



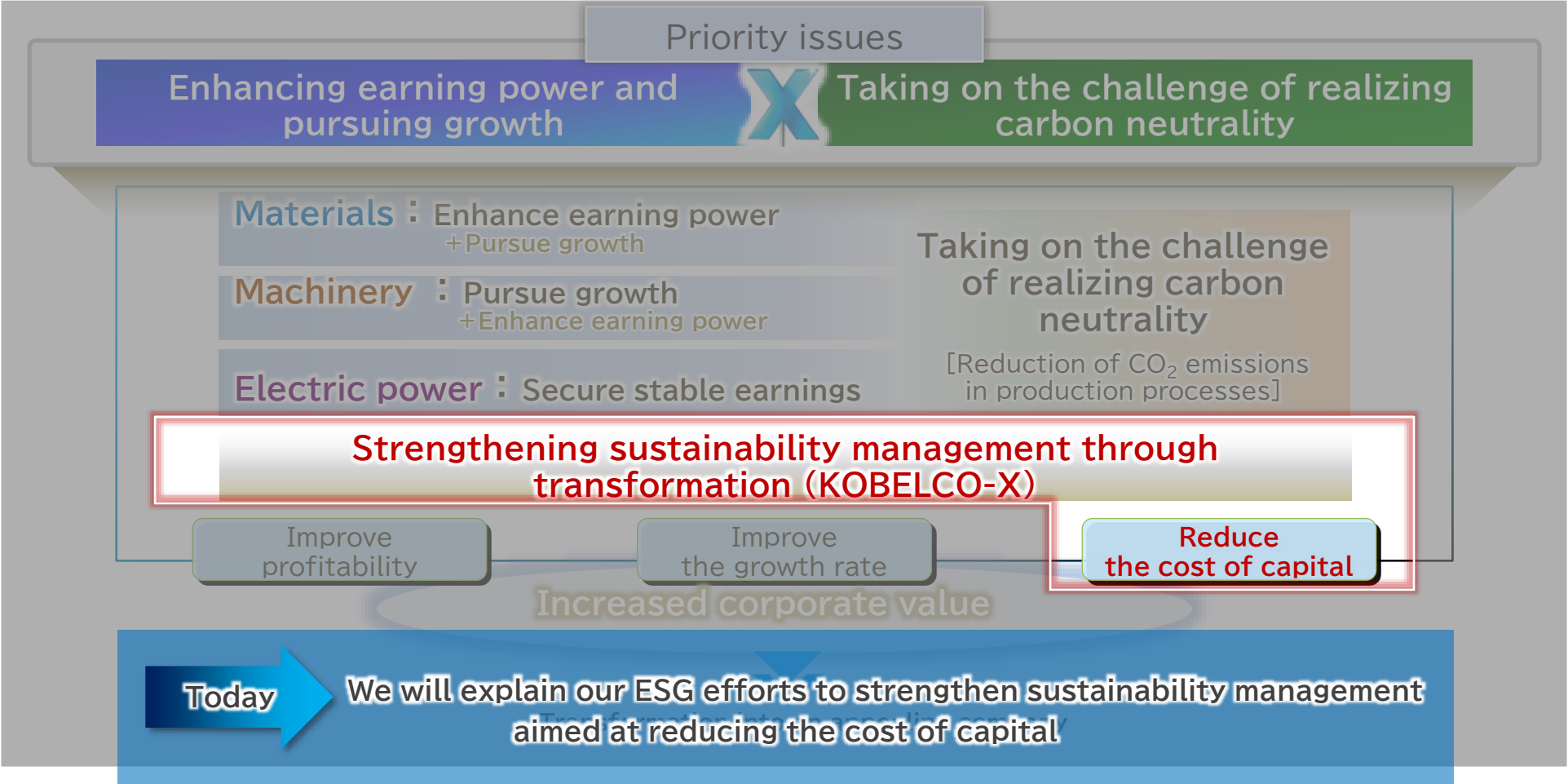
Kobelco Group ESG Initiatives

September 25, 2024
Kobe Steel, Ltd.

Enhancement of Corporate Value



















Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026) — Basic Policy —

- Enhance earning power and pursue growth, while continuing to take on the challenge of realizing carbon neutrality.
- Increase corporate value by strengthening sustainability management to transform us into an appealing company.



Materiality Indicators Revised

- In fiscal 2024, we reviewed our materiality indicators, which were determined in fiscal 2021, due to changes in the external environment and other factors, for the effective promotion of sustainability management.
- From fiscal 2024 to 2026, we will monitor the progress of new indicators and accomplish our medium-term plan.

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

Please refer to the reference materials for the indicators and the actual results for the targets for fiscal 2023 or earlier.

Overview of Today's Presentation

Today's presentation covers the following topics of ESG.



- ① Status of CO₂ reduction initiatives
- ② Initiatives in the aluminum rolled product business
- ③ Natural capital (biodiversity)-related efforts



- ① Human capital-related efforts (human resources strategy, safety and health, health and productivity management)
- ② Responsible supply chains
- ③ Social contribution activities



- ① Management structure (strengthening monitoring functions)
- ② Introduction of ESG indicators for director and executive officer remuneration



E

(Environment)

- ① Status of CO₂ reduction initiatives
- ② Initiatives in the aluminum rolled products business
- ③ Natural capital (biodiversity)-related efforts

Status of CO₂ reduction initiatives

Reduction of CO₂ emissions in production processes

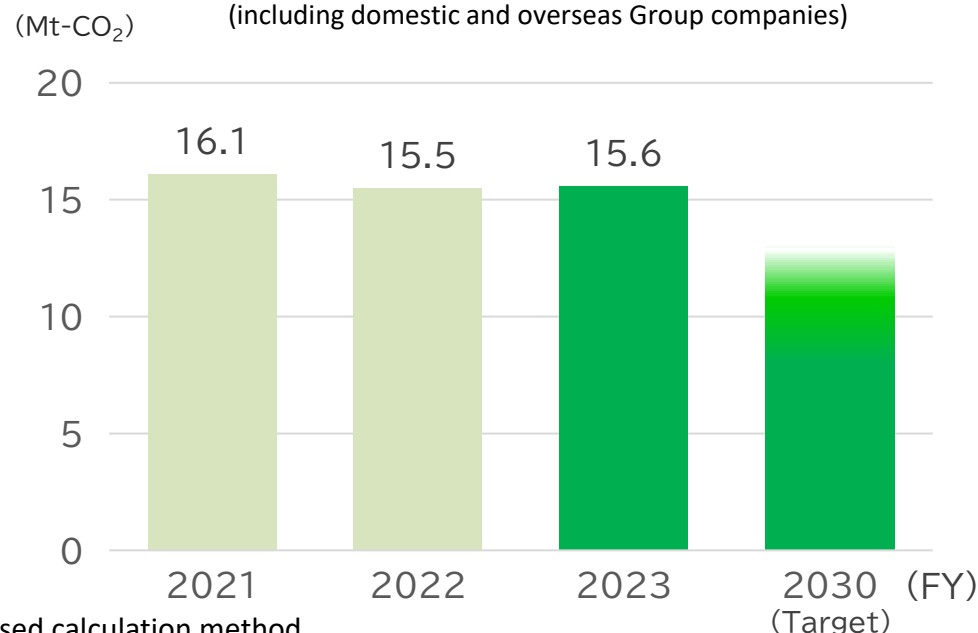
*1: Total of Scope 1 and Scope 2

2050 Vision	2030 Target
Taking on the challenge of realizing carbon neutrality	Reducing CO ₂ emissions in our Group's production processes: 30–40% reduction (compared to fiscal 2013) ^{*1}

- CO₂ emissions in fiscal 2023 totaled 15.6 million tons, maintaining the same level as in the previous fiscal year, with a **20% reduction compared to fiscal 2013**.
- In the ironmaking process, we verified a technology that can reduce CO₂ emissions by approx. 25% by charging an increased amount of HBI (DRI), manufactured through the MIDREX[®] Process, into the BF.

Energy-derived CO₂ emissions by year^{*2}

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



*2: Figures for fiscal 2022 have been retroactively revised based on the revised calculation method.

The calculations of emissions in the electric power business are based on the calculation method for reporting in accordance with the Act on Promotion of Global Warming Countermeasures, and the above graph does not include CO₂ emissions equivalent to the electricity sold. In the electric power business, we are boldly working on CO₂ reduction measures, including improving the efficiency of regional energy use using biomass technology, examining the adoption of external innovative technologies that use ammonia, etc.

