



04

Business Foundation:
Prerequisites for
Continued Corporate Existence

Message from the Chair of the Board of Directors

Dedicated to the transformation into

an appealing company through efficient operation and

sound governance of the Board of Directors

Fulfilling the Chair's primary responsibility— Ensuring the Effectiveness of the Board of Directors

Since 2018, the Kobelco Group has appointed an independent director to serve as the Chair of the Board of Directors. In light of this, even before my appointment as Chair in June 2024, I had been preparing for the possibility of succeeding to this role, while closely observing the performance of previous Chairs to develop my own unique approach.

The Chair represents the governance of the Board of Directors, and its mission is to ensure that the Board functions effectively. This role is crucial as it directly contributes to enhancing corporate value. A year has passed since I assumed the role of Chair. I now approach this significant responsibility with a renewed commitment to enhancing the Board's operations and improving the quality of discussions, with a strong sense of mission and problem awareness.

As Chair, I keep several important considerations in mind in the operation of the Board of Directors. I would

like to take this opportunity to share the perspectives that I particularly adhere to, as well as the strategies I have employed to achieve them.

The first point is setting the agenda for the Board of Directors and the meetings attended by its members. The Company's Board of Directors functions as a monitoring board and delegates a certain degree of authority to the executive team. Based on this, at the beginning of each fiscal year, we carefully discuss the matters to be reported at the Board of Directors meetings and the themes to be monitored in order to determine the agenda. Outside the Board of Directors meetings, we also preliminarily exchange opinions and build consensus on the topics to be discussed at offline meetings attended by all Board members, Sustainability Management Meetings, and Meetings of Independent Directors. This process helps ensure that these meetings function efficiently. Setting the agenda is a very important process, and I believe it is meaningful that an independent director is involved in it as Chair.

The second point is concerning how to elicit diverse opinions. Multifaceted and in-depth discussions are



Yumiko Ito
Independent Director
Chair of the Board of Directors

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essential at Board of Directors meetings. Typically, the monitoring board employs a question-and-answer format, where executives respond to questions from independent directors. However, the Company seeks to engage in deeper discussions on topics that are fundamental to the essence of value creation, including management strategy, large-scale investments, and human resources strategy. To achieve this, it is important to go beyond simple question-and-answer sessions and to draw out a wide range of opinions from members with diverse perspectives. For example, executive directors who are not directly responsible for the issue under discussion may offer valuable insights. To ensure we capture these perspectives, we talk to them before board meetings and actively urge them to share their thoughts. My previous experience in executive roles allows me to consciously focus on these aspects. I believe these efforts have fostered more lively discussions and made the Board of Directors meetings even more enriching forums.

The third is the importance of multi-dimensional discussions. Given that the Board of Directors is a forum for making critical decisions, I believe discussions should involve analysis of various layers of factors, transforming perspectives into a two- or three-dimensional view. Even if the discussion veers slightly off the main topic, these exchanges provide an opportunity to foster a multifaceted perspective. We value each director's candid expression of what they consider important, which contributes to a deeper discussion.

The fourth is the efficient operation of the Board of Directors. While in-depth discussions require a certain amount of time, I believe it is the Chair's responsibility to ensure that reports and exchanges of opinions remain concise and avoid redundancy. The Company has long maintained a system in which each business division reports on its operations. By narrowing the focus of reports on matters that are highly relevant to the progress of the Medium-Term Management Plan and the annual budget, the significance and positioning of each business have become clearer. Rather than simply receiving progress reports, we aim to deepen our understanding by focusing our discussions on how the progress relates to sustainable growth and enhancing corporate value, as well as whether better options might be available. We see active exchanges of questions and answers as a positive thing; however, reports should be centered on strategies and management issues, while maintaining clarity and conciseness.

When I was appointed as an independent director in 2019, preliminary briefings on materials for Board of Directors meetings took a considerable amount of time. This prior provision of information was extremely beneficial in helping me understand the Company's overall business. However, through operational improvements, these briefings have become more focused and the overall operations of the Board of Directors has become more sophisticated.

The effectiveness of the Board of Directors is assessed annually by soliciting input from directors



through a questionnaire survey. Following an initial evaluation by the Corporate Governance Committee, the results are discussed and evaluated by the Board of Directors to identify issues.

Diligent implementation of the PDCA cycle accelerates the evolution of corporate governance

People often discuss corporate governance aimed at enhancing corporate value, using dichotomies such as “proactive or defensive” or “supervision or support.” However, I believe these perspectives are not contradictory; rather, they are both essential for strengthening a company's earning power. In other words, both viewpoints are necessary for sustainable growth and the enhancement of corporate value over the medium to long term. Looking back on my own career as a lawyer, I have occasionally recommended

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a cautious approach in the face of legal risks. On the other hand, I have actively supported business success by engaging in negotiations and drafting contracts. Based on these experiences, I view corporate governance as a system and mechanism to ensure the enhancement of corporate value.

From this perspective, it is important to formulate a strategy as a first step. Organizational capabilities are also required to effectively implement the strategy. This also encompasses risk management and compliance. In addition, top management's leadership in implementing it is undoubtedly crucial. Only when all of these elements are in place can we achieve governance that contributes to the enhancement of corporate value.

Governance is not a goal that can be attained by meeting a required standard. What truly matters is diligently implementing the PDCA cycle in every process—ranging from the formulation and execution of



strategies, to the enhancement of operational performance, and even to the appointment and dismissal of the president and CEO—while identifying issues and making continuous improvements.

When formulating a strategy, holding multifaceted discussions at the Board of Directors meetings also helps improve the quality of executive discussions. Even at the implementation stage, if a discrepancy arises between the plan and the actual results, we investigate the underlying factors in terms of background and structures to ensure that appropriate countermeasures are taken. I believe that engaging in this series of dialogues is fundamental to establishing sound governance.

Creating an exciting company through transformation and ambitious initiatives, while leveraging the Kobelco Group's distinctive quality of straightforwardness

In my opinion, Kobelco's uniqueness lies in its straightforwardness. The Company's corporate culture is built on a commitment to facing challenges head-on, working diligently without showing off. This quality of the Company is significant and positively contributes to the development of strategies and the improvement of business execution capabilities, acting as a key driver in elevating the maturity of corporate governance.

The Company has been enhancing its system to ensure effective governance through the cross-segment oversight of the entire Group by the Head Office and the

Executive Council. The accumulation of these efforts has formed the foundation that supports the Company's strong performance and has led to increased trust from stakeholders.

The Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026) has set the goal of “transforming into an appealing company.” To achieve this, the Company is advancing KOBELCO-X initiatives across the organization. Each member of the Group is working on any of the seven transformation initiatives from AX (ambidexterity) to GX (green transformation) as part of their daily operations, with increased awareness of carrying out the transformation. If this mindset and behavior take root throughout the organization, it could enhance existing businesses while also contributing to the creation of new value.

