulations for Directors and Executive Officers, Detailed Rules on Remuneration Regulations for Directors and Executive Officers, Performance-Based Compensation Regulations for Directors and Executive Officers, and Stock Benefit Regulations for Directors and Executive Officers, which include the remuneration calculation methods for individual director/executive officer.
- Remuneration for the Company's directors and executive officers consists of basic remuneration (fixed compensation) based on the remuneration rank determined according to rank and assigned duties, performance-based compensation consisting of the portion linked to division performance and the portion linked to individual evaluation for each fiscal year, and medium- to long-term incentive compensation based on stock compensation with the aim of sharing interest in corporate value enhancement with shareholders. Taking into consideration their duties, independent directors and directors who are Audit & Supervisory Committee members are not eligible for performance-based compensation and medium- to long-term incentive compensation. The remuneration rank

- is determined by the president taking account of the level of responsibility of the assigned duties and reported to the Nomination & Compensation Committee and the Board of Directors.
- Of performance-based compensation, the standard pay amount for the portion linked to division performance will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank, the amount for the portion linked to individual evaluation will be set at the level of -5% to 5% of basic remuneration for each rank and remuneration rank, and the value of medium- to long-term incentive compensation provided per fiscal year will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank.
 - Limits of remuneration and other benefits based on the resolution at the Ordinary General Meeting of Shareholders are as follows.
 - Remuneration for directors (excluding directors who are Audit & Supervisory Committee members)
 - The limit of basic remuneration: Within a total of 460 million yen per fiscal year
 - The limit of performance-based compensation: Within a total of 240 million yen per fiscal year
 - Maximum points to be granted for medium- to long-term incentive compensation: Within a total of 424,100 points per fiscal year
 - Remuneration for directors who are also Audit & Supervisory Committee members (basic remuneration only): Within a total of 132 million yen per fiscal year

3 Performance-Based Compensation

- In terms of the portion linked to division performance of performance-based compensation, a performance target will be set based on business management indices as stated in the Medium-Term Management Plan. Each business division will also set a performance target based on performance management indices for each business division. The amount to be paid is determined by multiplying the standard pay amount for each rank and remuneration rank by 0–200% according to the accomplishment of the target. The business management indices, which serve as the basis of calculation,

- are established by the Board of Directors.
- The portion linked to individual evaluation of performance-based compensation is subject to comprehensive evaluation, including the performance of assigned duties and business unit, the accomplishment of the target, and other aspects. The amount to be paid is determined by multiplying the basic remuneration for each rank and remuneration rank by -5% to 5% according to the evaluation results. Evaluation for executive officers overseeing business divisions and heads of business divisions is determined by the president, and evaluation for other executive officers is determined by the president after primary evaluation by executive officers overseeing business divisions and heads of business divisions. The details of evaluation are reported to the Nomination & Compensation Committee.

Note: The portion linked to individual evaluation is determined by comprehensively taking into account the status of ESG-related initiatives in the commissioned duties of each director and executive officer.

- The calculation methods for the standard pay amount and coefficients for each rank and remuneration rank are set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers.
- Business management indices are disclosed in the Business Report.

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

Calculation method for the portion linked to division performance of performance-based compensation (portion linked to division performance) = Standard pay amount for each rank and remuneration rank¹ × Coefficient based on evaluation index²

- 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.
- The ROIC for the evaluation period is used as an evaluation index. Coefficient is calculated based on a certain formula.

About the Coefficient Calculation Formula Based on Evaluation Indicators
[▶ See ESG Data Book 2023: p. 84 "Performance-Based Compensation"](#)

4 Medium- to Long-Term Incentive Compensation

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

Note: Since the Company considers the return of profits to shareholders as an important issue for management, it uses profit attributable to owners of parent (hereinafter "profit") as the evaluation indicator. The base value for the calculation is profit of 79.4 billion yen, which is based on the dividend payout ratio set forth in the Company's dividend policy.
- The calculation methods for the base point number for each rank and remuneration rank and coefficients are set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers.

- As funds for acquisition of shares by the trust, in principle, 1.1 billion yen will be contributed every three years. However, when there are remaining shares of the Company in the trust property as of the last day of the previous trust period, they will be used as funds for the subsequent trust periods, and the Company will contribute an amount derived by deducting the amount of the remaining Company shares, etc. from 1.1 billion yen.