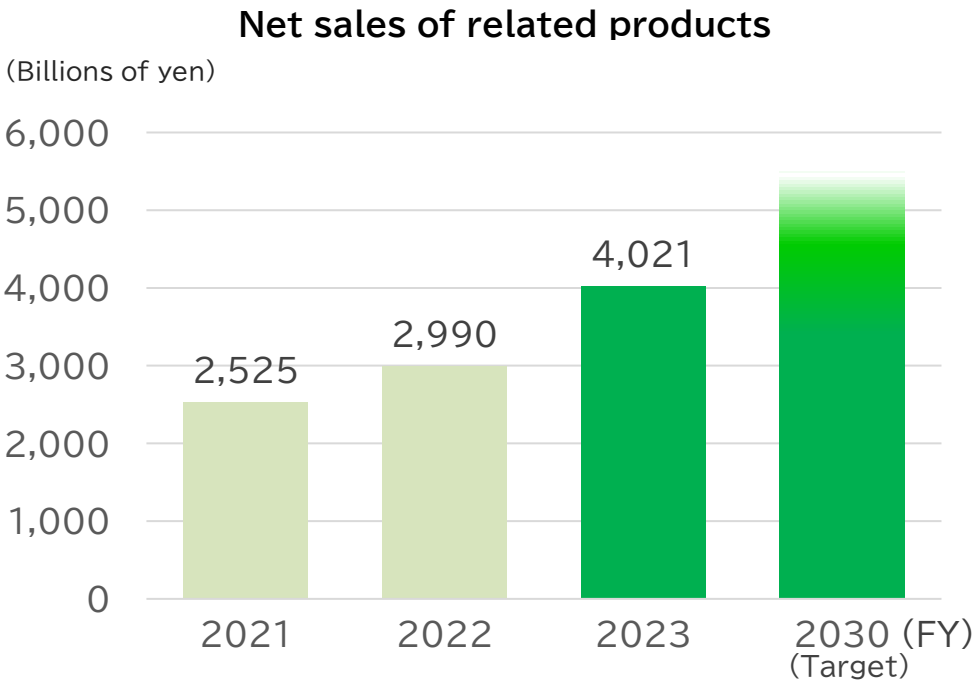
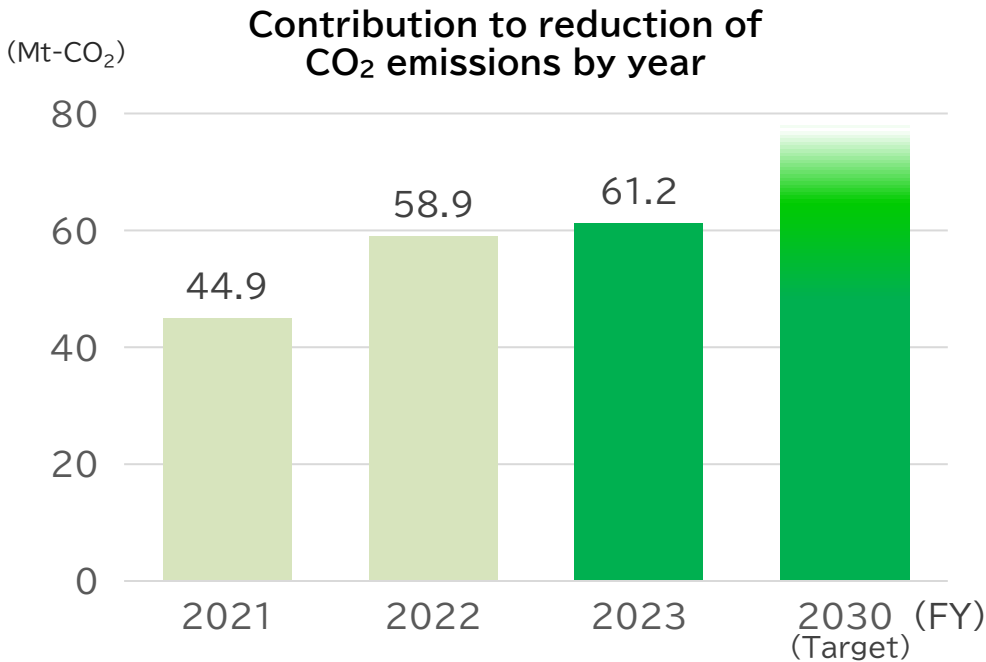
Status of CO₂ reduction initiatives

Contribution to reduction of CO₂ emissions through technologies, products, and services

* Revised upward from 61.0 million tons

2050 Vision	2030 Target
Contribution to CO ₂ reduction: 100 million tons or more	Contribution to CO ₂ reduction: 78 million tons more* Net sales of related products: 550 billion yen

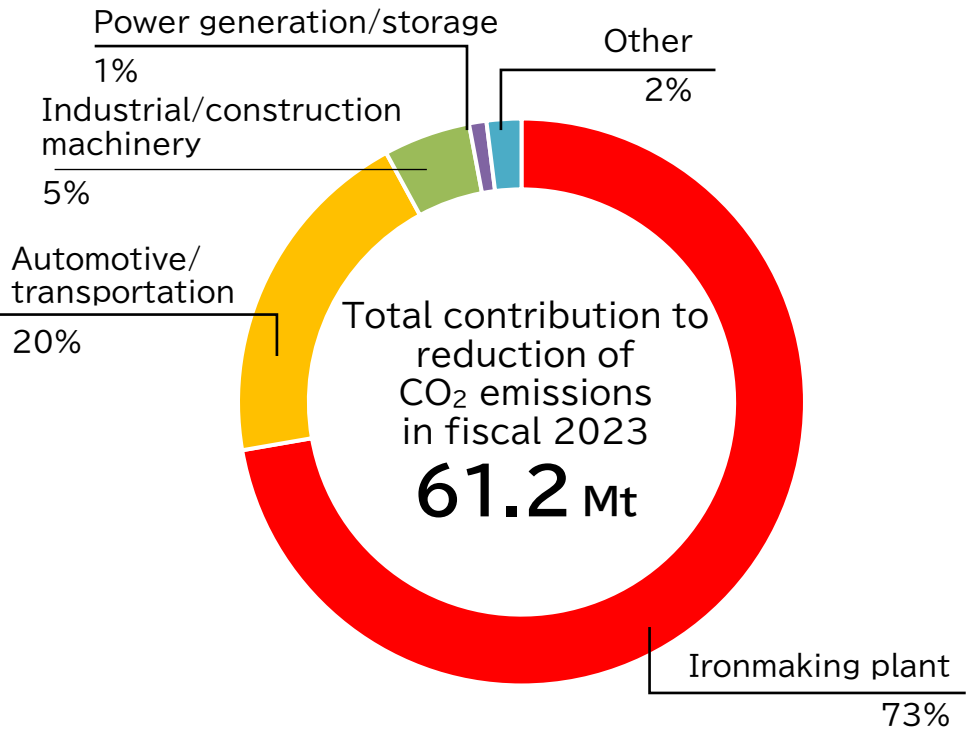
Our Group's contribution to reduction of CO₂ emissions through its technologies, products, and services in fiscal 2023 was **61.2 million tons**, as approved by the GX Strategy Committee. Net sales of related products was 402.1 billion yen.



★ For the formulas used in the accreditation of contribution to CO₂ reduction, we receive advice from Kiyotaka Tahara, the Director of the Research Laboratory for IDEA at the Research Institute of Science for Safety and Sustainability, Department of Energy and Environment, the National Institute of Advanced Industrial Science and Technologies (AIST).

Status of CO₂ reduction initiatives

Contribution to reduction of CO₂ emissions through technologies, products, and services (breakdown)



		(10,000 tons/year)
Technologies, products, and services		Contribution to reduction*
Ironmaking plant	MIDREX® Process	4,464
Automotive/transportation	Ultra-high-tensile strength steel for automobiles, welding consumables for ultra-high-tensile strength steel	1,030
	Wire rods for suspension springs	29
	Wire rods for automotive valve springs	86
	High-tensile strength steel for ships	22
	Aluminum materials for automobiles	27
	Aluminum materials for rolling stock	8
Industrial/construction machinery	Heat pumps, standard compressors, SteamStar, Eco-Centri	255
	Fuel-efficient construction machinery	53
Power generation/storage	Wood biomass power generation, waste-to energy (WtE)	20
Other	Blast furnace cement, wire rods and steel bars with no need for heat treatment process	124

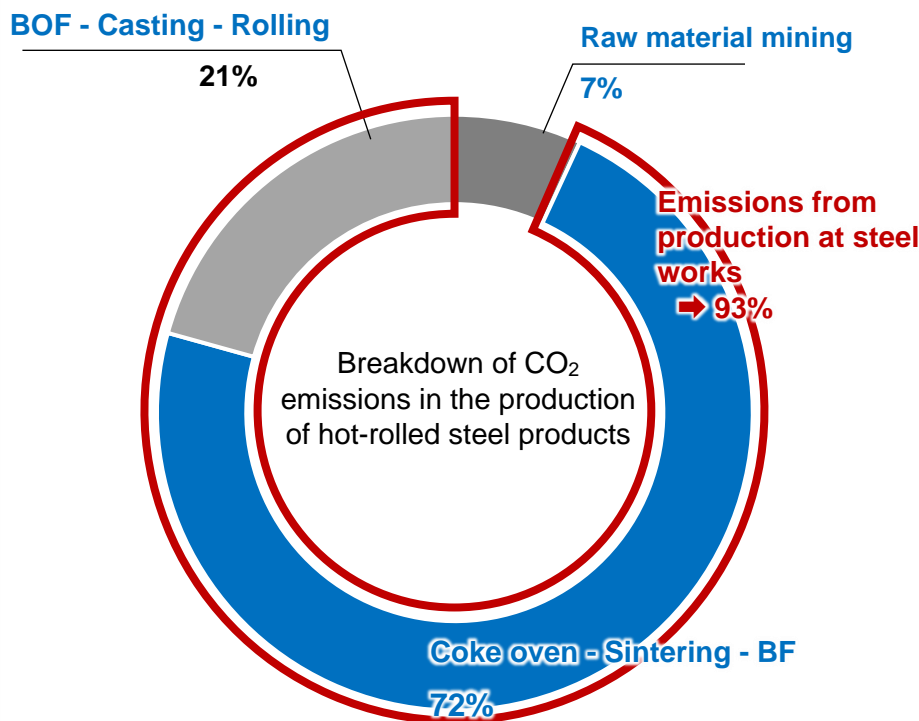
For information on technologies, products, and services for which calculations will be conducted in the future, please refer to the Integrated Report.

CO₂ emissions by manufacturing process for steel and aluminum rolled products

- The ratio of CO₂ emissions from our own production largely differs between steel and aluminum products.
For aluminum products, it is essential to reduce Scope 3*¹ emissions that account for the large part.