It may appear to be a modest change that is hard to notice from the outside. Nevertheless, I believe that we can create a momentum for making significant changes and tackling the next challenge by addressing each issue one by one and making steady improvements. The greatest appeal of working for the Group is that, amid these transformations, employees can recognize their own growth and find fulfillment and excitement in the process.

We will continue to respond flexibly to changes in the external environment and strive to make the Group an appealing company that grows sustainably together with all stakeholders, including shareholders, investors, customers, business partners, and employees.

Directors



Photographed with the cooperation of Kobe Portopia Hotel

1 Yoshihiko Katsukawa
President, CEO and Representative Director
Nomination & Compensation Committee Member
Compliance Committee Member
Corporate Governance Committee Member

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

3 Koichi Sakamoto
Director, Executive Officer
Quality Management Committee Member

4 Shinji Miyaoka
Director, Executive Officer

5 Kazuhiko Kimoto
Director, Executive Officer
Corporate Governance Committee Member

6 Yumiko Ito
Independent Director
Chair of the Board of Directors
Nomination & Compensation Committee Member (Chair)
Corporate Governance Committee Member

7 Shinsuke Kitagawa
Independent Director
Corporate Governance Committee Member (Chair)

8 Yoshie Tsukamoto
Independent Director
Corporate Governance Committee Member

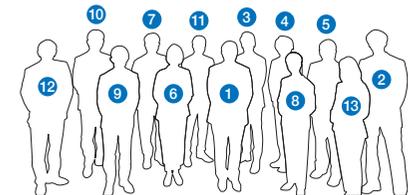
9 Gunyu Matsumoto
Director (Audit & Supervisory Committee Member, full time)

10 Yuichiro Goto
Director (Audit & Supervisory Committee Member, full time)

11 Masaaki Kono
Independent Director (Audit & Supervisory Committee Member)
Audit & Supervisory Committee Chair
Nomination & Compensation Committee Member
Corporate Governance Committee Member

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

13 Nobuko Sekiguchi
Independent Director (Audit & Supervisory Committee Member)



For a career summary of each director, please visit our corporate website. <https://www.kobelco.co.jp/english/about-kobelco/organization.html>

Corporate Governance

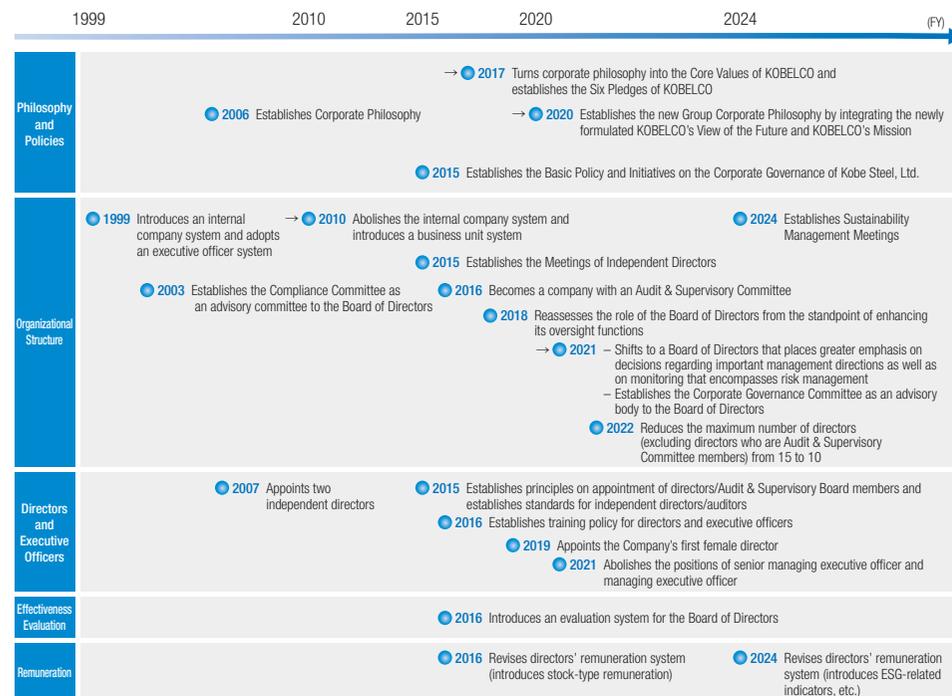
Basic Stance on Corporate Governance

The Kobelco Group recognizes that corporate value encompasses not only business results and technological capabilities but also the stance on social responsibility to all stakeholders, including shareholders and investors, customers, business partners, members of local communities, and Group employees. We believe that working earnestly to improve all of these factors leads to the enhancement of corporate value. Therefore, corporate governance is not merely a form of the organization, but it is a framework for realizing all the efforts the Group is undertaking. In the development of the framework, we place importance on the following: establishing a system that contributes to improving corporate value through appropriate risk-taking, collaborating with stakeholders, promoting appropriate dialogue with investors in the capital market, ensuring the rights of and fairness for shareholders, and ensuring transparency.

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

Please 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/kobesteeel/governance/files/Basic_Policy_and_Initiatives.pdf

Initiatives to Strengthen Corporate Governance



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.