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

Number of points to be granted = Base point number for each rank and remuneration rank¹ × Coefficient based on evaluation index²

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

5 Timing of the Determination and the Payment of Remuneration Amount

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

6 Method to Determine Remuneration Standards

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

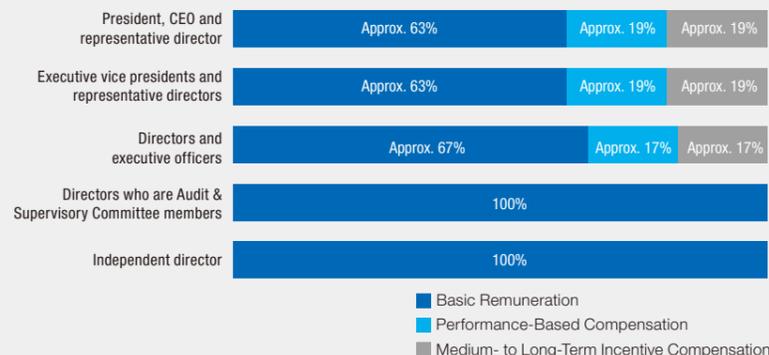
7 Method to Determine and Examine Remuneration Policy

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

Reference

Composition of Remuneration for Directors and Executive Officers

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



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

Corporate Governance

Reference

Base Value and Actual Value for Each Remuneration Category

Remuneration Category	Performance-Based Compensation	Medium- to Long-Term Incentive Compensation
Index	ROIC	Profit attributable to owners of parent
Base value for fiscal 2022	5.0%	79.4 billion yen
Actual value for fiscal 2022	4.9%	72.5 billion yen

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 in fiscal 2022 have been deliberated by the Nomination & Compensation Committee and then resolved by the Board of Directors.

Timing	Items deliberated and resolved
Apr. and May 2022	Submission of the proposal on revision to the maximum amount of remuneration for directors and executive officers to the General Meeting of Shareholders
Jun. 2022	Revision to the Basic Policy on Remuneration for Directors and Executive Officers (revision to the maximum amount of remuneration for directors and executive officers)
May 2023	Amount of performance-based compensation and amount of medium- to long-term incentive compensation for fiscal 2022

Fiscal 2022 Remuneration for Directors

Category	Number of payees (Persons)	Total amount paid (Millions of yen)	Breakdown of total amount by type of 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 outside directors)	9 (4)	459 (40)	312 (40)	82 (—)	65 (—)	The number of payees and the amount of payment include one outside director (not an Audit & Supervisory Committee member), one internal director (an Audit & Supervisory Committee member), and one outside director (an Audit & Supervisory Committee member) who left the positions in fiscal 2022.
Directors who are Audit & Supervisory Committee members (of whom are outside directors)	6 (4)	107 (44)	107 (44)	— (—)	— (—)	
Total	15	567	419	82	65	

Remuneration for Accounting Auditor

In fiscal 2022, remuneration and other amounts payable to the Accounting Auditor by the Company totaled 169 million yen, and the total amount of money and other financial interests payable by the Company and its subsidiaries was 475 million yen.

Strategic Holding of Shares

Basic Policy on Strategic Holdings of Shares

Basic Policy on Strategic Holdings of Shares

▶ See ESG Data Book 2023: p. 86 "Strategic Holdings of Shares"

Criteria for Exercising Voting Rights

Criteria for Exercising Voting Rights on Strategic Shareholdings

▶ See ESG Data Book 2023: p. 86 "Strategic Holdings of Shares"

Verification Results Regarding Strategic Holdings of Shares (As of March 31, 2023)

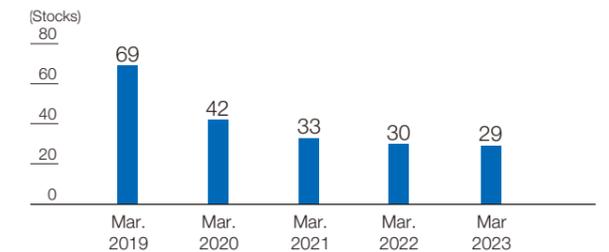
Targets	All the strategic holdings of shares that the Company holds in listed companies as of March 31, 2023 (29 stocks)
Verification details	<p>We verified whether the holding of each company's shares contributes to strengthening the Company's business foundation and to improving the Company's corporate value over medium to long term, based on the following evaluation items, and comprehensively judged the reasonableness of each shareholding.</p> <p>Evaluation items</p> <ol style="list-style-type: none"> Scale and importance as a business partner (volume of transactions, share of transactions, and stable procurement) Relationship as an alliance partner (economic effect of the alliance) Dividend yield

Verification Results

- In fiscal 2022, our Company reviewed the significance of strategic shareholdings in listed companies from the perspective of improving the capital and asset efficiency. As a result, it was confirmed that, of the 30 stocks that the Company held as of the end of March 2022, all shares in one stock and a portion of shares in another stock were sold under the agreement with the counterparties.
- As of March 31, 2023, the Company holds 29 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, our Company will continue to verify the necessity of strategic shareholdings in listed companies to keep the shareholdings to a minimum, and we will consider reducing the holdings of shares in stocks that are judged to have diminished significance by selling them or other means.