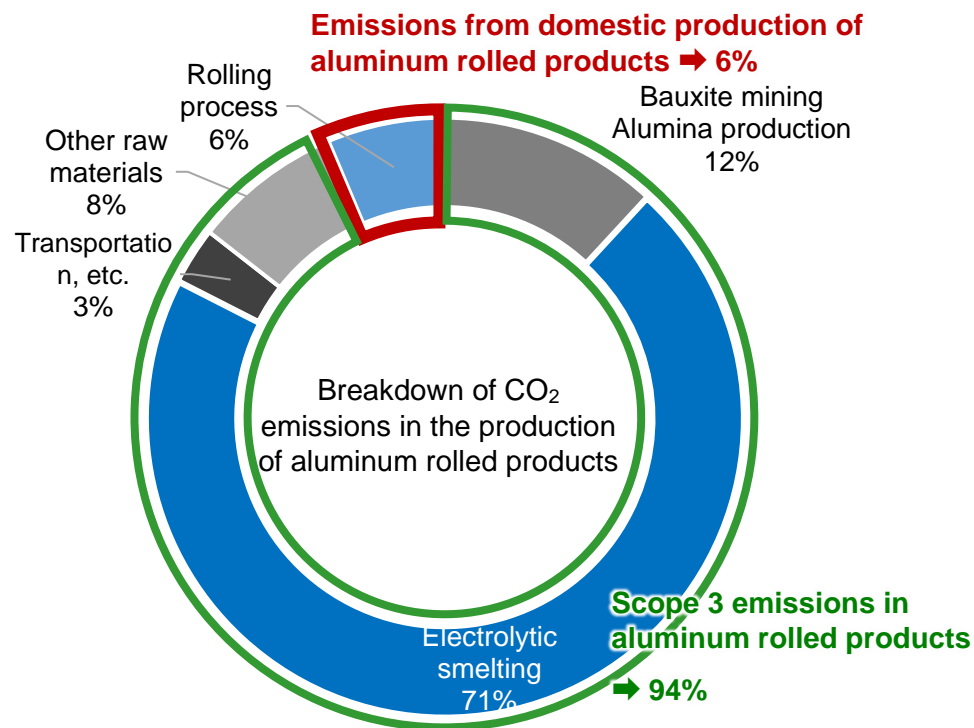
*1 Scope 3 emission count only those in Category 1 (raw materials)

Steel (hot-rolled steel products)



Source: Carbon Trust, International Carbon Flows—Steel (2011), altered

Aluminum (aluminum rolled products)



Source: Prepared by Kobe Steel based on the information provided by the Japan Aluminum Association

The figures above are for the 6000 series automotive panel materials (using 100% primary aluminum ingots)

*Overview of LCI data for primary aluminum ingots and recycled aluminum ingots for wrought products

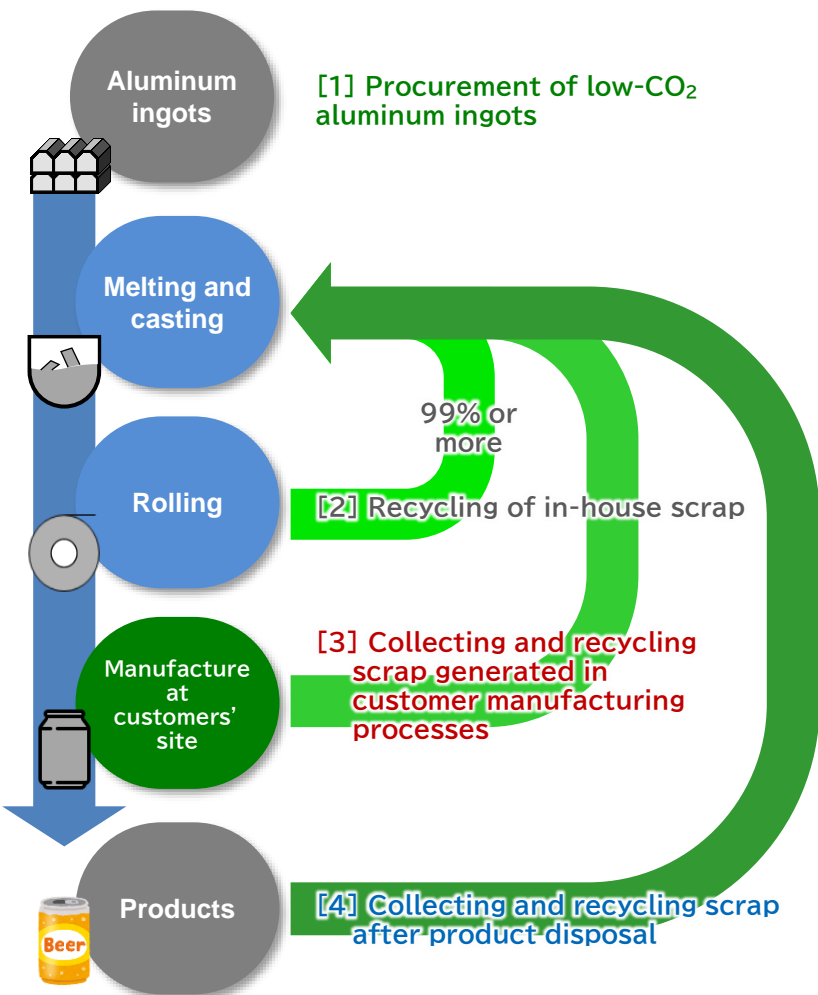
<https://www.aluminum.or.jp/environment/pdf/1-1.pdf>

*Estimation of CO₂ emission intensity of aluminum materials for automobiles

https://www.aluminum.or.jp/environment/pdf/2-3-10_190731.pdf

Reduction of Scope 3 Emissions at Moka Works

- We are working on two approaches: “**Procurement of low-CO₂ aluminum ingots** (Fig. [1] below)” and “**Recycling of scrap** ([2] - [4] below).”



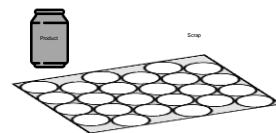
[1] Procurement of low-CO₂ aluminum ingots —Introduction and increased use—



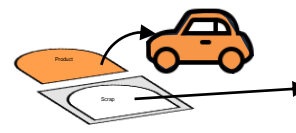
CO₂ emissions reduced by **25%** compared to conventional aluminum cans

Our materials haven been used in “The Premium Malt’s (Sustainable Aluminum Package),” released in a limited quantity on January 30, 2024.

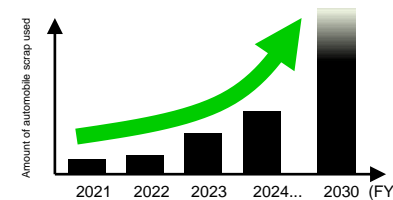
[3] Collecting and recycling scrap generated in customer manufacturing processes —Further increased use—



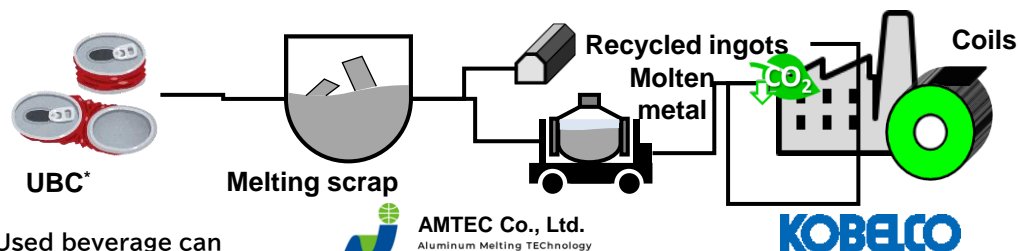
Aluminum can scrap
→ Used from before



Automobile scrap
→ Significant increase since 2021



[4] Collecting and recycling scrap after product disposal —Strengthening cooperation with suppliers—

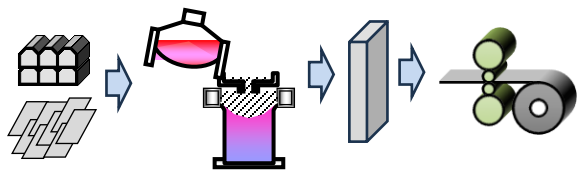


Establishment of Closed Loop Recycling (CLR) for Automotive Panel Materials in China

- In August 2024, we signed an agreement to establish a joint venture company that integrates the downstream processes of Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd. (KARP) and Baowu Aluminum Technology Co., Ltd. (Baowu Aluminum).
- The joint venture company will not only manufacture and sell high-quality aluminum panel materials for automakers in China, but it will also **promote the recycling of scrap generated by customers and the joint venture company to reduce CO₂ emissions.**

