

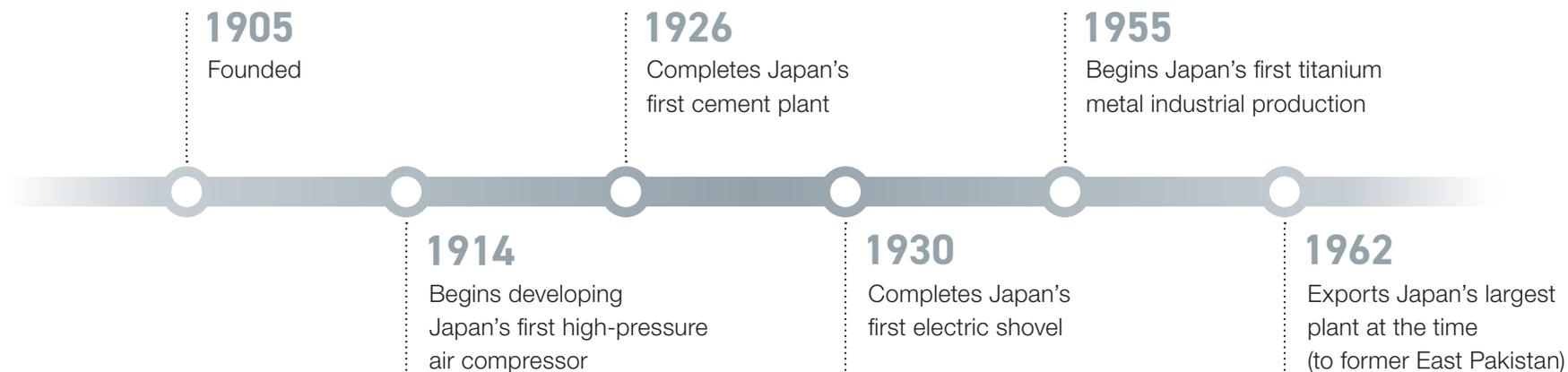
Our Origin

Over the course of 120 years, we have been pursuing manufacturing excellence, driving the growth of Japanese industry.

Kobe Steel was founded in 1905, when Suzuki & Co. (Suzuki Shoten) acquired Kobayashi Steel Works in Wakinoshima, Kobe and changed its name to Kobe Steel.

It was a period in which Japanese industry was primed for rapid development.

With its founding spirit of sparing no effort for the benefit of society unchanged, the Company has adapted to the changing times and expanded its business from steel to machinery, non-ferrous metals, engineering, electricity and more. And now, at the milestone of the 120th year of founding, we are embarking on a new chapter in our quest of creating greater value.

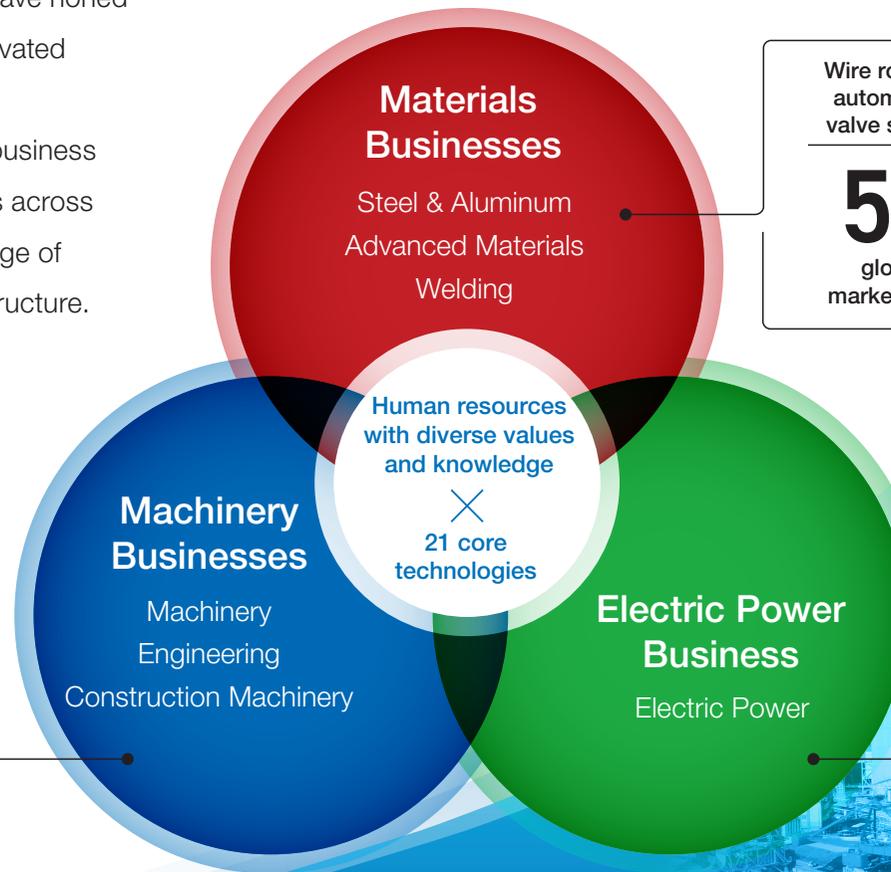


Our Uniqueness

The integration of technologies from our three core business areas—materials, machinery, and electric power—continues to create new value.