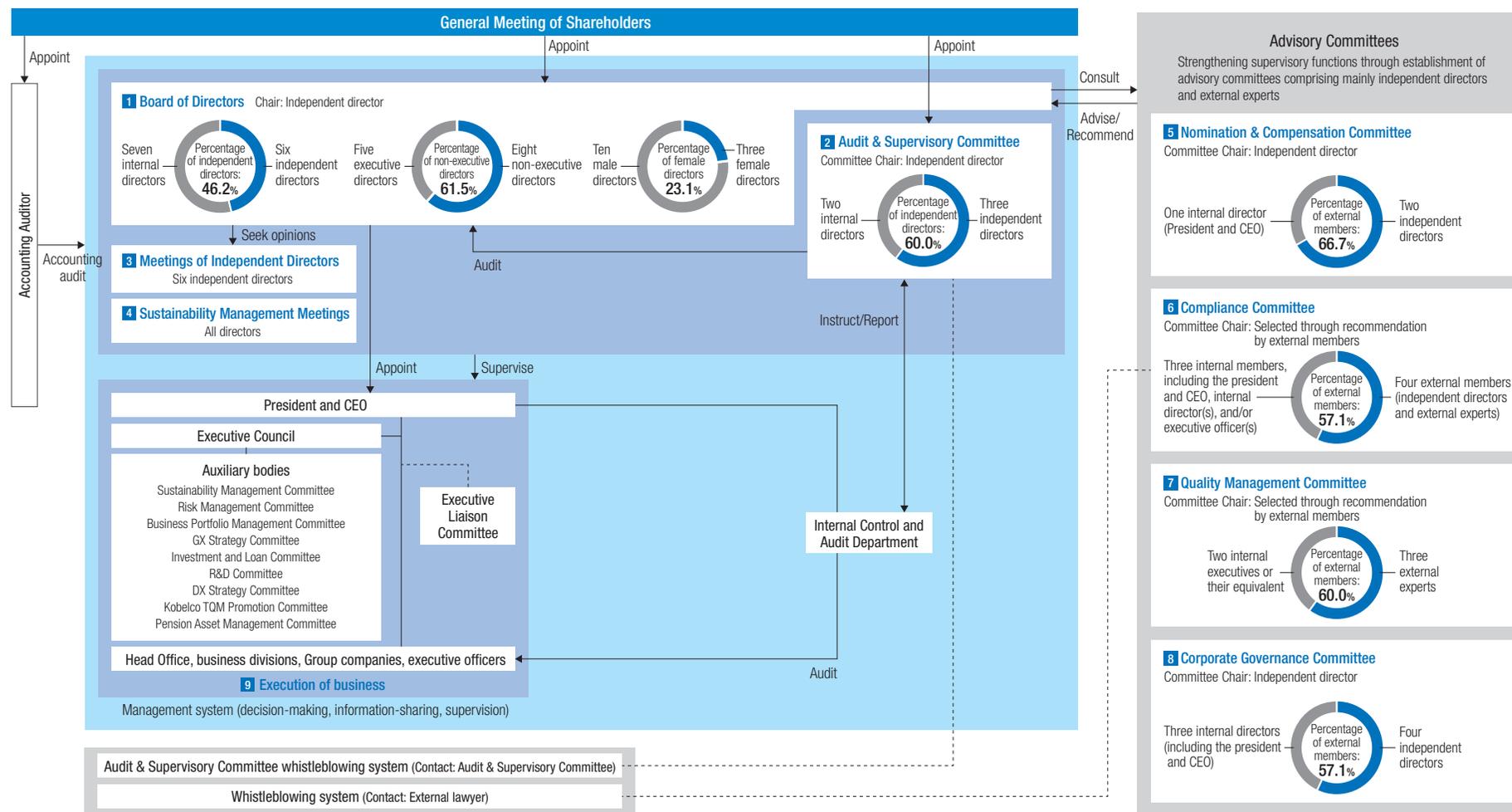
Furthermore, the Company believes it is necessary for the Board of Directors to hold active discussions and make appropriate decisions regarding the risk management and the distribution of management resources for a wide range of businesses, and at the same time, to flexibly supervise business execution. 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 and CEO, discuss important matters. In addition, the Company has set up various committees as auxiliary bodies to the Executive Council in order to oversee and promote important matters related to the entire company, such as sustainability and business portfolio management. The activities of these committees are monitored by the Board of Directors.

Corporate Governance

Our Corporate Governance System



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Corporate Governance

1 Board of Directors

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

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

Status of Activities in Fiscal 2024

In fiscal 2024, the Board of Directors held discussions based on agendas that have been systematically set well in advance, utilizing the Meetings of Independent Directors and other means. These discussions focused on initiatives related to the business foundation area and the Kobelco Group's transformation initiative KOBELCO-X, among the various initiatives aimed at increasing corporate value over the medium to long term through the promotion of sustainability management based on the Group Corporate Philosophy.

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 facilitates appropriate 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 the members who are independent directors.

Internal directors who are full-time Audit & Supervisory Committee members are 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 execution of business 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.

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

4 Sustainability Management Meetings

The Company has established the Sustainability Management Meetings to strengthen the Board of Directors' monitoring function. The meetings facilitate the sharing of views and the exchange of opinions with executives, including those from business divisions, regarding the Group's key sustainability-related activities (carbon neutrality, human resources, quality, and other focus areas of Companywide strategies) on a broad and regular basis.

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

We also regularly invite external speakers to provide special lectures with the goal of enhancing the appropriate skills and competencies required of directors to oversee strategies established to address sustainability-related risks and opportunities.

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

Matters Examined in Fiscal 2024

The committee deliberated on matters such as the nomination of directors for fiscal 2025 and additional contributions to the Board Benefit Trust (BBT) in the directors' remuneration system and submitted recommendations to the Board of Directors.

Corporate Governance

6 Compliance Committee

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

The Compliance Committee consists of the president and CEO, the director/executive officer overseeing Companywide compliance, the executive officer responsible for Companywide compliance, lawyers (without a retainer agreement executed by the Company) as a contact point for the internal whistleblowing system, independent directors, and external experts. The majority of the committee consists of members from outside the Company. The committee chair is selected through mutual recommendation among the external members.

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

7 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 quality misconduct. The membership of the committee consists of two internal executives of the Company or their equivalent and three external experts selected by the Board of Directors who have technical or legal knowledge on quality control. The committee chair is selected through mutual recommendation among the external members.

8 Corporate Governance Committee

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

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

9 Execution of business

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

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

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

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

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

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 Medium-Term Management Plan (Fiscal 2024–2026), which was formulated and announced in May 2024, we have put together a skills matrix of the knowledge, experience, and skills that the Board of Directors particularly expects the directors to demonstrate for the improvement of the functions of the Board of Directors. These areas of knowledge, experience, and skills will be reviewed as necessary in response to changes in the business environment, the formulation of new management plans, and other changes.

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

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

	Name	Gender	Length of service as director (Years)	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Committee meetings	Comprehensive skills in overall management		Skills in solving social issues and creating new value			Skills in further strengthening the business foundation			Insights into other industry sectors
						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	
Directors	Yoshihiko Katsukawa Internal	Executive	Male	7	16/16 (100%)	—	●	●		●	●			
	Hajime Nagara Internal		Male	5	16/16 (100%)	—	●	●				●	●	
	Koichi Sakamoto Internal		Male	2	16/16 (100%)	—	●	●		●				
	Shinji Miyaoka Internal		Male	2	16/16 (100%)	—	●		●	●	●			
	Kazuhiko Kimoto Internal		Male	1	12/12 (100%)	—	●	●	●		●			
Directors who are Audit & Supervisory Committee members	Yumiko Ito Outside/Independent Director	Non-Executive	Female	6	16/16 (100%)	—		●			●		●	●
	Shinsuke Kitagawa Outside/Independent Director		Male	3	16/16 (100%)	—		●			●		●	●
	Yoshie Tsukamoto Outside/Independent Director		Female	1	12/12 (100%)	—	●		●	●				●
	Gunyu Matsumoto Internal		Male	2	16/16 (100%)	21/21 (100%)	●				●	●		
	Yuichiro Goto Internal		Male	1	12/12 (100%)	14/14 (100%)		●	●	●				
	Masaaki Kono Outside/Independent Director		Male	5	16/16 (100%)	21/21 (100%)	●	●			●			●
	Kunio Miura Outside/Independent Director		Male	5	16/16 (100%)	21/21 (100%)		●					●	●
	Nobuko Sekiguchi Outside/Independent Director		Female	3	16/16 (100%)	21/21 (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. Since June 19, 2024, when Kazuhiko Kimoto, Yoshie Tsukamoto and Yuichiro Goto were appointed as directors, the Board of Directors and the Audit & Supervisory Committee have met 12 times and 14 times, respectively.