Changes in the Company's Strategic Holdings of Shares



Approach to Listed Group Companies

In accordance with the Group Company Management Regulations, our 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.

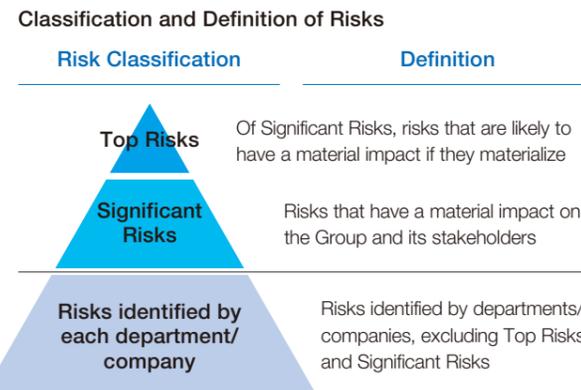
Our Company pursues the ideal form of capital relations by comprehensively taking into account the various situations of Group companies in terms of the business contents, scale, financial strategies for business development, financing, etc., for the overall enhancement of corporate value as a corporate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

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

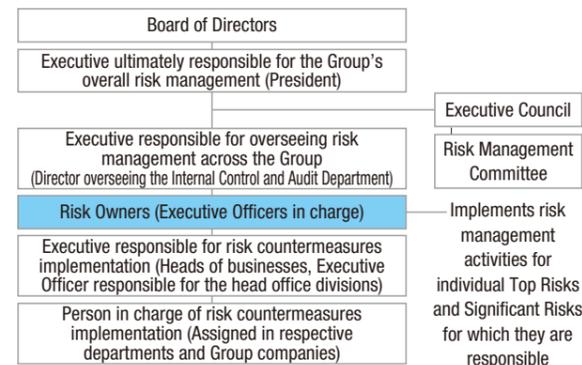
Risk Management

Basic Policy

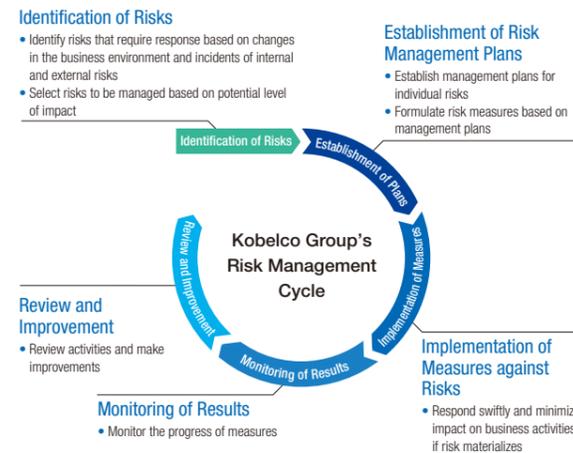
In accordance with the Companywide Risk Management Regulations and referring to the guidance issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as an international standard, we identify factors that hinder the Kobelco Group's sustainable development and enhancement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



Management Structure



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



independently from the Audit & Supervisory Committee. 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 year. To ensure the effectiveness of our activities, the Board of Directors manages and supervises activities to address Top Risks and Significant Risks, including ESG risks. They review the annual results of activities in respective business divisions for the improvement of the plans for subsequent fiscal years. This approach to risk management is also actively employed at Group companies.

In the event of an urgent and serious risk of loss with respect to risks including Top Risks and Significant Risks, we will appropriately communicate information and make decisions according to internal rules based on the Contact System in Case of Risk Occurrence and take appropriate measures to minimize damage.

Risk Management [▶ See ESG Data Book 2023: p. 92-93](#)

Compliance

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

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.

Compliance Structure

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

(1) Compliance Committee

The Company has established the Compliance Committee as an advisory body to the Board of Directors. The committee drafts plans for Groupwide compliance activities, monitors the progress of these plans, and makes necessary revisions and improvements. The committee is comprised of the president, two other internal members, and 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 the compliance committees.

(2) Kobelco Group's Compliance Program

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

The Kobelco Group's Compliance Program consists of five pillars: (1) 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 carry out comprehensive and effective compliance activities throughout the Group.



Compliance-Related Activities

Specifically, compliance-related activities include regular communication by top management about their commitment to compliance, creation of various manuals, implementation of compliance education, establishment/operation of internal reporting system, and regular implementation of compliance awareness surveys.

Compliance [▶ See ESG Data Book 2023: p.88-91](#)

Communication with Stakeholders

The Kobelco Group is committed to proactive communication with stakeholders. We are earnestly listening to our stakeholders through dialogues with shareholders and other investors and through surveys of our customers and business partners. Recognizing that improving management transparency is a top priority, we are promoting timely, appropriate, and extensive information disclosure.