Throughout our 120-year history, we have honed our technological capabilities and cultivated the spirit of taking on new challenges. With these as the cornerstone of our business operations, we drive future innovations across industries, creating value in a wide range of fields and contributing to social infrastructure.

Rubber mixers	
40% global market share	
MIDREX® Process	Isostatic pressing (IP) equipment
Largest global market share	50% global market share

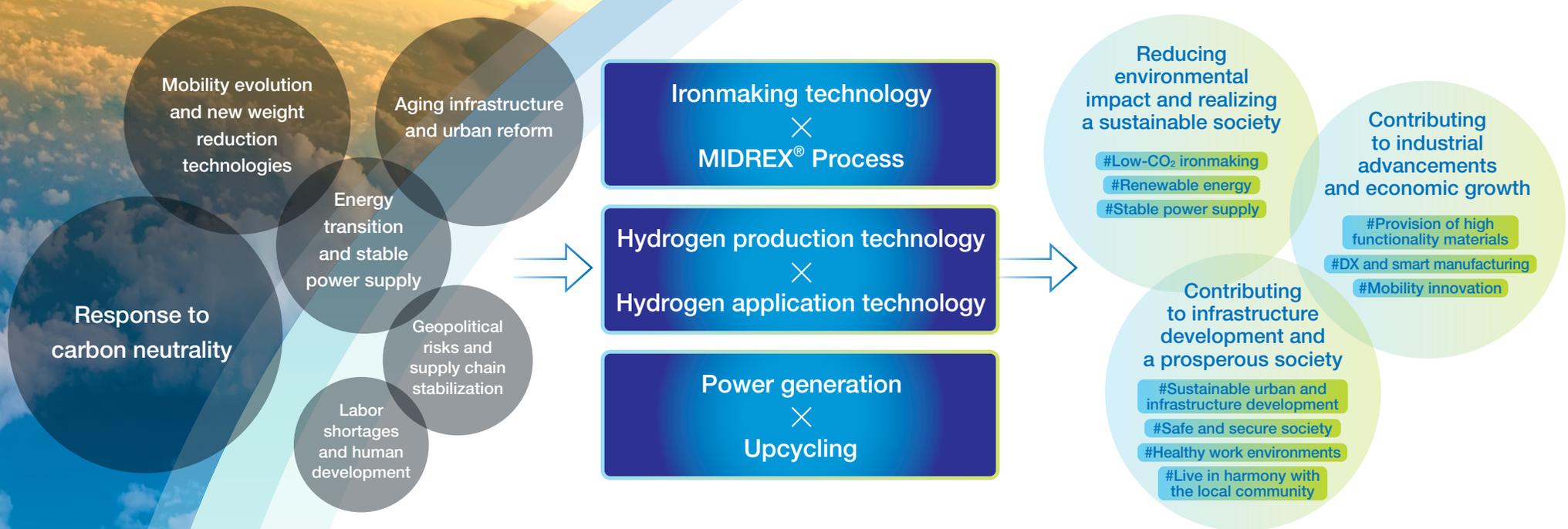


Wire rods for automotive valve springs	Crankshaft	REGARC™ welding process
50% global market share	Largest global market share	Largest market share in Japan

Kobe Power Plant
Urban power plant equipped with highly efficient environmental facilities
Moka Power Plant
Japan's first large-scale inland thermal power plant

Our Mission

We will continue to take on new challenges as we evolve with societal transformations and industrial advancements.



We are living in a time of global transformation.