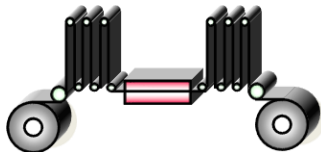
Upstream Processes

Melting and casting - Cold rolled coil



Downstream Processes

Heat treatment - Surface treatment

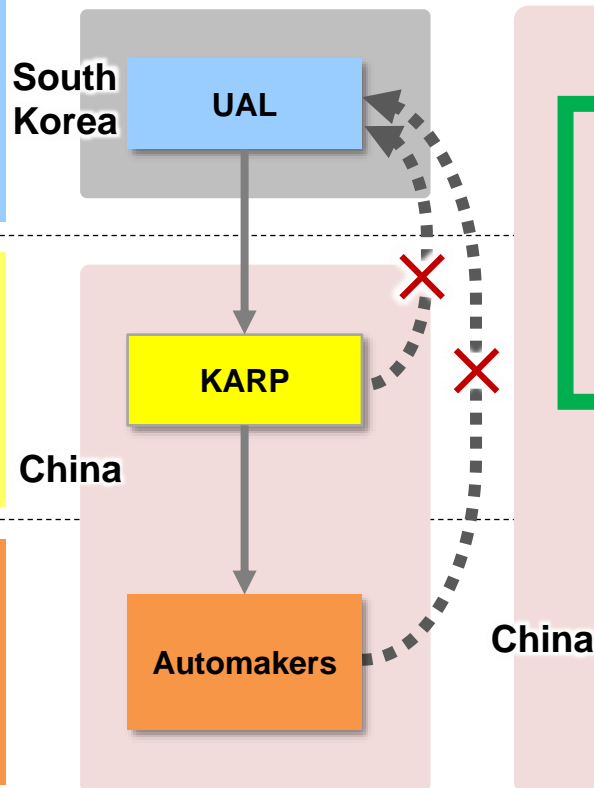


Customers

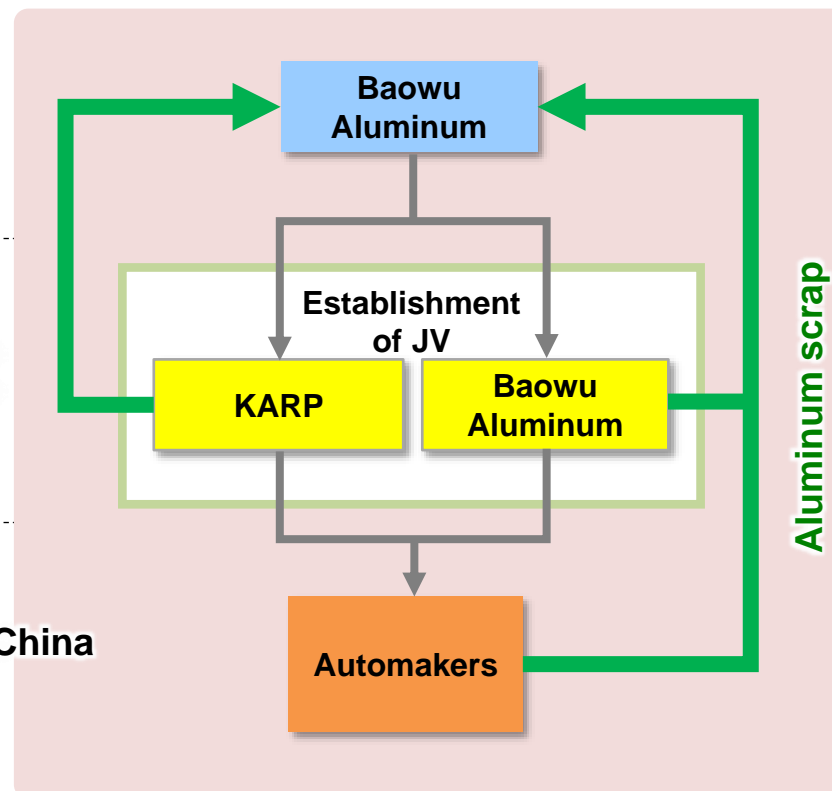
Automakers in China



Previously



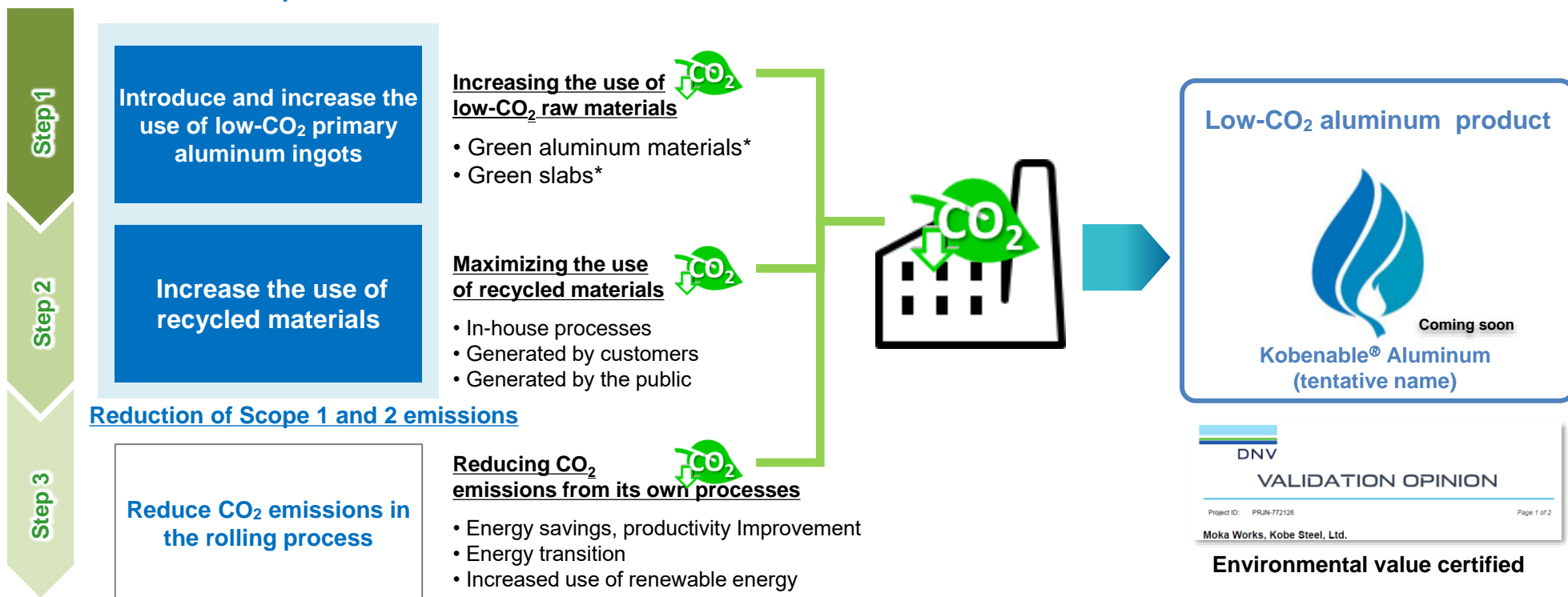
New framework to establish a CLR in China



Low-CO₂ Aluminum Rolled Product Branding Efforts

- We are working on **the commercialization of low-CO₂ aluminum rolled products by allocating the CO₂ reduction effects (achieved through Steps 1 to 3 below) to specific aluminum rolled products based on the mass balance method.**
- We have completed the approval process verification by a third-party certification body (DNV) for the calculation of Step 1 GHG emission reductions, GHG emissions by product, etc.
- We will continue to examine Steps 2 and 3 to promote the **commercialization of products of environmental value and expand the range of applicable products.**

Reduction of Scope 3 emissions



*Aluminum base metals and slabs produced with lower CO₂ emissions using electricity derived from renewable energy and other non-fossil fuel energy during electrolytic smelting

Efforts for Natural Capital (Biodiversity)

- Recognizing that protecting biodiversity and the rich ecosystems of the earth is an important theme of our environmental activities, we formulated the Kobelco Biodiversity Guidelines in December 2010, under which we are working to conserve and contribute to biodiversity.

Kobelco Biodiversity Guidelines

We recognize the importance of preserving biodiversity and will carry out activities accordingly based on the following guidelines.

1. We will make every effort to minimize the impact that our business activities have on biodiversity on an ongoing basis.
2. We will actively develop technologies, products, and services that contribute to biodiversity.
3. We will disclose details of our biodiversity initiatives and share information with the public.
4. We will carry out biodiversity activities in partnership with local communities.
5. We will ensure that all of our employees actively take biodiversity into consideration at all times.



Submerged breakwater construction material using steel slag

Effective in restoring marine environments, such as with the growth of seaweed, and has a favorable reputation from fishery operators.



Participation in Hyogo Prefecture's Nutrient Salts Management Plan

Kakogawa Works has been selected by Hyogo Prefecture as a "nutrient salts increase action implementer" and contributes to the creation of a vibrant ocean.



Biotope in Nadahama Science Square

Events for children are held to provide various nature programs.



Participation in the 30 by 30 Alliance for Biodiversity

Efforts for Natural Capital (Biodiversity)

Nature-Related Risks and Opportunities

- Our Company performs assessments of nature-related risks and opportunities **in accordance with the LEAP approach***1 recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).



- This fiscal year, we identified the specific points of contact with nature and critical areas concerning the **main production bases** in our Group and **our steel business supply chain (raw material procurement)**. (Locate phase)



事業分野・内容	2023年3月期売上高割合 (%)	バリューチェーンの段階	自然へのインパクト(リスクカテゴリー)										自然への依存											
			土壌・淡水域・海洋利用変化		気候変動		資源利用効率		生物多様性の損失・希少種の減少		GHGの排出		水資源		気候変動		気候変動		気候変動		気候変動			
			土地利用面積	淡水利用量	海産物利用量	GHG排出量	水使用量	その他生物多様性の損失	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出	GHGの排出		
鉄鋼	35.72%	原材料調達	M	H	—	VH	M	—	H	VH	H	H	H	H	H	L	VH	VL	H	H	H	M	VH	M
		製造	L	—	—	H	M	—	M	H	VH	—	VH	—	H	—	M	VL	H	VL	M	M	M	L
アルミ板	7.76%	原材料調達	M	VH	—	M	L	—	M	H	VH	M	VH	L	H	VL	VH	VL	H	H	H	M	VH	M
		製造	L	—	—	M	L	—	M	H	VH	M	VH	—	M	—	M	—	M	VL	M	M	M	L
アルミ、鋳造鋼、鋼、チタン	10.86%	原材料調達	M	VH	—	M	M	—	H	H	VH	M	VH	L	H	VL	VH	VL	H	H	H	M	VH	M
		製造	L	—	—	M	M	—	M	H	VH	M	VH	—	M	—	M	VL	M	M	M	M	M	M
溶接(溶接棒・ワイヤ)	3.56%	原材料調達	M	H	—	H	M	ND	VH	L	H	H	H	H	VL	H	VL	VH	VL	H	H	M	VH	H
		製造	L	—	—	M	L	—	M	H	VH	M	VH	—	M	—	M	—	M	VL	M	M	M	L
機械	7.41%	製造	L	—	—	L	M	—	M	L	H	—	VH	L	M	—	M	—	M	VL	M	M	M	L
		設計・製造	M	VH	M	M	L	—	M	L	H	—	VH	L	M	—	M	VL	M	M	M	M	VH	H
エンジニアリング	5.87%	設計	M	—	—	H	M	—	M	H	H	H	H	M	—	—	VH	VL	M	VL	M	M	VL	M
		設計・製造	M	H	—	VH	M	—	M	H	H	—	H	VL	H	L	VH	VL	H	H	H	M	VH	M
電力	13.24%	原材料調達	M	M	—	VH	M	—	H	VH	VH	—	VH	—	H	—	M	VL	H	M	M	L	—	M
		製造	M	L	L	VL	VL	—	L	VL	L	—	L	—	—	—	M	VL	VL	VL	M	M	VL	L
建設機械	15.58%	原材料調達	L	—	—	H	M	—	M	H	VH	—	VH	—	H	—	M	VL	H	VL	M	M	M	L
		製造	L	—	—	L	M	—	L	L	M	—	M	—	M	—	M	—	M	VL	M	M	M	VL
		使用・再生・廃棄	L	VH	M	H	L	—	M	L	H	—	VH	L	M	—	M	VL	M	M	H	H	VH	H

Matrix diagram (heat map) created using ENCORE*2

*1 LEAP (**L**ocate, **E**valuate, **A**ssess, and **P**repare) indicates the stages of risk assessment.

*2 ENCORE (**E**xploring **N**atural **C**apital **O**pportunities, **R**isks and **E**xposure) is a nature-related risk analysis tool, jointly developed by the Natural Capital Finance Alliance (NCFA), United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), and other organizations.

Efforts for Natural Capital (Biodiversity)

Main production bases

- The assessment results with IBAT*³ show that **there are no nature conservation areas** within a 3 km radius of each site.
- The assessment results with Aqueduct*⁴ show that some overseas Group companies are in areas with high water stress (drought, water pollution, etc.), but they are either using low amounts of water or **taking measures such as recycling water**.