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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 directors and others.
- To revitalize and deepen discussions at meetings of the Board of Directors and further enhance the monitoring function for business activities, the Company appoints an independent director as the chair of the Board of Directors, in principle.
- The Company has established a secretariat for the Board of Directors within the Corporate Planning Department. The Secretariat determines and organizes the annual schedule of meetings of the Board of Directors, alongside agenda items anticipated 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 2024

Evaluators	All 13 directors
Implementation process	Questionnaire survey targeting all directors and individual interviews by the Corporate Governance Committee Note: The Company entrusted a third-party organization to carry out the questionnaire survey.
Evaluation items	1. Structure of the Board of Directors, 2. Agenda of Board of Directors' meetings, 3. Materials for Board of Directors' meetings, 4. Operation of the Board of Directors, 5. Provision of information to directors, 6. Discussions among directors, 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 Evaluation Results

- As a result of the effectiveness evaluation conducted in the previous fiscal year, the Company recognized the need to narrow the themes for discussion at Board of Directors' meetings and to develop a systematic annual plan for agenda items, considering the strengthened Board of Directors' monitoring function.
- Therefore, in fiscal 2024, which was the first year of the Medium-Term Management Plan, the Company set an annual agenda focused on specific themes and organized offline discussion forums. Many of the participants commented that they gained a deeper understanding of the business environment and relevant issues. This feedback suggests that the Board of

Directors' function as a monitoring board has continued to improve, as observed in fiscal 2023.

- 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 2025 and strive to make further improvements.
- In fiscal 2025 in particular, given the current business environment, the Company recognizes the need for continuous discussion on important themes for increasing corporate value, and will continue to utilize the Sustainability Management Meetings, which was newly established in fiscal 2024, and offline meetings.

Future Initiatives for Improving Effectiveness

- The Board of Directors will engage in more in-depth discussions regarding specific strategies to increase corporate value over the medium to long term in accordance with a systematic annual agenda plan.
- The Company will continue to work to improve the efficiency of the operation of the Board of Directors.

Corporate Governance

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 various training programs as opportunities to acquire and appropriately update the necessary knowledge. The Company will support the expenses for training.

For more details, please see Corporate Governance on page 83 of ESG Data Book 2025.

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 talent 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.

For more details, please see Corporate Governance on page 83 of ESG Data Book 2025.

Remuneration for Directors, Executive Officers, and the Accounting Auditor

Basic Policy on Remuneration for Directors and Executive Officers

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 must 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 Executive Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers, and Stock Benefit Regulations for Directors and Executive Officers, which include the remuneration calculation methods for individual director/executive officer.
- 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 and CEO, taking into account 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 40–60% of basic remuneration for each rank and remuneration rank, the amount for the portion linked to individual evaluation will be set at the level of -5% to 5% of basic remuneration for each rank and remuneration rank, and the value of medium- to long-term

incentive compensation provided per fiscal year will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank.

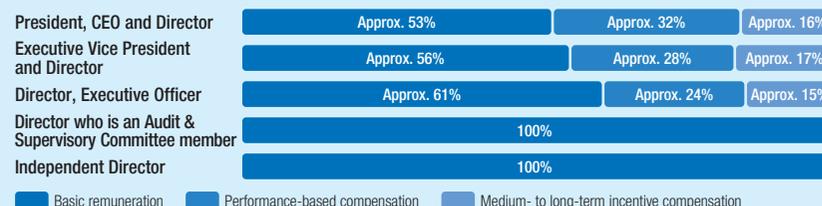
- Limits of remuneration and other benefits based on the resolution at the Ordinary General Meeting of Shareholders are as follows.

Remuneration for directors (excluding directors who are Audit & Supervisory Committee members)

The limit of basic remuneration:	Within a total of 460 million yen per fiscal year
The limit of performance-based compensation:	Within a total of 387 million yen per fiscal year
Maximum points to be granted for medium- to long-term incentive compensation:	Within a total of 471,200 points per fiscal year
Remuneration for directors who are also Audit & Supervisory Committee members (basic remuneration only):	Within a total of 132 million yen per fiscal year

Reference Composition of Remuneration for Directors and Executive Officers

The composition of remuneration for directors and executive officers is as follows. The percentages of the performance-based compensation and medium- to long-term incentive compensation are higher for the positions that require a higher level of performance and responsibility.



Notes: 1. The amounts of the portion linked to division performance of performance-based compensation and medium- to long-term incentive compensation granted vary depending on business results. The range of fluctuation is 0–200% of the standard pay amount for the portion linked to division performance of performance-based compensation and 0–120% of the standard pay amount for medium- to long-term incentive compensation. The percentages of the portion linked to division performance of performance-based compensation and medium- to long-term incentive compensation in the above graph represent the case where respective payments are made at 100% of the standard pay amount. In addition to the above amount, the amount for the portion linked to individual evaluation is paid in the range of -5% to 5% of basic remuneration.
2. Executive directors and executive officers are based on a standard remuneration rank.

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 indicators as stated in the Medium-term Management Plan. Each business division will also set a performance target based on performance management indicators 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 indicators, 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 CEO, and evaluation for other executive officers is determined by the president and CEO after primary evaluation by executive officers overseeing business divisions and heads of business divisions. The details of evaluation are reported to the Nomination & Compensation Committee.

Note: The individual evaluation reflects the status of ESG-related initiatives in the duties entrusted to each director and executive officer.

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

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

For the calculation method for the portion linked to division performance of performance-based compensation, please see page 85 of our ESG Data Book 2025.

4 Medium- to Long-Term Incentive Compensation

- For medium- to long-term incentive compensation, a system known as the Board Benefit Trust is adopted in order to raise the awareness of contributing to continuous improvements in corporate value. The stock benefit will be provided on a fixed date during each three-year trust period, based on the total number of points granted. In addition to a base point number determined by the standard pay amount for each rank and remuneration rank, an extra number of points will be awarded by multiplying the base point number by a factor ranging from 0% to 120%. This factor will be determined by the profit attributable to owners of parent, the status of dividend payments for each fiscal year, and performance in relation to ESG-related indicators.