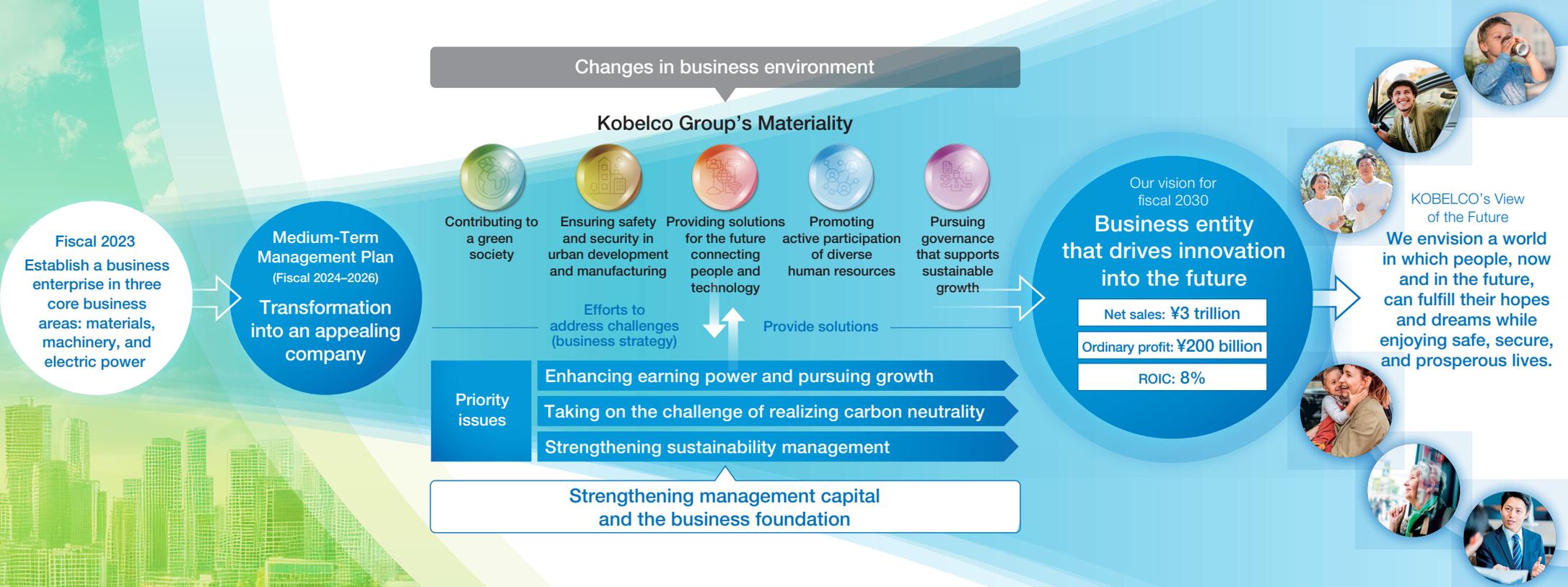
Decarbonization, urban development, energy transition, and mobility innovation are revamping our societal underpinnings, presenting new challenges and new opportunities.

The Kobelco Group is tackling these changing trends, leveraging its technological and manufacturing capabilities, with the aim of achieving the transformation into an appealing company that earns the trust of society.

Industrial decarbonation, evolution of lightweight materials, and major changes to urban and energy structures are urgent issues we are facing today. By turning them into business opportunities, we will extend our business frontiers and create new value.

Our Future

Kobelco Group's initiatives toward 2030, leading to the creation of new value



Under the previous Medium-Term Management Plan, we have established a business enterprise with a solid business base in three core business areas. Now, we are geared up for transforming this into an appealing company toward our fiscal 2030 vision of becoming a business entity that drives innovation into the future.

Message from the President and CEO

Kobelco Group's culture of embracing challenges drives its ambitious transformation into an appealing company, paving the way for a brighter future.

The Kobelco Group, celebrating its 120th anniversary this year, is working on the transformation into an appealing company. This effort is aligned with its key priority issues set out in the Medium-Term Management Plan (Fiscal 2024–2026), which include: enhancing earning power and pursuing growth, taking on the challenge of realizing carbon neutrality, and strengthening sustainability management through transformation (KOBELCO-X). Even in an uncertain and rapidly changing business environment, we will strive to achieve the targets under the Medium-Term Management Plan, leveraging our Group's culture that embraces challenges.

Yoshihiko Katsukawa

President, CEO and Representative Director



Message from the President and CEO

Kobelco Group's 120 Years of History Has Been Shaped by Its People and Built Upon Its Unique Business Operations with Three Core Pillars

Our Group's history has been a series of upheavals and challenges. Since our founding in 1905 as a steel castings and forgings business, we have navigated the significant tides of the times and advancements in industry while boldly expanding our operations to meet the diverse expectations of our customers. Our business has now extended to encompass steel and aluminum, advanced materials, welding, machinery, engineering, construction machinery, and electric power. This evolution reflects the challenges we overcame through the integration of different technologies across segments. We believe that the Kobelco Group's uniqueness stems from our willingness to embrace challenges and create new value, without fearing change.

September 2025 marks our 120th anniversary. This significant milestone was rendered by the aspirations of our predecessors who led the company, as well as the dedicated efforts of all employees in overcoming difficulties and taking on numerous challenges together. In fiscal 2024, we achieved our highest-ever profits. This accomplishment is a testament to the tireless efforts of everyone working on the frontlines of daily operations.

Regardless of the current circumstances, we should not settle for the present and must strive for a better future. Whatever growth opportunities the Kobelco Group

may encounter over the next 10 or 20 years, it is vital that we grasp the latest trends and stay prepared to take action. Over the course of our history, we have had to exit certain businesses because we were unable to capitalize on opportunities. However, even these experiences have served as stepping stones for our business development. Even if our generation may not have a great opportunity, it is our responsibility to leave the company in the best possible condition for the next generation, not leaving behind a "negative legacy," so that our successors, who will shape the future of the Kobelco Group, can start off on a strong footing.