No.	生産拠点名	国	生物多様性の重要性						水リスク		水リスク			
			WDPA (保護地域との近接)				保護地域スコア		水ストレス		水リスク (淡水深 (m))			
			0km	0.5km	1km	5km	0.5km	0.5km	レベル	スコア	絶対値	スコア	絶対値	スコア
									流域	流域				
1	加古川製鉄所	日本			VI	VI	1		Low - Medium (10-20%)	2	0.4	2		
2	神戸製鋼工場	日本			IV, V	IV, V	1		Low - Medium (10-20%)	2	0.0	1		
3	豊洲事業所	日本	IV	IV	IV, VI	IV, VI	3	鎌倉 (都道府県民)	Medium - High (20-40%)	3	0.0	1		
4	茨木工場	日本			IV	IV	1		Low - Medium (10-20%)	2	0.0	1		
5	西条工場	日本			IV	IV	1		Low - Medium (10-20%)	2	0.0	1		
6	福知山工場	日本					1		Low - Medium (10-20%)	2	0.0	1		
7	真岡製鐵所	日本			IV	IV	1		Medium - High (20-40%)	3	0.0	1		
8	長府製鐵所	日本	V, VI	IV, V	IV, V, VI	IV, V, VI	2	瀬戸内海 (国立公園)	Low - Medium (10-20%)	2	0.9	3		
9	大宮製鐵所	日本			IV	IV	1		Low - Medium (10-20%)	2	0.0	1		
10	神戸総合技術研究所	日本			IV	IV	1		Low - Medium (10-20%)	2	0.0	1		
11	日本製鉄技術研究所	日本	VI	VI	IV, VI	IV, VI	2	共同漁業権区域 (国)	Low - Medium (10-20%)	2	0.0	1		
12	コベルコ(ワ)ー神戸	日本			IV, V	IV, V	1		Low - Medium (10-20%)	2	0.0	1		
13	コベルコ(ワ)ー真岡	日本			IV	IV	1		Medium - High (20-40%)	3	0.0	1		
14	高砂製作所	日本			VI	VI	1		Low - Medium (10-20%)	2	0.0	1		
15	神鋼特殊鋼線(平瀬)有限公司	中国					1		High (40-80%)	4	0.0	1		
16	神鋼汽車組村(天津)有限公司	中国					1		Medium - High (20-40%)	3	0.4	2		
17	神鋼鉄材加工(佛山)有限公司	中国					1		Low (<10%)	1	0.0	1		
18	唐山神鋼鉄材材料有限公司	中国					1		Extremely High (>80%)	5	0.0	1		
19	神鋼三井物産(上海)有限公司	中国					1		Medium - High (20-40%)	3	0.0	1		
20	神鋼三井物産(上海)有限公司	中国					1		Extremely High (>80%)	5	0.0	1		
21	江明法尔社村田神鋼製鉄有限公司 (JYSF)	中国					1		Medium - High (20-40%)	3	0.0	1		
22	青島神鋼鉄材材料有限公司	中国					1	Qingdao-Rizhao	Extremely High (>80%)	5	0.0	1		
23	神鋼建設機械有限公司	中国					1		High (40-80%)	4	0.0	1		
24	神鋼汽車組配件苏州有限公司	中国					1		Extremely High (>80%)	5	1.7	4		

Assessment of Kobelco Group production bases

Steel business supply chain (raw material procurement)

- The assessment results with IBAT shows that **there are no major mines located in Category 1 (wilderness areas) to 3 (natural monuments) sites** as defined by the International Union for Conservation of Nature (IUCN).
- Some mines are located close to protected areas, yet they have been confirmed to be **actively engaged in environmental conservation**, including biodiversity.

No.	銘柄名	国	鉱種	生物多様性の重要性					水リスク		水リスク					
				WDPA（保護地域との近接）				保護地域名	水ストレス	スコア	水リスク（淡水深（m））					
				0km	1km	5km	5km	スコア	レベル	スコア	絶対値	スコア	絶対値	スコア	絶対値	スコア
									流域	流域		0km	1km	5km	5km	
1	Saraji	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.1	2	1.3
2	Poitrel	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	2.1
4	Stratford (NEW)	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	1.3
5	Ashton	英国	銅鉱					1		Medium - High (20-40%)	3	0.0	1	0.1	2	4.1
7	Middlemount PCI	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	1.0
9	Integra SH	英国	銅鉱					1		Medium - High (20-40%)	3	0.0	1	0.0	1	2.4
10	Walsend SS	英国	銅鉱					1		Medium - High (20-40%)	3	0.0	1	0.0	1	2.4
12	HVO SS	英国	銅鉱					1		High (40-80%)	4	0.0	1	0.0	1	1.6
13	Kestrel 5/9 5/12/15	英国	銅鉱					1		Medium - High (20-40%)	3	0.0	1	0.1	2	4.4
14	Lake Vermont HCC	英国	銅鉱					1		Low - Medium (10-20%)	2	0.0	1	0.1	2	1.2
16	Moranbah North	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	1.1
17	Dawson Met Coal	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.1	2	2.0
18	Curragh HCC	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.8	3	0.8
19	Curragh HAPCI	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.1	2	1.1
20	Curragh 9%	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.1	2	1.1
21	Byeriven	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.1	2	2.0
22	Sonoma	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	1.5
23	Drake S	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	9.7
24	Isaac Plains East	英国	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	2.4
25	Tahmoor	英国	銅鉱					1		High (40-80%)	4	0.0	1	0.0	1	9.0
26	Elkview	カナダ	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	2.1
28	Cheviot	カナダ	銅鉱					1		Low (<10%)	1	0.0	1	0.0	1	2.1
30	Wolverine	カナダ	銅鉱					1		Low - Medium (10-20%)	2	0.0	1	0.0	1	0.0
32	Little Toby	米国	銅鉱					1		Low (<10%)	1	0.0	1	2.3	3	2.3
34	MVO Steaming	英国	銅鉱					1		High (40-80%)	4	0.0	1	0.0	1	0.0
38	MTW 17% Ash	英国	一般炭					1		Medium - High (20-40%)	3	0.0	1	0.1	2	4.4
39	Wipinjong 17% Ash	英国	一般炭					1		Medium - High (20-40%)	3	0.0	1	0.0	1	5.5
								1		Medium - High (20-40%)	3	0.0	1	0.0	1	0.1

Assessment of the steel business supply chain (coal and iron ore mines)

*3 IBAT(Integrated Biodiversity Assessment Tool) is a tool developed jointly by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the International Union for Conservation of Nature (IUCN), scoring data of protected areas, priority areas for conservation, endangered species risks, etc.

*4 Aqueduct, provided by the non-profit World Resources Institute (WRI), is a tool for identifying and assessing water risks by mapping the magnitude of water risks on a global map.



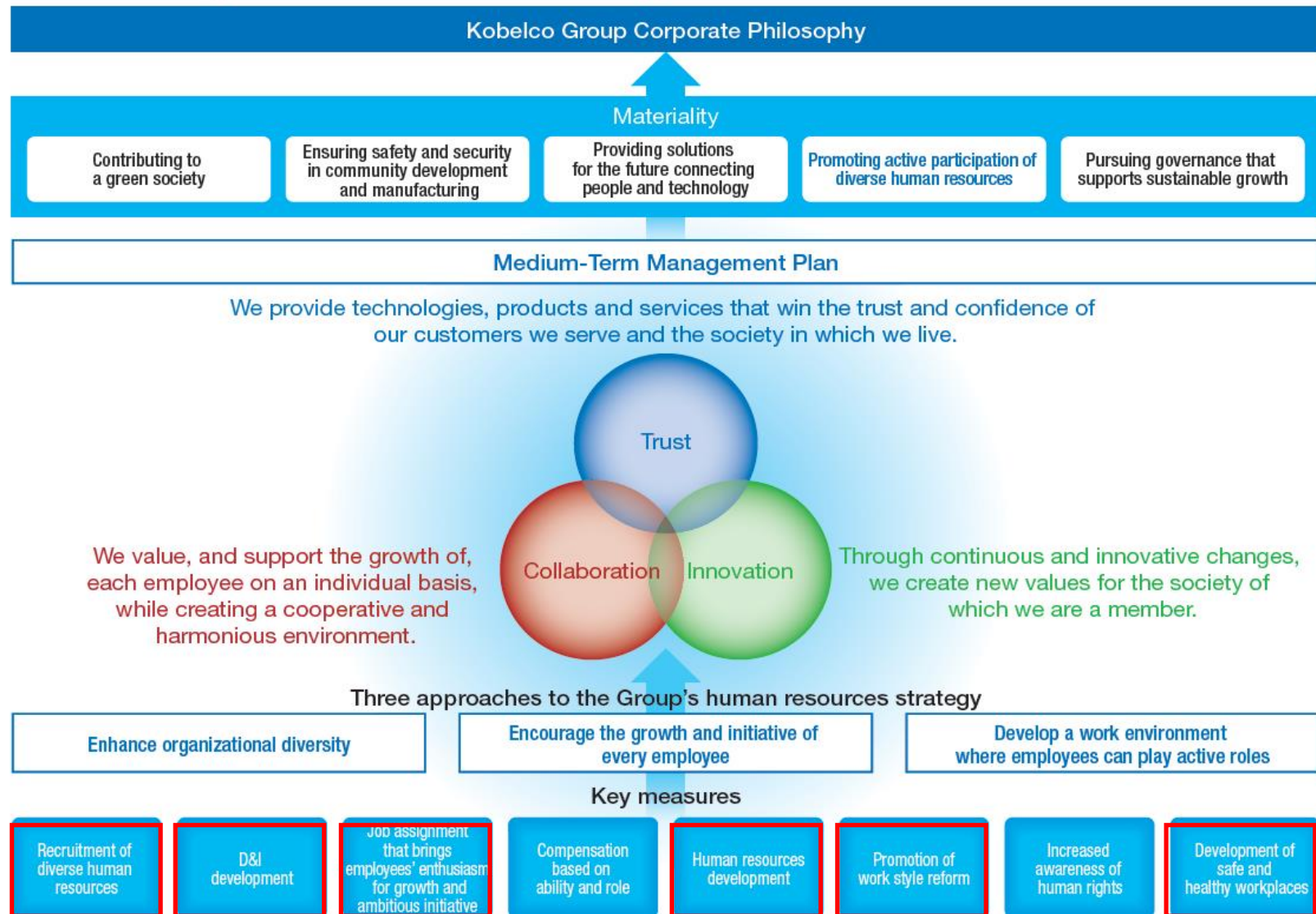
S

(Society)

- ① Human capital-related efforts
(human resources strategy, safety and health, health and productivity management)
- ② Responsible supply chains
- ③ Social contribution activities

Human Resources Strategy

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





Employee Experience —Human resources strategy and employee experience improvement—

- EX places importance on improving both **human resources strategy that we are promoting from various aspects** and **every experience that employees gain in our Company**.
- To achieve better employee experience, it is important for **each employee to try to step out of a conventional way of working**.