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 reflects the dividend payout ratio as stated in the Company's dividend policy. ESG-related indicators are also used as evaluation indicators as a way of actively promoting solutions to various ESG management issues. Specifically, to comprehensively and objectively evaluate all aspects of our ESG efforts, we use the evaluations of major global ESG rating agencies as indicators. Our benchmark values are a CDP score of A, a FTSE ESG score of 3.9 or higher, and an MSCI ESG rating of AAA.

- 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 through the trust, in principle, 1.25 billion yen will be contributed every three years. However, when there are remaining shares of the Company in the trust property as of the last day of the previous trust period, they will be used as funds for the subsequent trust periods, and an amount derived by deducting the amount of the remaining Company shares, etc., from 1.25 billion yen will be contributed.

For the calculation method of points to grant medium- to long-term incentive compensation, please see page 85 of ESG Data Book 2025.

5 Determination of Remuneration Amount and Timing of Payment

- 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 in a lump sum by the end of the month following the month when the Ordinary General Meeting of Shareholders is convened. The portion linked to individual evaluation will be paid together with the portion linked to division performance in the amount determined based on the calculation formula according to the results of individual evaluation after the end of each fiscal year.
- 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 30th each year. Company shares, etc., will be provided every three years on a fixed date during the trust period.

6 Method to Determine Remuneration Standards

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

7 Method to Determine and Examine Remuneration Policy

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

Reference Base Values and Actual Values for Each Compensation-related Indicator

Compensation item	Performance-based compensation	Medium- to long-term incentive compensation			
		Portion linked to profit of the term		Portion linked to ESG ratings	
Indicator	ROIC	Profit attributable to owners of parent	CDP climate change score	FTSE ESG score	MSCI ESG rating
Base values for FY2024	8.0%	¥79.4 billion	A	3.9 or higher	AAA
Actual values for FY2024	6.9%	¥120.1 billion	A-	3.8	AA

Notes: 1. The base value indicates the case where the payment coefficient is at its maximum.
2. The actual value of the portion linked to ESG ratings of the medium- to long-term incentive compensation is based on the figure disclosed as of the end of fiscal 2024.

Remuneration for Directors in Fiscal 2024

Category	Number of payees (Persons)	Amount (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 which, outside directors)	10 (4)	549 (46)	282 (46)	194 (—)	72 (—)	The number of payees and the amount of payment include one internal director (not an Audit & Supervisory Committee member), one independent director (not an Audit & Supervisory Committee member), and one internal director (an Audit & Supervisory Committee member) who left the positions in fiscal 2024.
Directors, Audit & Supervisory Committee Members (of which, outside directors)	6 (3)	116 (49)	116 (49)	— (—)	— (—)	
Total	16	666	398	194	72	

Remuneration for the Accounting Auditor in Fiscal 2024

Category	Payments (Millions of yen)
Remuneration and other amounts payable to the accounting auditor by the Company	194
Total amount of money and other financial interests payable by the Company and its subsidiaries	585

Corporate Governance

Strategic Holdings of Shares

Basic Policy

For our basic policy on strategic holdings of shares, please see page 87 of ESG Data Book 2025.

Criteria for Exercising Voting Rights

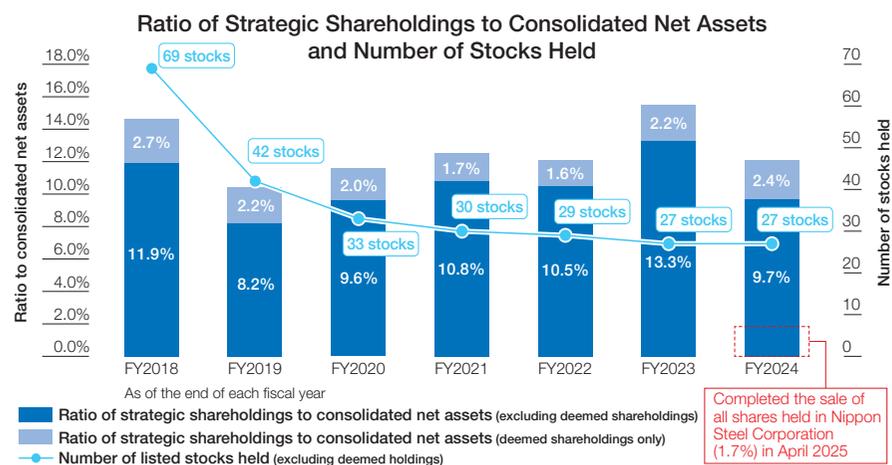
For our criteria for exercising voting rights of strategic holdings of shares, please see page 87 of ESG Data Book 2025.

Verification Results Regarding Strategic Holdings of Shares (As of March 31, 2025)

Targets	All the strategic holdings of shares that the Company holds in listed companies as of March 31, 2025, excluding one stock that it has decided to sell (26 stocks)
Verification details	<p>We verified whether the holdings of each company's shares contributes to strengthening the Company's business foundation and to improving the Company's corporate value over the medium to long term, based on the following evaluation items, and comprehensively judged the reasonableness of each shareholding.</p> <p>Evaluation items</p> <ul style="list-style-type: none"> ① Scale and importance as a business partner (volume of transactions, share of transactions, and stable procurement) ② Relationship as an alliance partner (economic effect of the alliance) ③ Dividend yield

Verification Results

- The Company holds 26 stocks as of March 31, 2025. 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 in terms of volume of transactions, share of transactions, and stable procurement, as well as the relationships as alliance partners.
- However, to ensure these holdings are kept to the minimum, the Company will continue to verify the necessity of strategic shareholdings, and we will reduce those holdings that are judged to have diminished significance through sale or other means.



Approach to Listed Group Companies

Listed Subsidiaries

In accordance with the Group Company Management Regulations, Kobe Steel obliges its Group companies to consult with their 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 and CEO 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 portfolios, scale, financial strategies for business development, financing, etc., for the overall enhancement of corporate value as a corporate group. From these perspectives, two of our subsidiaries are currently listed: Nippon Koshuha Steel Co., Ltd. and Kobelco Wire Company, Ltd. 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.

At the meeting of its Board of Directors held on May 12, 2025, Kobe Steel decided to transfer all shares it owned in Nippon Koshuha Steel Co., Ltd. to a third party capable of providing strong support for establishing a business foundation centered on the special steel business of Nippon Koshuha Steel Co., Ltd. This decision was made because it became clear that there were limited synergies between the special steel business of Nippon Koshuha Steel Co., Ltd. and Kobe Steel's business portfolio. The aim of this transfer is to further increase the corporate value of both companies. Following the transfer of these shares, Nippon Koshuha Steel Co., Ltd. will no longer be a consolidated subsidiary of the Company.