I became the 22nd president and CEO of Kobe Steel in April 2024. Since joining the company in 1985, I have engaged in various roles within the Group, including serving as a sales representative in the Machinery Business and working as a staff member at the head office. I have always felt that the strength of the Kobelco Group lies in the knowledge and ambitious spirit of members dedicated to specific tasks, as well as the comprehensive strengths generated by the entire Group.

Our Group has flexibly expanded its businesses in response to changing times and the diverse needs of our customers. I believe that this was made possible by the unwavering commitment of every employee to address customer concerns faithfully in pursuit of the best materials, components, machinery, and services in each field—not merely to expand our business domains.

Having encountered challenges in various business divisions and workplaces, I have observed numerous

examples of collaboration across segmental boundaries, where teams developed solutions that exceed customer expectations by combining their wisdom and technical capabilities. This cross-functional teamwork and agility represent our Group's strengths. Our diverse range of business operations might be seen as a "conglomerate discount," but the synergies that arise across business segments are the source of our competitiveness and value creation. In my daily work, I feel that our sincere commitment to addressing customer issues not only contributes to societal challenges but also highlights the significance of our Group in society.

Enhancing Earning Power, Pursuing Growth, and Strengthening the Financial Base— Essential Actions in a Rapidly Changing Business Environment

In recent years, the global situation and economic environment have changed rapidly, making it difficult to predict the future. The business environment is becoming increasingly complicated, characterized by rising geopolitical risks, fluctuations in resource prices, instability in exchange rates and interest rates, and growing protectionist movements. In these uncertain times, it is crucial for corporate managers to carefully assess the current situation and future outlook from a medium- to long-term perspective, instead of reacting emotionally to short-term developments.

Fiscal 2024 was the first year of our Medium-Term

Message from the President and CEO

Management Plan, and initiatives generally progressed smoothly. In terms of enhancing earning power, which is one of our key priority issues, we have managed to secure a certain level of profits despite a prolonged slump in demand for materials, and our initiatives remain on track. We are focusing on establishing a sustainable earnings base through taking various measures, including restructuring our businesses in aluminum flat-rolled products and aluminum advanced materials, and strengthening our global expansion efforts, as well as increasing in-house production of KOBEMAG® and boosting orders for ARCMAN™ PORTABLE.



Pursuing growth is another key priority issue in the Medium-Term Management Plan. The machinery and engineering segments have consistently increased their profits in recent years, driving the Group's overall growth. We will place even greater emphasis on implementing specific growth strategies, including exploring new businesses. We have set a medium- to long-term target of achieving net sales of 1 trillion yen for the machinery businesses, which are projected to reach 877 billion yen in fiscal 2025. We aim to further develop this segment to meet the target. In terms of the expansion of overseas bases, we are making prompt decisions, including expanding our service bases in India, Saudi Arabia, and Houston, United States, based on feedback from our frontline operations and market insights. While engaging in direct communication with local employees and customers, we aim to maintain and strengthen our global competitiveness. I strongly feel that these dynamic initiatives lead to the sustainable growth of the entire Group.

In terms of taking on the challenge of realizing carbon neutrality, we are exploring a combination of CO₂ reduction measures that are low-cost and require minimal capital investment, while examining the business climate through detailed facility planning as well as research and development. Our roadmap for 2030 outlines a realistic and steady approach aimed at achieving a 30 to 40% reduction in CO₂ emissions compared to fiscal 2013. Toward this end, we have implemented a variety of concrete actions, including exploring a joint black pellet business with Mitsubishi UBE Cement Corporation and

developing technology to reduce CO₂ emissions through the use of blast furnace (BF) hot briquetted iron (HBI)*. Every time I visit our R&D sites and power plants, I realize that the expertise and passion of each employee serve as the driving force that shapes the future of the Kobelco Group. When it comes to capital investment, we will carefully make decisions on the selection of projects, taking into account the current inflationary situation, with planned investments ranging from 10 to 20 billion yen for the time being.

To strengthen sustainability management, we are promoting Companywide KOBELCO-X initiatives, with the aim of transforming into an appealing company. In this transformation effort, it is important that not only the management team, but also every employee recognizes their role and take actions in their daily operations, without sticking to precedents. Through visits to various workplaces, I feel encouraged by the growing sense of urgency that “we must change” and the confidence that “we can change” among our people.

In terms of financial indicators, our forecast projects an ordinary profit of 110 billion yen for fiscal 2025. We have set a target of maintaining a return on invested capital (ROIC)—an indicator of profitability—at approximately 6%. We anticipate ROIC to be approximately 5% and return on equity (ROE) to be approximately 8% in fiscal 2025. With respect to ROIC, we have maintained a certain level by reducing working capital and operating capital, and we will continue our efforts to further improve profitability. In the future, we anticipate a temporary decline in ROIC due to

Message from the President and CEO

investments aimed at reducing CO₂ emissions and achieving carbon neutrality. Even if this situation arises, we will continue to prioritize enhancing corporate value over the long term, and in line with this policy, we will strive to gain the understanding of our external stakeholders by providing a thorough explanation.