We also carry out various activities that contribute to local communities. Our efforts range from contribution to society through sports to initiatives undertaken by respective business locations, which include environmental activities, regional development, and community interaction, with a focus on supporting the young people of the next generation.

Stakeholders	Objectives	Main engagement activities
Shareholders and Investors	Promote understanding of the Kobelco Group and enhance corporate value through timely and appropriate information disclosure	<ul style="list-style-type: none"> Active dissemination of information, including timely disclosure of information through integrated reports and convocation notices <p>Domestic and Overseas Institutional Investors</p> <ul style="list-style-type: none"> Individual meetings with institutional investors Briefings with a variety of themes including financial results, the progress of the Medium-Term Management Plan, ESG, and each of our businesses <p>Individual Investors</p> <ul style="list-style-type: none"> Provision of information on our corporate website <p>▶ For more information on dialogue with the capital market, please see our Company's corporate website (in Japanese only)</p> <p>https://www.kobelco.co.jp/about_kobelco/kobesteel/governance/files/capital_markets_22.pdf</p>
Customers	Improve product/service quality	<ul style="list-style-type: none"> Questionnaire surveys that request our customers to answer questions covering a wide range of subjects, including product quality, services, and delivery periods
Business Partners	Work together to build responsible supply chains with the aim of resolving various issues, including human rights and environmental issues	<ul style="list-style-type: none"> Notify our business partners of the Basic CSR Procurement Policy through briefings and video distribution Received letters of consent from major business partners regarding our policies <p>Building Responsible Supply Chains ▶ See p. 86</p>
Employees	Encourage each and every employee to work with pride and a sense of fulfillment in their work, and to achieve self-improvement by demonstrating their own individuality and strengths	<ul style="list-style-type: none"> Core Values of KOBELCO—Next 100 Project activities Human resource development Initiatives for human rights Initiatives for diversity and inclusion (D&I) Safety and health activities <p>The Core Values of KOBELCO—Next 100 Project, human resources strategy, safety and health, and human rights, ▶ See p. 78-84</p>
Community Members	<ul style="list-style-type: none"> Contribute to society as a member of the local community Innovate society through sports activities, including KOBELCO KOBELCO STEELERS' activities aimed at ensuring the connection and harmony with the local community and society, and various sports support activities 	<p>Social Contribution Activities</p> <ul style="list-style-type: none"> Kobelco Community Contribution Fund Established in 2006 to commemorate the 100th anniversary of our Company's founding. Providing support activities for children. Kobelco World Children Support Program Established in 2021 as a support activity for children around the world who are in need due to natural disasters such as earthquakes, volcanic eruptions and conflicts. Making donations every year. Kobelco Green Project—Kobelco Forest Fairy Tale Prize For the KOBELCO Forest Fairy Tale Prize, we solicit 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 stories that win the Gold Prize are made into picture books and donated to schools, libraries, and other institutions under the jurisdiction of the sponsoring local government. <p>Contributions to Society through Sports</p> <ul style="list-style-type: none"> Promote various activities based on a business partnership agreement with Kobe City Engage in activities to develop healthy youth through rugby Promote activities to support various organizations through rugby

Communication with Stakeholders ▶ See ESG Data Book 2023: p. 99-101 "Community (Communication with Stakeholders)"

Participation in Sustainability Initiatives and External Evaluations

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

TCFD



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SDGs



SUSTAINABLE DEVELOPMENT GOALS

White Logistics Movement



「ホワイト物流」推進運動

賛同企業

Challenging Initiatives for 30% of Executives to be Women by 2030



30 Challenge

#HereWeGo203030

UN Global Compact



WE SUPPORT

Kobe Steel signed the United Nations Global Compact (UNGC) and was registered as a participant company in March 2021. The companies and organizations that sign the UNGC are committed to the ten principles for the protection of human rights, elimination of unfair labor, conservation of the environment and prevention of corruption.

Male Leaders Coalition for Empowerment of Women



行動宣言

輝く女性の活躍を加速する男性リーダーの会

Declaration of Partnership Building



パートナーシップ構築宣言

GX League



GX League

External Evaluations (Listed below are only major ones as of August 2023.)

FTSE4Good Index Series



FTSE4Good

FTSE Blossom Japan Index



FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



S&P/JPX カーボン エフィシエント 指数

MSCI Japan ESG Select Leaders

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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MSCI Japan Empowering Women Index (WIN)

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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CDP



Scored A- (A-minus) by CDP in the Climate Change category

Platinum Kurumin



プラチナKurumin

子育てサポートしています

PRIDE Index



work with Pride

Best Practice 2022

2023 White 500 Health and Productivity Management Organization



健康経営優良法人 2023

Health and productivity ホワイト500

2023 Health & Productivity Stock Selection Program



2023 健康経営銘柄

Health and Productivity