Listed Affiliated Companies

Shinsho Corporation, one of our affiliated companies, is a listed company, which operates independently in accordance with Shinsho Group's corporate philosophy and code of conduct, as it is not governed by the integrated Group management under the Group Company Management Regulations.

The company was established in 1946 and went public in 1961. Throughout its history up to the present, Shinsho Corporation has remained the core trading company of the Group. Meanwhile, Kobe Steel holds the largest share in Shinsho Corporation, which accounts for approximately 35.97% of the company's voting rights (including the portion held through the retirement benefit trust) as of March 31, 2025, to maintain and strengthen its business relationship with Shinsho Corporation. Kobe Steel permits Shinsho Corporation to use the Company's trademarks and other related materials under a licensing agreement for brands overseen by Kobe Steel's head office.

The agreement requires Shinsho Corporation to establish and maintain an appropriate governance structure and to provide reports to Kobe Steel in order to ensure the credibility of the licensed brands. However, this does not imply any involvement of our Company in the decision-making process of Shinsho Corporation.

For details, please see page 89 of our ESG Data Book 2025.

Roundtable Discussion among Three Independent Directors (Audit & Supervisory Committee Members)

Our mission as Audit & Supervisory Committee members is to support the executive team's decision-making and business execution from an independent standpoint, thereby contributing to the sustainable growth and increased corporate value of the Kobelco Group.



Maintaining independence and contributing to the enhancement of corporate value

Kono Kobe Steel's Audit & Supervisory Committee members, unlike auditors at companies with an audit and supervisory board, are responsible for auditing from the perspective of both legality and appropriateness. As director, I assume the important responsibility of evaluating whether management's decisions to enhance corporate value are appropriate and expressing my views as necessary. At Board of Directors meetings, I prioritize speaking candidly without overly focusing on my roles as an Audit & Supervisory Committee member or an independent director.

Sekiguchi As Mr. Kono noted, I also do not consciously focus on my role as an independent director who also serves as an Audit & Supervisory Committee member.

At the Board of Directors and other meetings, I intend to provide suggestions and comments based on my experience in accounting and finance, as well as my perspective as a woman. Kobe Steel possesses legal capabilities and expertise relevant to the manufacturing industry, including the infrastructure sector. It also has a well-established internal control system. We are closely monitoring whether the Company is making effective use of these systems for its business operations with agility.

Miura The Company's Audit & Supervisory Committee members seem to be more focused on actively contributing to the business foundation area in collaboration with the executive team to enhance

Roundtable Discussion among Three Independent Directors (Audit & Supervisory Committee Members)

corporate value, rather than simply fulfilling their supervisory roles. In my capacity as an independent director and Audit & Supervisory Committee member, I request the necessary information and reports from the Company's executives and employees, as well as those of Group companies, in accordance with laws and regulations. This enables me to audit and supervise business execution from an independent perspective.

Kono Mr. Miura made an important point. Information gathering is fundamental to the activities of the Audit & Supervisory Committee. We assess not only the legality of business execution but also the appropriateness of management decisions by obtaining sufficient information through various means, including attendance at important meetings, interviews with directors and heads of business divisions, activity reports shared by full-time Audit & Supervisory Committee members, and reports from the Internal Control and Audit Department, as well as other staff reports.

Miura Under the Companies Act, the Audit & Supervisory Committee has the authority to express opinions at the General Meeting of Shareholders regarding the appointment and remuneration of directors who are not Audit & Supervisory Committee members. At Kobe Steel, the chair of the Audit & Supervisory Committee provides their opinion every year. This authority is particularly important when material corporate decisions are involved. At such times, the Audit & Supervisory Committee forms independent opinions separate from the executive team and expresses

opinions that may have a significant impact on the exercise of voting rights concerning proposals for the appointment of directors presented to the General Meeting of Shareholders. I believe that this authority also contributes to the Board of Directors' monitoring function during normal operations and the supervision of the executive team's business operations.

The focus is on the Group's global governance structure, alongside the development of risk management and information-sharing systems

Kono The Group's risk management and governance structures are steadily evolving year by year. During the previous Medium-Term Management Plan, the management structure was reviewed, resulting in enhanced effectiveness, including that of the Board of Directors. The Audit & Supervisory Committee is focused on strengthening the Group's global governance structure as a key auditing theme and reports to the Board of Directors as necessary. The Company has been establishing a system to promptly identify signs of problems and notify both management and the Board of Directors. The Audit & Supervisory Committee highly evaluates this as a positive development.

Miura I agree. There are four advisory committees under the Board of Directors, and nine committees under the Executive Council as auxiliary bodies, all of which operate effectively and produce results. For example, the Investment and Loan Committee and the

Business Portfolio Management Committee deliberate on the future direction of unprofitable businesses while maintaining transparency. In recent years, the status of listed subsidiaries has come under scrutiny. To enhance the Group's overall strength, Kobe Steel turned Kobelco Eco-Solutions Co., Ltd. into a wholly owned subsidiary in 2021. Additionally, it announced in June 2025 its plans to turn Nippon Koshuha Steel Co., Ltd. into a wholly owned subsidiary and to transfer its special steel business. Both of these are bold management decisions that I believe will contribute to increasing the corporate value of the Group. These decisions were made by management through a series of discussions regarding ROIC management and the business portfolio. In terms of risk management, since the quality-related misconduct, the Company has made steady efforts to prevent risks from escalating into significant issues. This has been accomplished by investigating the facts, identifying the causes of any incidents that have



Roundtable Discussion among Three Independent Directors (Audit & Supervisory Committee Members)

become evident, taking measures to prevent recurrence, and fulfilling accountability to external stakeholders.

Sekiguchi Risk management is a key area of focus that has been thoroughly discussed within the Company.

I believe this is why the Company is able to provide convincing explanations to stakeholders. Based on the lessons learned from past quality misconduct, the executive team is working to improve communication and actively listening to the opinions of those at the production sites. These efforts are truly impressive.

Miura In auditing these structures, I find the Audit & Supervisory Committee well-organized and highly active.

The full-time Audit & Supervisory Committee members are experts in finance and accounting and technology development. They conduct interviews with Group companies, provide feedback to the committee, and hold Group auditor liaison meetings, allowing auditors from Group companies to exchange information with each other. Additionally, the staff of the Audit & Supervisory Committee Office, which assists the Audit & Supervisory Committee in its duties, provide accurate information and precise analysis during deliberations for meetings of the Audit & Supervisory Committee, providing strong support for the committee's activities.

Engaging in candid discussions with directors and executive officers, leveraging the individual qualities of each Audit & Supervisory Committee member

Kono The effectiveness of an audit hinges on honest



discussions. During meetings of the Board of Directors and interviews with directors and business division heads, we engage in open exchange of candid opinions and in-depth dialogue. We enhance our collaboration with independent directors who are not Audit & Supervisory Committee members through regular exchanges of opinions. This process includes sharing issues and questions prior to meetings with directors and heads of business divisions, as well as soliciting their opinions on audit plans.