Regarding financial stability indicators, we have achieved our target for the net asset ratio, which is projected to reach approximately 44% in fiscal 2025, and the debt-to-equity (D/E) ratio is expected to improve to approximately 0.7 times. Our financial position is also steadily improving, partly due to improved cash flows.

In terms of investments in growth and renewal, we initially planned to allocate 950 billion yen on a decision basis over the three-year period of the Medium-Term Management Plan. However, considering the progress in technological development and uncertainties concerning future outlooks, we have revised downward the total investment amount to approximately 750 billion yen. While careful investment decisions are required to pursue economic rationality in taking on the challenge of realizing carbon neutrality, some of these decisions have been postponed until the next medium-term management plan is initiated. As a result, we have decreased our investment in carbon neutrality from the originally planned 300 billion yen to approximately 150 billion yen. Currently, we are making decisions aligned with our business portfolio strategy, ensuring economic rationalities and effective risk management through the review process conducted by the Investment and Loan Committee. We will continue to

strive to secure cash flows while maintaining a balance between investments and shareholder returns.

In fiscal 2024, we achieved our highest dividend payment ever for shareholder returns, with a payout ratio of 32.8%. Our Group's policy is to maintain a payout ratio of approximately 30% during the period of the Medium-Term Management Plan (Fiscal 2024-2026), while prioritizing the enhancement of our financial base over the medium to long term. Once we meet our financial targets, we will evaluate the possibility of increasing shareholder returns, taking into account the business environment at that time.

We estimate that our weighted average cost of capital (WACC) is approximately 5%. While ROIC and ROE maintain a steady level, our price-book (P/B) ratio remains below 1. The low P/B ratio is assumed to reflect the instability of the earnings base and concerns about the financial vulnerability linked to past performance, as well as concerns about future uncertainty in various business environments, including ESG considerations, such as our response to carbon neutrality. While this is connected to the characteristics of the industry, we will increase corporate value and lower the cost of shareholders' equity by steadily implementing our Medium-Term Management Plan.

Although we have revised our financial indicator targets and postponed investments in response to changes in the business environment, we have maintained a certain level of performance. Looking ahead to future growth investments, we will continue to further strengthen our financial base through the implementation of segment-

specific portfolio management and other measures.

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

Harnessing the Spirit of KOBELCO-X to Drive Transformation and Innovative Changes

The Medium-Term Management Plan has set out the transformation into an appealing company, which reflects our commitment to providing value to all of our stakeholders, including shareholders, investors, customers, business partners, and employees. With the goal of becoming a business entity that drives innovation into the future by fiscal 2030, we are now at the stage of building a solid foundation for future growth and yielding positive results. The driving force behind this is KOBELCO-X, a Groupwide initiative that encompasses seven transformation initiatives. These are rooted in the unique characteristics of the Kobelco Group and embody a spirit that has long been instilled in our employees.

Under KOBELCO-X, ambidexterity (AX) and green transformation (GX) are set as management objectives, along with other transformation initiatives to achieve them, including business transformation (BX), customer experience transformation (CX²), digital transformation (DX), employee experience (EX), and factory transformation (FX). In particular, DX serves as a catalyst that will accelerate and advance other transformation areas. By linking DX to AX and GX, we aim to provide solutions to the needs of society and sustainably increase our corporate value.

Message from the President and CEO

When I joined the company in the late 1980s, employees had to share landlines. Today, everyone has a smartphone, allowing us to instantly access the information we need and connect to anybody at all times. These advances in communication and transportation have dramatically changed our workstyles, the decisions we make, and our business processes. I believe that transformation of business operations, driven by digital technology, has led to improved productivity and competitiveness in our workplaces.

DX is not simply about improving business efficiency; it serves as a tool for transformation as well as a foundation for management and workplaces to create new value. I will stay adaptable to societal changes, place digital transformation at the core of my management, and leverage it to achieve sustainable growth.

To further enhance our DX drive, we are focusing on three key areas of environment, human resources, and culture and implementing various initiatives. These include promoting the use of generative AI in business operations and professional areas to develop a DX-supportive environment, providing DX training for all employees, including officers, to develop DX human resources, and holding internal dialogue events and digital tool trials to raise DX awareness.

Kobe Steel has been recognized for these initiatives and selected for the first time as a “Noteworthy DX Company 2025,” which is jointly organized by the Ministry of Economy and other organizations. I believe that this recognition is the result of our steady and straightforward

efforts to do what needs to be done. Going forward, we will strive for an even higher standard and aim to be selected as a “DX Stock” for the first time.

From the perspective of non-financial capital, employee experience (EX), which encompasses human resources strategy and employee experience improvement, is also an extremely important area. At Kobe Steel, the cross-functional Human Resources Strategy Subcommittee leads the implementation of a variety of human resources initiatives based on three approaches: “Enhance organizational diversity,” “Encourage the growth and initiative of every employee,” and “Develop a work environment where employees can play active roles.”