Improving Employee Engagement

- Our Group conducts its own employee awareness surveys annually to obtain an objective, quantitative measure of changes in employee awareness, including their level of understanding and implementation of the Group Corporate Philosophy to improve employee engagement.

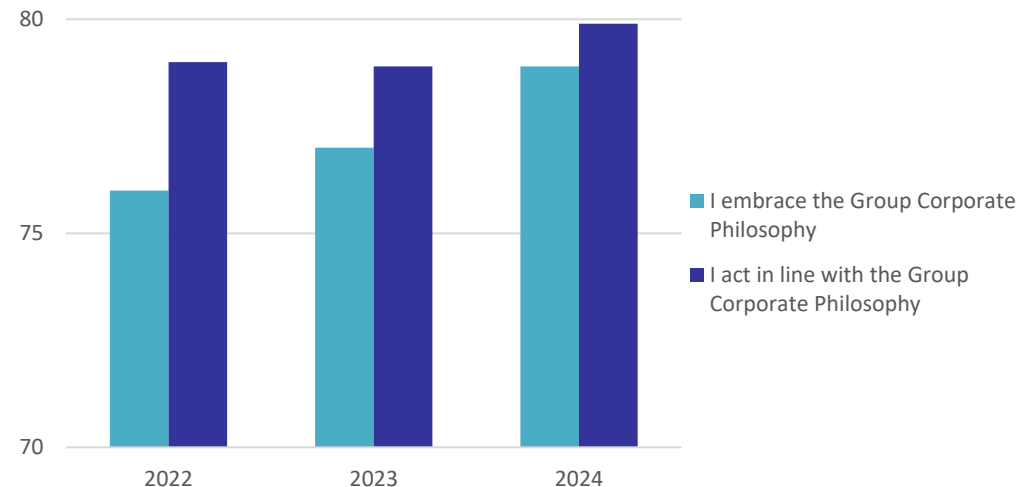
Efforts to improve engagement

- The following initiatives are carried out every year.

Key initiatives

- Promoting dialogues between executives and employees, including the Dialogue Platform
- Disseminating the Declaration of Pledges by Senior Management

Positive response rates to questions on the Group Corporate Philosophy in the Employee Awareness Survey



Recruitment of Diverse Talents



- We actively recruit people who embrace our Group Corporate Philosophy and business activities and have the willingness to play active roles in the Kobelco Group.

New graduate recruitment

- We are working to achieve our targets to increase the ratio of female employees by increasing the participation in seminars targeted at female students and enhancing direct approach to schools/institutes.

Monitoring indicators		FY2024 target	FY 2021 actual	FY2022 actual	FY2023 actual
Percentage of women in new graduate hires	Career-track administrative	50% or higher	35%	48%	44%
	Career-track technical	15% or higher	6%	10%	13%
	General technical	10% or higher	8%	8%	9%

- To recruit talented, globally-minded personnel, we are actively **recruiting non-Japanese people for career-track positions** and conducting local recruitment activities mainly in Asia.

Mid-career recruitment

- For the sustainable growth of our Company, we need people with skills that we require as well as people with diverse experience and enhance our overall performance. To this end, we are actively working to recruit mid-career hires. Currently, **over 30% of all employees are mid-career hires, and they are playing active roles in each workplace.**

Diversity & Inclusion (D&I) Development

Recruitment

D&I

Development
& Allocation

Work-
style

Safety &
Health

- We are implementing various initiatives to ensure that people with diverse backgrounds and values can fully demonstrate their abilities.

Kobelco Group D&I Forum

- In December 2023, we held a Kobelco Group D&I forum to provide employees with the opportunity to **learn about, understand, and experience** D&I, as well as to encourage them to take action on their own. The forum was attended by more than 600 people.
- The program began with a keynote speech about D&I, followed by a **panel discussion** on the importance of D&I development and the expected outcomes, a **wheelchair experience session**, and a **movie screening**.



Panel discussion by presenters and the executive officer responsible for human resources

Lunchtime Session

- We hold online seminars called “Lunchtime Session” as **a forum to learn about careers and D&I**, inviting a diverse array of speakers from both inside and outside the Company, including leaders, male employees who have taken childcare leave, and people who have struggled with illness.

Universal Manners Test

- We are encouraging all executives and employees to take the Universal Manners Test Grade 3 course to learn about concept of reasonable consideration for people with disabilities and the appropriate way to interact with them.



This is a private qualification to systematically learn and acquire the mindsets and actions necessary to practice universal manners.

In fiscal 2023, Universal Manners Test Grade 3 Qualification obtained by nearly 1,000 executives and managers.

Development and Allocation of Human Resources

Recruit-
ment

D&I

Development
& Allocation

Work-
style

Safety &
Health

- To **encourage the growth and initiative of every employee**, we provide opportunities for autonomous career development, learning, and growth.

Self-directed, self-driven training

- We are working to strengthen **self-directed, self-driven human resources development**, alongside the conventional training for all employees and stratified training.
- We support the active participation of diverse human resources by providing growth opportunities, while encouraging employees to develop their own career autonomously.

Employees are free to choose training programs from educational video library containing over 10,000 titles



Career self-development system

- We have introduced a career self-development system (internal recruitment system) that allows employees to apply to the department of their choice. The system has been improved and expanded recent years.

Application for a specific position

The Company announces the opening of a specific position in a particular division.

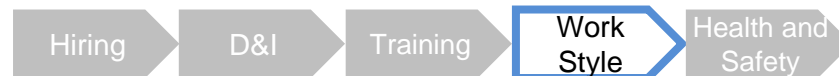
Application for a specific position with Plus One

Selected applicants will serve in both the current and concurrent positions.

Self-driven application for a division of choice

Employees calls for a position in their desired division.

Promoting Work Style Reform



- Since fiscal 2024, we have been making active investments to improve the working environment in order to secure and retain excellent human resources and create a rewarding working environment.

Improving the work environment

- During the current medium-term management plan, we plan to invest a total of **approximately 60 billion yen** in planned renovations, labor-saving and automation-related investments for, dormitories, company housing, welfare and educational facilities, and offices at respective business sites.

*Investment amounts are calculated on a decision basis and include some expenses.

Investment breakdown

Billions of yen

Dormitories and company housing	5.3
Welfare and educational facilities	4.2
Head office and plant offices	36.3
Responding to human resource shortages (Labor saving and automation)	14.3

Relocation of the Tokyo Head Office

- In light of changes in working styles following the end of the COVID-19 pandemic, we have decided to relocate the Tokyo Head Office, which serves as the Kobelco Group headquarters, with the aim of creating an office that is disaster-resistant, functional, leads to improved communication among employees, and contributes to improving the brand image and retaining talented personnel.
(Relocation is scheduled for fiscal 2026)

Overview of relocation

- Property name: THE LINKPILLAR 2
(The Company plans to move into part of the office floors)
- Nearest station: JR Takanawa Gateway Station, etc.
- Stories: 31 floors above ground and 5 floors below ground
- Standard floor area: 3,653 m²
- Total floor area: 208,457 m²
- Height: 168 m
- Completion: Scheduled for December 2025



- We believe that **safety and health are fundamental to business operations and take priority over all business activities**. Based on this, we carry out various safety and health activities to create a vibrant workplace where employees can work safely and securely.

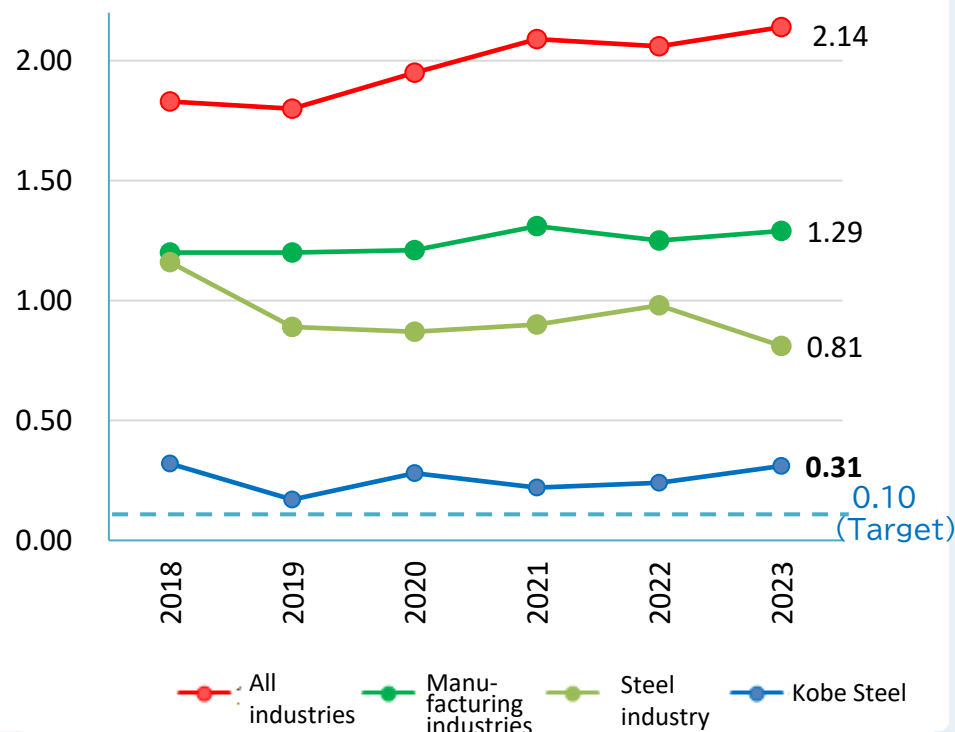
Fiscal 2023 Summary

Results: 17 lost time incidents, including those at contractor companies

- LTIFR : 0.31 (The target of 0.10 yet to be achieved)
- Fatal accidents : Zero

- Implemented audits of domestic and overseas Group companies.
- Safety and health DX efforts: Introduced wearable devices that employ a biometric information detection system for trial.
- Ensured companywide machine safety and provided machine safety training for personnel from the perspective of **isolation from hazard sources**.