Sekiguchi In particular, when handling highly confidential information, a relationship of trust between executives and outside directors is essential. With this shared understanding, we are able to engage in open and candid discussions. Additionally, because the executives' policies are well-defined, sensitive information is appropriately shared with outside directors, which I believe has enhanced the transparency of the decision-making process.

Miura The trust between the executive team and the Audit & Supervisory Committee members facilitates open and honest exchanges of opinions. The role of the Audit & Supervisory Committee is to support management's decision-making. This trust-based relationship allows for the sharing of candid opinions and comprehensive information.

Kono While Audit & Supervisory Committee members have numerous opportunities to conduct on-site audits and inspections, independent directors who are not Audit & Supervisory Committee members have fewer opportunities for such engagement. To address this, we facilitate information sharing and organize joint visits to manufacturing sites. I believe this enhanced communication eliminates information gaps and leads to improved effectiveness of the Board of Directors.

Sekiguchi When we feel that the concerns of people from production sites expressed in on-site interviews should be effectively communicated to the executive team, we bring up the issue at Board of Directors meetings or other occasions. I believe this effort contributes to improving trust from the sites. During on-site interviews, we focus not only on the formal adherence to rules but also on their actual contribution to achieving the objectives. We are also carefully evaluating the appropriateness of the rules and the need for revisions based on the feedback from the people working on site. We believe that conveying these voices to the Board of Directors is crucial to increasing the effectiveness of a system, preventing it from becoming a mere formality.

Roundtable Discussion among Three Independent Directors (Audit & Supervisory Committee Members)

Miura When executives make decisions, I examine whether they accurately recognize and evaluate the underlying facts, and make rational judgments. These principles of business judgement are always at the forefront of my mind. Particularly when making important management decisions such as organizational restructuring or large-scale investments, I verify legal risks and conflicts of interest with shareholders from an independent and objective standpoint. This approach allows us to fulfill the mandates of our shareholders and investors. I believe it is my responsibility as a legal professional to prioritize these two critical aspects.

Sekiguchi There are issues that need to be discussed to achieve further sustainable growth for the Group. While the Group operates a wide range of businesses, it is beginning to face limitations in its growth within the Japanese market alone. Although the Group has established many overseas bases, it needs to develop



Groupwide strategies through cross-segmental discussions and studies, moving beyond the overseas business operations led by each segment, in order to further increase its corporate value.

Kono I completely agree with you. The role of overseas headquarters is becoming clearer; however, the Company should develop area strategies that encompass the entire Group, instead of allowing each business division to separately manage overseas operations. I believe the Company is currently transitioning toward this approach. To enhance capital efficiency, the Company will also need to restructure its overseas Group companies, considering their specific roles. In fiscal 2025, the Audit & Supervisory Committee will focus on and discuss methods for evaluating Group companies.

Facing the challenges ahead to achieve sustainable growth and increase corporate value

Kono For example, to achieve carbon neutrality by 2050, we have formulated roadmaps. As the situation changes daily, the executive team must be cautious about when and what decisions to make, ensuring they are neither too hasty nor too slow. When making decisions regarding large-scale investments, it is essential to have the ability to verify and discuss whether management decisions are based on sufficient information.

Sekiguchi Although Japanese manufacturing has advanced technological capabilities, its value appears to be underappreciated by the market. The Group also

possesses a wide range of technologies and creates new value through the integration of various businesses and technologies, as demonstrated by KOBELCO-X. We will continue to focus on the Group's efforts to effectively communicate this existing corporate value to the public.

Miura It is a common challenge for global companies to effectively maintain and enhance their compliance and risk management systems throughout the corporate group. As the Kobelco Group expands into various regions and business sectors, it is becoming increasingly important to uphold each employee's code of conduct by instilling the Group Corporate Philosophy, while ensuring strict adherence to established rules. Given this, I believe it is essential to further promote the dissemination of the Group Corporate Philosophy, particularly emphasizing "integrity" which is backed by high ethical standards and professionalism, so that it serves as a deeply rooted guideline for the behavior of all Group employees.

Kono Contributing to the sustainable growth and enhancement of the Group's corporate value is an important responsibility of the Audit & Supervisory Committee members, who also serve as directors. I believe that we are partners who are working to maximize corporate value while maintaining a healthy level of tension with the executive team. As the business environment is anticipated to continue to rapidly change, we aim to leverage our independence and expertise as Audit & Supervisory Committee members to play an active role in ensuring sound corporate management.

Compliance

For details, please see Compliance on pages 91–94 of ESG Data Book 2025.

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

Compliance Code and Standards

Under the Group Corporate Philosophy, the Kobelco Group is working to implement the Six Pledges of KOBELCO that constitute its specific code of conduct to be practiced 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. Additionally, we have formulated Compliance Regulations that set out basic matters concerning compliance frameworks and its operations.

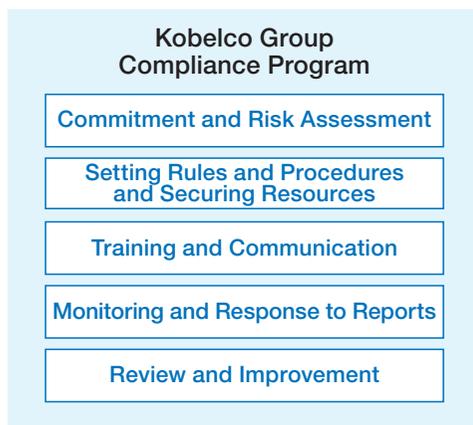
Compliance Structure and Activities

1. Compliance Committee

Kobe Steel has established the Compliance Committee as an advisory body to the Board of Directors. The committee formulates plans for Groupwide compliance activities, monitors the progress, and makes revisions and improvements as necessary. The committee's members include the president and CEO, three other internal members, and four external members of fair and impartial standing constituting a majority, with one of the external members serving as the committee chair. Major Group companies have also established their own compliance committees.

2. Kobelco Group Compliance Program

Under the supervision of the director/executive officer overseeing Companywide compliance and the executive officer responsible for Companywide compliance, the Internal Control and Audit Department of Kobe Steel promotes compliance in coordination with business divisions and Group companies. Compliance activities are implemented in accordance with the Kobelco Group Compliance Program that consists of five elements as shown below.



Commitment

The Kobelco Group recognizes that in order to thoroughly prevent all forms of misconduct, top management must demonstrate a zero-tolerance policy to compliance violations. To this end, we regularly deliver messages on compliance from the president and CEO to employees.