In fiscal 2025, which marks our 120th anniversary, we are carrying out various commemorative activities under the 120th Anniversary Project, including the production of an original animation and an exhibition at Expo 2025 Osaka, Kansai, Japan. The aim is to foster an organizational culture in which the Group’s employees can work proactively with pride, confidence, passion and hope. These efforts also aim to invigorate communication among employees and foster a sense of solidarity throughout the Group.

We are actively investing in human capital through improving the work environment in various aspects. This includes reviewing wages and benefits, increasing the number of annual paid leave days, and improving dormitories and company housing. When I first joined the company, the comfortable environment and comprehensive employee benefits we enjoy today were not a given, and I



personally faced the challenges associated with the workplace environment. This experience has made me acutely aware of the importance of creating an environment where employees can work with peace of mind and grow. I have consistently focused on this area to date. As times change, so do work styles and the work environment required. We will continue to work to create a company where each employee can realize their own growth.

Message from the President and CEO

Embracing Challenges and Supporting Companywide Ambitious Endeavors—Fostering Group Solidarity Through Dialogue

Since our founding, we have ingrained a spirit of embracing new challenges at the heart of our corporate culture. To support these ambitious endeavors across the Company, we are working to strengthen the organizational structure of the head office. For example, the Technology Strategy & Planning Department has developed technical strategies for medium- to long-term Company-wide issues, such as achieving carbon neutrality by 2050 and addressing the risk of future labor shortages, including implementing labor-saving measures in plants. Additionally, we have reorganized the Business Development Department to further focus on promoting new businesses and expanding business opportunities.

Our Group has three core businesses of materials, machinery, and electric power. Each division has its own culture and atmosphere; however, they all share the common goal of increasing profits across the Group. To achieve this goal, every employee collaborates across divisional boundaries. I believe this collaborative spirit is our unique strength.

To further enhance this sense of solidarity, the Core Values of KOBELCO—Next 100 Project actively creates opportunities for employees to learn about each other's work and ideas and foster deeper communication, such as dialogues with executives, the Kobelco Core Values Awards, etc. These efforts also contributed to instilling

the Group Corporate Philosophy, which was established in 2020.

To better leverage information and seize business opportunities in a rapidly changing business environment, we have built a Sales Force Automation (SFA) system as a Companywide platform for sharing customer information. By listening to our customers and gathering insights from sales and various other departments, including development and production technology, we aim to create new value and enhance customer trust.

Over the past year, we have been pursuing various initiatives aligned with the Medium-Term Management Plan. These efforts have led to the steady early development of promising new businesses and technologies. The next step is to nurture these seeds to achieve the desired results.

Creating the Kobelco Group's Future with Integrity and Ambition

One of my mottos is *"kyoshin tankai."* This encourages us to listen to the diverse voices of people, regardless of their position or age, without any preconceived notions. It also emphasizes the importance of maintaining a sincere attitude and being straightforward and honest with others. I have held this creed dear since I was young, and it remains unchanged even now that I am president and CEO.

Another favorite saying is *"yama yori ookina shishi wa denu"* (things cannot be larger than the things that contain them)." This proverb, based on the Buddhist teaching that

there are no difficulties that are insurmountable. It teaches us the importance of staying calm under fire, charting a course for success, and working toward a solution. With this perspective in mind, I wholeheartedly commit to each and every challenge in my management duties with sincerity.

The business environment surrounding the Group has changed significantly since I became president and CEO one year ago. While some business areas, such as the materials businesses, remain in a tough situation, we are making steady progress under the Medium-Term Management Plan. This includes improvements in profitability and contributions to earnings, particularly from the machinery and electric power businesses, as well as a transformation of our overall business structure. Going forward, we will continue to optimize our business portfolio by leveraging the unique strengths of the Group to consistently increase our earning power and growth potential.

The rapid changes in today's world present both challenges and opportunities for significant transformation. We will continue to dedicate ourselves sincerely to the tasks at hand, tackle challenges as Team KOBELCO, and transform ourselves at a rapid pace. These efforts will enable us create an even more appealing Kobelco Group for the future.

Group Corporate Philosophy

Group Corporate Philosophy Created by Group Employees Working Together

The Kobelco Group Corporate Philosophy was established in 2020.

Following the quality-related misconduct that was made public in 2017, we launched a project to formulate our corporate philosophy by revisiting who we are and what we aspire to achieve, in order to transform our once closed-off corporate culture.

In its formulation process, we placed importance on taking a bottom-up approach.

Through Dialogue Platforms and other forms of discussions at each workplace, we created opportunities for not only management and selected members but also for all members of the Group to give considerable thought about our mission. Integrating the thoughts of all, the Group Corporate Philosophy was completed over a period of about one year.