Lost Time Frequency rate (LTIFR)



Ongoing Efforts

Recruit-
ment

D&I

Development
& Allocation

Work-
style

Safety &
Health

Global implementation of safety audits

Safety and health audits and support for Group companies (in Japan and overseas)

In cooperation with business divisions, the Environment and Safety Department **implemented safety and health audits** to check the management structures, legal compliance, risk management, and improvement support.

Under the current medium term (fiscal 2024– 2026), we plan to audit a total of 55 locations, including 28 domestic Group companies and 27 overseas Group companies.



Safety and health efforts through DX

Work support system using biological information detection

Introduced wearable devices to prevent heatstroke and other abnormalities, by giving alert to the worker wearing it and coworkers when any signs for deterioration in physical conditions are detected.



Worker monitoring system



Heatstroke prevention watch

Safety and health training

Implementation of stratified training and specialized training

Promoting knowledge and skill acquisition through safety and health training.

Safety and health training (held by the head office)	Target trainees (Stratified)	Number of trainees			Machine safety training (9 h/person) 926 people (FY2023)
		FY2021	FY2022	FY2023	
	New employees (1-4 years of service) (45 h/person)	223	1053	863	
	Supervisors (21 h/person)	539	711	434	
	Line managers (14 h/person)	16	56	70	

- Our health initiatives are based on **the concepts of prevention and early detection/care**, and we have been working for many years to **develop a workplace environment that allows our people to work enthusiastically, while maintaining their physical and mental health.**

Main initiatives for prevention and early detection/care

- Establishing a consultation system with counseling rooms
- Promoting support for individuals and workplace improvement through stress checks
- Distributing educational videos to improve sleep

**Mental
health**

- Promoting exercise habits through the health support app
- Effort to increase exercise through health lessons and exercise videos

**Physical
health**

**Health
checkups
&
disease
prevention**

- Providing checkups at health screening clinics
- Providing a variety of cancer screenings
- Vaccinations
- Smoking cessation initiatives

Health-related investment amount *: Approx. 1.81 million yen/year

* Includes health checkups, cancer screenings, stress checks, vaccinations, health apps, health management system operating costs, etc. (excluding statutory items)

- ★ Kobe Steel has been certified as a **2024 White 500 Health and Productivity Management Organization** for the fifth time, following the 2023 certification.



Mental health

- Implementing a consultation system with industrial counselors (**counseling rooms**) since the 1980s.
- Promoting support for individual and workplace improvement based on the results of stress checks, including interviews with industrial physicians/counselors, reducing workload by increasing staff numbers and promoting work transfers, improving the work environment by installing more lights and renovating toilets, etc.

Percentage of people with high stress: 8.9% in FY2022; 8.7% in FY2023

- Creating and distributing **sleep education videos (tips for good sleep, desirable amount of sleep for shift workers)** since fiscal 2022

Percentage of people who have good rest through sleep: 65.6% in FY2022; 62.6% in FY2023



Sleep video materials

Health checkups & disease prevention

- Implementing influenza vaccinations at Company's business locations (with some exceptions), with full cost coverage for people insured by Kobe Steel Health Insurance Program, including their dependents.

Number of dependents who had vaccination in FY2023: 486 people

- Providing barium swallow, endoscopy, and blood tests since 2010, alongside **enhanced cancer screening**, including Helicobacter pylori tests and sputum tests.
- Providing **checkups at health screening clinics** for employees reaching the age of 50 since 2011 and **expanded the scope to those reaching 60 and their spouses**.

Number of people diagnosed with cancer through our stomach cancer screening tests: 41 people in FY2018–2011

- Creating and maintaining a work environment free of passive smoking. To make it harder to smoke, some business sites are introducing smoking bans during working hours and certain time slots.

Smoking rate: Lowered from 28.3% in FY2022 to 27.7% in FY2023



Health screening clinic

Physical health

- A **health promotion app*** on employees' smartphones was introduced in fiscal 2021, replacing paper-based health promotion. The new tool is promoting health awareness and encouraging employees to develop exercise habits.

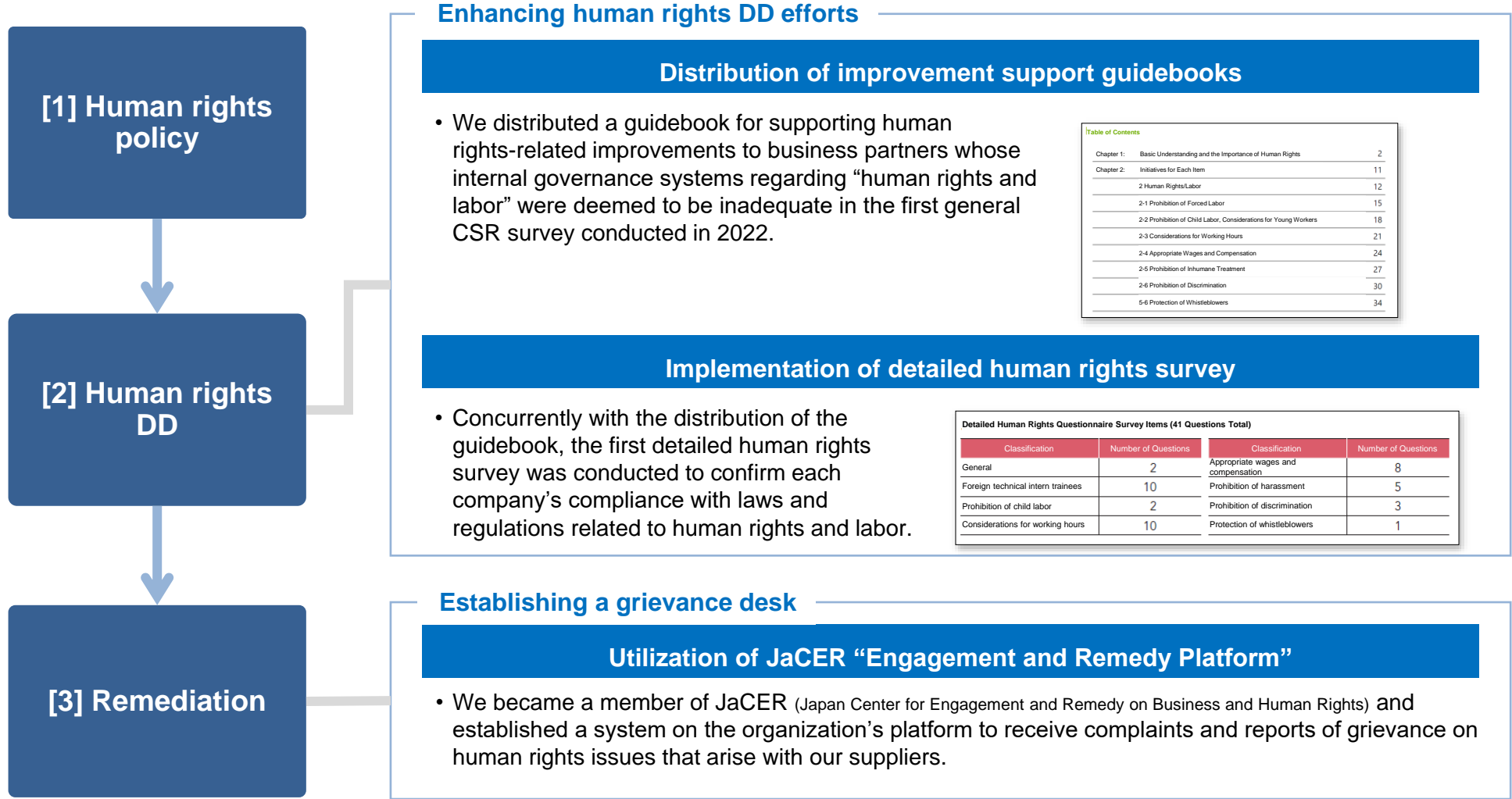
* PepUP app developed by JMDC. Registered by about 87% of employees to date.

Percentage of employees who exercise regularly: Increased from 23.4% in FY2022 to 24.1% in FY2023



Health class video

- In accordance with the Kobelco Group’s Basic Policy on Human Rights and Basic Policy on CSR Procurement, **we enhanced our human rights DD (due diligence) efforts in supply chains and established a grievance desk** in fiscal 2023–2024.