Setting Rules and Procedures

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

Training and Communication

In order to instill compliance awareness, our Group conducts training on compliance for all its employees. In addition, we ensure that all employees strictly adhere to the three principles of compliance, which set out our basic code of conduct: (1) Follow the rules, (2) Make no secret, and (3) Be honest.

Whistleblowing System

We accept reports and requests for consultations regarding all forms of misconduct, including bribery, embezzlement, cartels, harassment, etc. When a report or request for consultation is received, we ensure the complete confidentiality of those involved and the full protection of whistleblowers in accordance with the Whistleblower Protection Act and take appropriate measures utilizing necessary resources and skills.

Review and Improvement

We conduct employee compliance awareness surveys and identify potential risks based on issues identified through monitoring and responding to reports or consultations, as well as internal and external trends. Through this, we are constantly reviewing our compliance activities. Compliance improvement plans are developed by the Compliance Committee and presented to the Board of Directors.

Risk Management

For details, please see Risk Management on pages 95–96 of ESG Data Book 2025.

Under the Group Corporate Philosophy, we are taking appropriate measures to address the risk factors that may hinder the Kobelco Group’s sustainable development and enhancement of corporate value, which have been identified by using the international standards—The Committee of Sponsoring Organizations of the Treadway Commission (COSO) guidance—as reference materials, as specified in the Kobe Steel Risk Management Regulations.

Basic Policy

As targets for Companywide risk management, we have designated risks that have a material impact on the Group and stakeholders and require a Groupwide response as Top Risks and Significant Risks. These Top Risks and Significant Risks include ESG risks such as human rights, safety management, climate change, and natural disasters.



Management Structure

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

status of the activities of the Risk Management Committee is periodically reported to the Executive Council, and instructions are given to the Risk Owners based on the results of discussions at the Executive Council. The risk management system, headed up by the president and CEO, is operated independently from the Audit & Supervisory Committee.

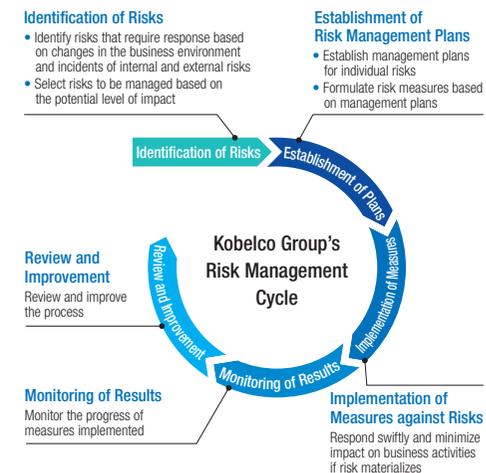
Under the direction of the Risk Owners, the management of individual risks is carried out by the person in charge of risk countermeasures implementation in each division in the following cycle: identifying risks, formulating plans, implementing measures, assessing results, and finally, reviewing and improving the process. To ensure the effectiveness of activities, the Board of Directors manages and supervises activities to address Top Risks and Significant Risks, including ESG risks. They review the annual results of activities in respective business divisions for the improvement of the plans for subsequent fiscal years. This approach to risk management is also actively employed at Group companies as a Groupwide initiative.

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

Management Structure



Risk Management Cycle



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Communication with Stakeholders

For details, please see Communities (Communication with Stakeholders) on pages 102–106 of ESG Data Book 2025.

The Kobelco Group is committed to proactive communication with its 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 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 (Fiscal 2024)
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 Individual meetings with institutional investors and plant tours Briefings on financial results, progress of the Medium-Term Management Plan, ESG, and various initiatives promoted by respective business segments Online briefings for individual shareholders <p>For more information on our dialogue with capital market, please see the Company's corporate website. https://www.kobelco.co.jp/english/ir/pdf/capital_markets_24_e.pdf</p>
Customers	Further improve the quality and other aspects of our technologies, products, and services	<ul style="list-style-type: none"> Implementation of questionnaire surveys to gather customer feedback on various topics, including product quality, services, and delivery
Business partners	Work together to build responsible supply chains that address various issues, including human rights and environmental issues	<ul style="list-style-type: none"> Implementation of a detailed questionnaire survey on human rights targeting our business partners For companies that are deemed not to fulfill the criteria for human rights efforts, we provided our original guidebook with best practices. <p>For details, please see Building Responsible Supply Chains on page 74.</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 Initiatives for human rights Human resources strategy and employee experience improvement (EX) measures Safety and health measures <p>For details, please see Promoting the Implementation of the Group Corporate Philosophy on page 12, Human Resources Strategy and Employee Experience Improvement (EX) on pages 69–72, Human Rights on page 73, and Safety and Health on pages 77–78.</p>
Community members	<ul style="list-style-type: none"> Contribute to society as a member of the local community Invigorate society through sports, including the KOBELCO KOBÉ STEELERS' activities aimed at ensuring interaction with local communities and society, and various sports support activities 	<p>Social Contribution Activities</p> <ul style="list-style-type: none"> Kobelco Community Contribution Fund Established in fiscal 2006 to celebrate the 100th anniversary of the Company's founding, the fund continues to engage in support activities for children. Kobelco World Children Support Program Established in fiscal 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, the program makes donations every year. Kobelco Green Project The project has implemented various initiatives, including Kobelco Forest Fairy Tale Prize, which nurtures children's love for nature, forest development activities by Group employees, and environmental education outreach at children's centers in Kobe City. The Kobelco Forest Fairy Tale Prize solicits stories about forests from elementary, junior high, and senior high school students across Japan. The stories that win the Gold Prize are turned into picture books and donated to schools, libraries, and other institutions under the sponsoring local government. <p>Contributions to Society through Sports</p> <ul style="list-style-type: none"> Promotion of various activities based on the business partnership agreements with Hyogo Prefecture and Kobe City Contribution to the healthy development of youth through rugby and support for the activities of various groups



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Participation in Sustainability Initiatives and External Evaluations

Listed below are major initiatives and evaluations as of August 2025.

Participation in Sustainability Initiatives

External Evaluations

TCFD



SDGs



FTSE4Good Index Series



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



White Logistics Movement



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



S&P/JPX Carbon Efficient Index



MSCI Japan Empowering Women (WIN) Select Index

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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MSCI Japan ESG Select Leaders

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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United Nations Global Compact



Kobe Steel, Ltd. 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



CDP



Kobe Steel received "A" rating for climate change

Platinum Kurumin



PRIDE Index



Declaration of Partnership Building



GX League



2025 Outstanding Organization of KENKO Investment for Health (White 500)



DBJ Environmentally Rated Loan Program



In January 2025, Kobe Steel secured financing from the Development Bank of Japan Inc. (DBJ) through its Environmentally Rated Loan Program, receiving the highest rating awarded to "companies with excellent advanced environmental initiatives."

Noteworthy DX Company 2025



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