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

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

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

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

KOBELCO's View of the Future

Our view of a society and future to be attained as we carry out KOBELCO's Mission

We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

KOBELCO's Mission

Our mission and the social significance of the KOBELCO Group that we must fulfill

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

Core Values of KOBELCO

The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group

- 1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.**
- 2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.**
- 3. Through continuous and innovative changes, we create new values for the society of which we are a member.**

Six Pledges of KOBELCO

Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter

- | | |
|---|--|
| 1. Uphold the Highest Sense of Ethics and Professionalism | 4. Live in Harmony with the Local Community |
| 2. Contribute to the Society by Providing Superior Products and Services Quality Charter | 5. Contribute to a Sustainable Environment |
| 3. Establish a Comfortable but Challenging Work Environment | 6. Respect Each Stakeholder |

Promoting the Implementation of the Group Corporate Philosophy

Core Values of KOBELCO—Next 100 Project

The Kobelco Group is working to ensure that all Group employees continue to implement the Group Corporate Philosophy through the Core Values of KOBELCO—Next 100 Project. This project was launched in 2017 to promote the Group Corporate Philosophy by encouraging all employees to recognize and empathize with it, propelling them to the next level of active participation and practice, aiming that such actions of each individual would grow into our corporate culture and take firm root in the organization. As part of the 120th anniversary project in September 2025, we are boosting efforts to promote understanding of our Group and its efforts to live in harmony with the local community.

Promoting the shift from recognition to empathy

Dialogues between senior executives and employees

The president and CEO and other senior executives speak directly to employees, expressing their firm commitment to the transformation underway. Dialogue events are held through either face-to-face meetings at business sites or virtual all-hands meetings.

Kobelco Core Values Place and Kobelco Core Values Day

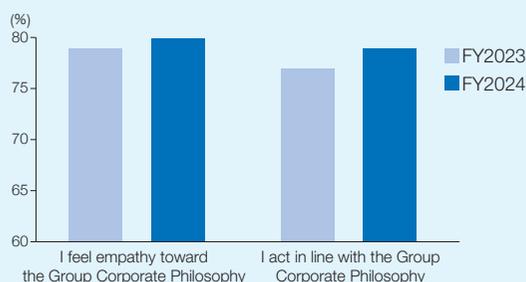
- **Kobelco Core Values Place:** Established in 2019 within the Kobelco HRD Center in Kobe as a facility to share the lessons learned from the quality-related misconduct and pass them onto future generations. Online and satellite facilities are also utilized to encourage visits by all Group employees.
- **Kobelco Core Values Day:** We have designated March 6th, the day the final report was announced, as the day we pledged to prevent the recurrence of the quality-related misconduct. Every year, various events are held.

Employee awareness survey results as metrics of employee involvement in the Group Corporate Philosophy

We use annual employee awareness surveys to measure employee involvement in the Group Corporate Philosophy. The scores for each question improved from the previous survey, with nearly 80% of employees responding that they feel empathy toward the Group Corporate Philosophy.

Questions on the Group Corporate Philosophy

The bar graph indicates the percentages of employees who answered "I agree" or "I agree more than disagree" on the five-point scale.



Promoting the shift from participation to practice

Declaration of pledges by senior executives and employees

This initiative encourages every individual to declare their pledges. Beginning in fiscal 2022, the declaration of pledges by all executives has been made available in video throughout the Group.

Dialogue Platforms

Dialogue Platforms have been held every year since fiscal 2018 with the participation of all individuals engaged in the Group's business operations for the following purposes: (1) Instilling the Group Corporate Philosophy, (2) Preventing the quality misconduct from being forgotten, and (3) Promoting two-way communication in the organization. We conduct annual group training for line managers who facilitate the Dialogue Platforms, with around 600 participants in fiscal 2024.



Kobelco Core Values Awards

The Kobelco Core Values Awards were launched in fiscal 2019 as a new commendation system for recognizing activities that exemplify the Group Corporate Philosophy and contribute to building a positive corporate culture.

In fiscal 2024, which marked the sixth year, 108 entries were submitted from Japan and abroad, with 17 selected for awards, including the Grand Prix and Semi Grand Prix.



The cover of this year's integrated report is based on an original animation created to celebrate our 120th anniversary. Pages 15, 29, 53, 79, and 101 show the winners of the fiscal 2024 Kobelco Core Values Awards. For more information about our 120th anniversary project, visit the special website via the link below or use the QR code. The animation is also available here. <https://www.kobelco.co.jp/english/120th/>



CONTENTS

Introduction:

Transformation into an Appealing Company

- 5 Message from the President and CEO



- 11 Group Corporate Philosophy
12 Promoting the Implementation of the Group Corporate Philosophy Core Values of KOBELCO—Next 100 Project
13 CONTENTS
14 Editorial Policy

01 Kobelco Group's Value Creation

- 16 Value Creation Process
17 History of the Kobelco Group
19 Overview of the Kobelco Group
21 Our Management Capital
23 Priority Issues for Increasing Corporate Value (Identification of Materiality)
24 Assessment of Changes in the Business Environment
25 Business Model and Value Provided
26 Creation of Social Value through Technologies, Products, and Services
27 Our Value Creation

02 Management Strategy for Value Creation

- 30 Transformation for the Future We Envision
31 Medium-Term Management Plan (Fiscal 2024–2026)—Transforming into an Appealing Company

- 32 Review of the Medium-Term Management Plans Over the Last Decade
33 Seven Transformation Initiatives to Achieve the Medium-Term Management Plan— KOBELCO-X
34 Ambidexterity (AX): Enhancing Earning Power and Pursuing Growth
37 Green Transformation (GX): Taking on the Challenge of Realizing Carbon Neutrality
39 Climate-Related Disclosures Based on TCFD Recommendations
44 Five Transformation Initiatives to Achieve AX and GX
45 Message from the CFO



- 49 Enhancement of Corporate Value

03 Promotion of Sustainability Management

- 54 Framework for Promoting Sustainability Management
55 Materiality-Related Non-Financial KPIs
57 Roundtable Discussion among the Chair of the Sustainability Management Committee and Independent Directors



- 61 Environmental Management
62 Biodiversity

- 63 Technical Development: Message from Director Koichi Sakamoto



- 65 Digital Transformation (DX)

- 67 Business Transformation (BX): Message from Director Shinji Miyaoka



- 68 Customer Experience Transformation (CX²)
69 Human Resources Strategy and Employee Experience Improvement (EX)
73 Human Rights
74 Building Responsible Supply Chains
75 Factory Transformation (FX)
76 Quality
77 Safety and Health

This Integrated Report describes our Group's ESG initiatives in section 03, Promotion of Sustainability Management. However, it does not cover all of our Group's ESG-related data. For further details, please refer to the ESG Data Book and our corporate website.

▶ ESG Data Book 2025

▶ Kobe Steel Corporate Website

E (Environmental) p.10–48
S (Social) p.49–74
G (Governance) p.75–101

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



04 Business Foundation:

Prerequisites for Continued Corporate Existence

- 80 Message from the Chair of the Board of Directors



- 83 Directors
84 Corporate Governance
93 Roundtable Discussion among Three Independent Directors (Audit & Supervisory Committee Members)



- 97 Compliance
98 Risk Management
99 Communication with Stakeholders
100 Participation in Sustainability Initiatives and External Evaluations

05 Operating Results by Segment

- 102 Steel & Aluminum Business
103 Advanced Materials Business
104 Welding Business
105 Machinery Business
106 Engineering Business
107 Construction Machinery Business
108 Electric Power Business
109 Kobelco Group's Business Domains by Operating Segment
110 Intersegmental Collaborations

06 Data Section

- 111 10-Year Financial and Non-Financial Data
113 Results by Operating Segment
115 Corporate Profile and Stock Information

Editorial Policy

Kobelco Group Integrated Report 2025

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

The purpose of this Integrated Report is twofold. The first is to clearly show what the Group strives for through the value creation process by unraveling the Group's corporate story with the keyword of "comprehensive strengths," along with information on business capital and other forms of capital, which are the source of our Group's comprehensive strengths that have been cultivated over its 120-year history. The second is to foster understanding about the Group's businesses and initiatives by presenting the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026) announced in May 2024.

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

Period covered	Covers fiscal 2024 (from April 1, 2024 to March 31, 2025). Please note that this Integrated Report may refer to fiscal years before and after the period when necessary.
Guidelines referenced	<ul style="list-style-type: none"> • Sustainability Reporting Standards of the Global Reporting Initiative (GRI) • ISO 26000 (Guidance on social responsibility) • International Integrated Reporting Framework (IFRS Foundation) • Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)
Initiatives we value	<ul style="list-style-type: none"> • United Nations Global Compact • Sustainable Development Goals (SDGs) • Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)
Production process	<ol style="list-style-type: none"> 1. After publishing Kobelco Group Integrated Report 2024, we requested analysts, institutional investors, Group employees, and other internal and external stakeholders to provide their frank opinions and comments on the report. We also applied for awards, which are presented by outside organizations, for relative assessment of the report. 2. In light of these assessments for the previous report, the Integrated Report Editorial Subcommittee under the Sustainability Management Committee wrote a draft of this report in cooperation with the head office departments and business divisions. 3. The production of Kobelco Group Integrated Report 2025 proceeded based on discussions with the management team through the Sustainability Management Committee, etc.

Kobelco Group's Information Scheme

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

In addition to the information contained in this report, we provide a variety of information in the ESG Data Book and on our corporate website.

We will continue to actively disclose information so that stakeholders can gain a better understanding of the Kobelco Group.

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

 ESG Data Book https://www.kobelco.co.jp/english/sustainability/esg.html	
 Sustainability https://www.kobelco.co.jp/english/sustainability/	
 Investor Relations https://www.kobelco.co.jp/english/ir/	

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