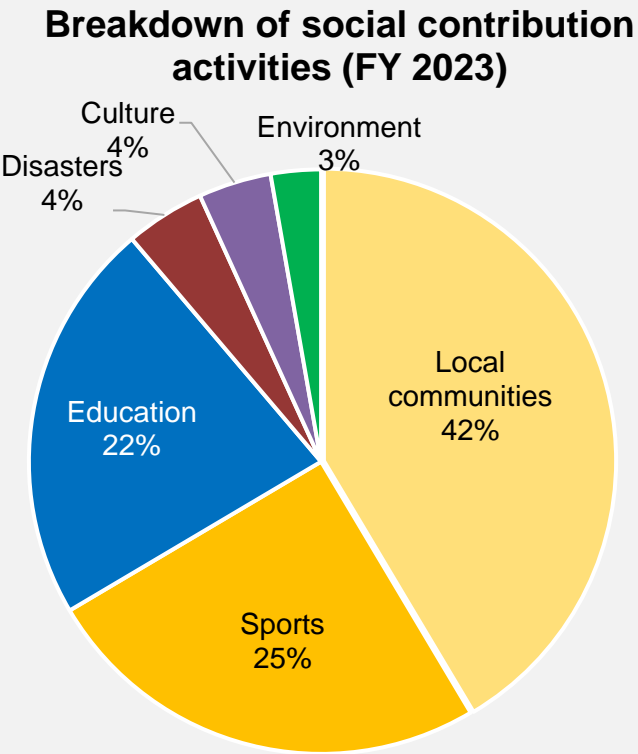
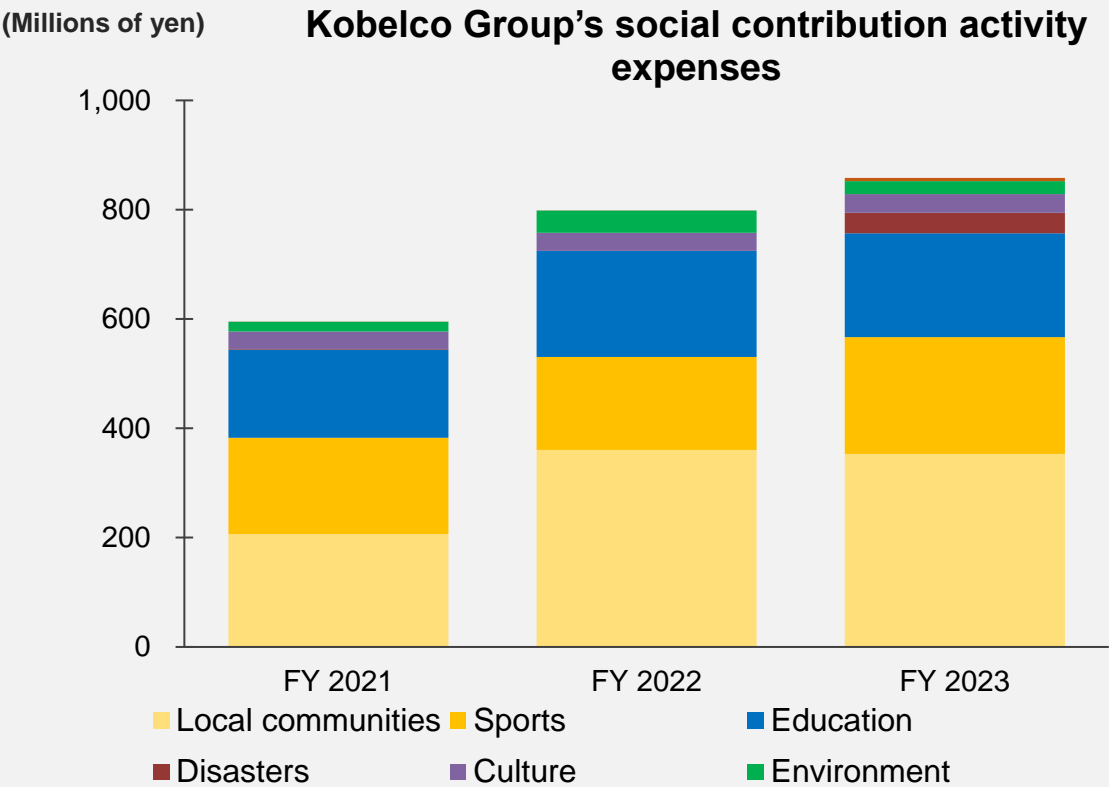


*[1] - [3] are the three initiatives required of companies in the UN Guiding Principles on Business and Human Rights

Social Contribution Activities

- Our Group has been engaged in a variety of social contribution activities for many years, including support for the development of children and youth. In fiscal 2023, we spent approximately 850 million yen on social contribution activities, including [donations for overseas disaster victims](#) through UNICEF and the Japanese Red Cross Society, [donations to local governments](#) where our plants are located, and [donations for the 2024 Noto Peninsula Earthquake](#).

*Costs for social contribution activities do not include operating costs for KOBELCO KOBE STEELERS activities.



Social Contribution Activities

- We have launched a website featuring our social contribution activities to raise awareness both within and outside the Company.
- The site communicates information, focused on the four areas of (1) Environment, (2) Local communities, (3) Sports, education, and arts, and “Disaster relief assistance.”

<https://neoharu.kobelco.co.jp/>

KOBELCOの
**ネオハル
アクション**
あしたにいいこと、KOBELCOと。

The website is only available in Japanese.

環境 2024.03.07
森の使者ジュラ 森のかざり屋
【あなたの作ったおはなしが絵本に！】

地域 2024.03.08
【あなたの身近にも！】
笑顔をつなぐ「コベルコ…」

スポーツ・教育・芸術 2024.03.07
見どころ満載！
自由で多様なラグビーの魅力に迫る
【初心者さん向け】ラグビーの基礎知識や…

災害支援 2024.03.08
【すべての子どもたちのために】コベルコ世…

環境
地域
スポーツ・教育・芸術
災害支援

Social Contribution Activities

- As part of our contribution to society through our business activities, we are providing solutions to environmental issues and demographic changes, as well as working on activities that contribute to improving the safety and security of people living in local communities both in Japan and overseas.

Example: Contributing to the disposal of unexploded ordnance in Okinawa Prefecture

Explosion-resistant containers improve safety in the disposal of unexploded ordnance and reduce the burden on local governments and residents, involved with evacuation and other safety measures.

Conventional disposal method

Build a temporary bunker with iron plates at the discovery site and dispose of unexploded ordnance (UXO) in the bunker.

Safety

- Risk of damaging residents' properties
- SDF members need to work in a confined space.

Local burden

- Time and installation location for constructing a bunker
- Evacuation of residents and traffic control required within an 88 m radius, in principle.
- Large burden on vulnerable evacuees (hospitalized patients, etc.)

Improved disposal method using Kobe Steel's technology

UXO is disposed of in an explosion-resistant container*

Safety

- Protects residents' properties with its sealed structure.
- Allows SDF members to work with less restrictions.

Local burden

- Reduces the residents evacuation radius to 25.5 m.
- Reduces the burden on local governments, residents, and business operators

* Disposal is undertaken by SDF personnel. The explosion-resistant container is designed for the disposal of 5-inch naval gun shells.



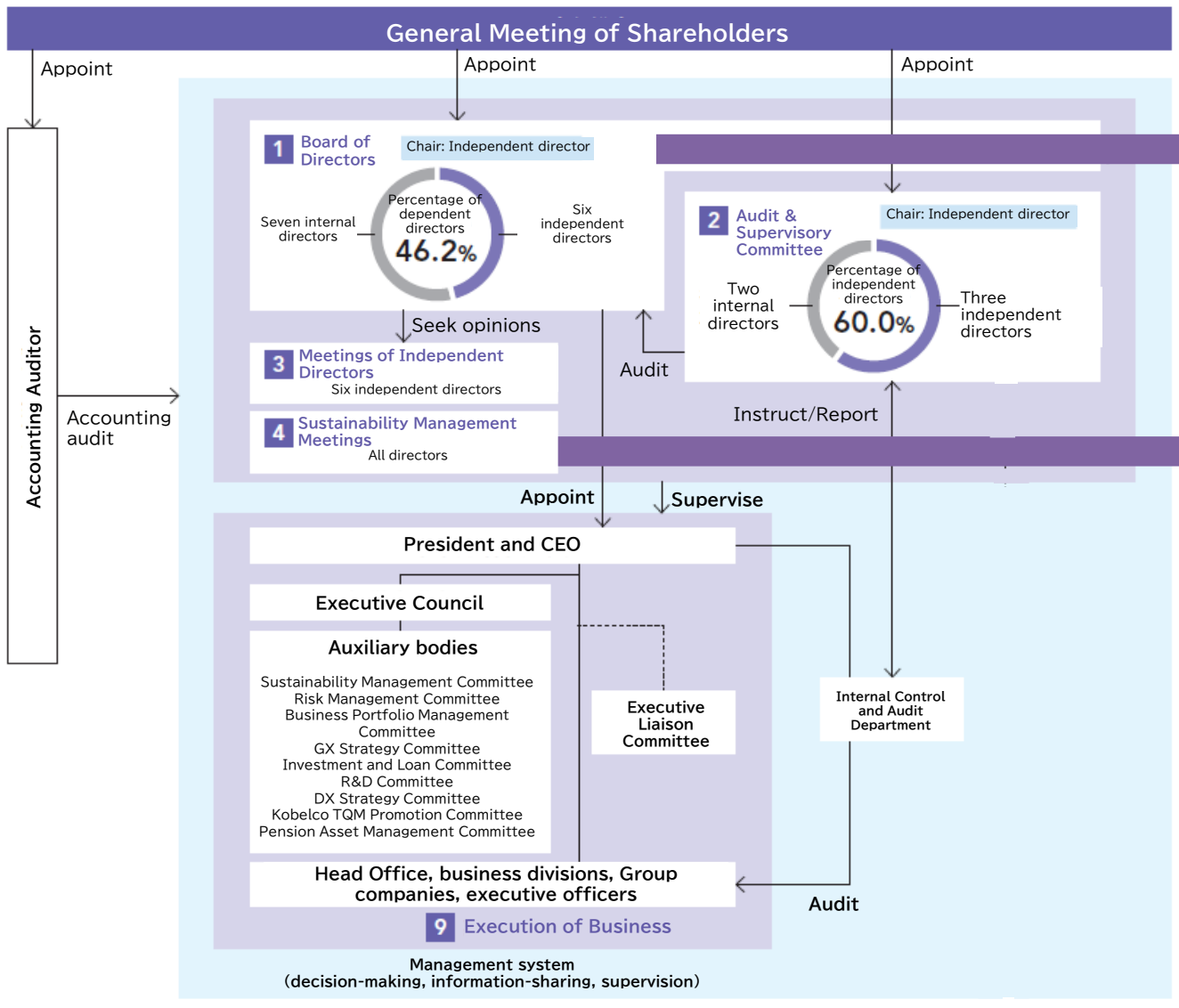
Disposal of UXO using an explosion-resistant container for 5-inch naval gun shells



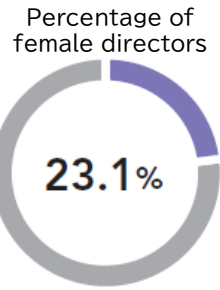
- ① Management structure
(strengthening monitoring functions)
- ② Introduction of ESG indicators for director
and executive officer remuneration

Management Structure (Strengthening Monitoring Function)

Our Corporate Governance System



Ensuring diversity of the Board of Directors



Addition of one female member in June increased the total number of female directors to 3 out of 13 directors.

Board Chair
(appointed in June 2024)
Yumiko Ito
(Independent Director)

Regular meetings to share understanding and exchange opinions

- We have newly established Sustainability Management Meetings, effective this fiscal year.
- This is a forum for directors to share understanding and exchange opinions with executives broadly and regularly on our Group's major sustainability activities, thereby aiming to strengthen the Board's monitoring function.
(Regular meetings are held quarterly, in principle.)

Topics discussed so far

June	Materiality, GX strategy, and human resources strategy
Aug.	Quality management and risk management

Introduction of ESG indicators

- We have introduced **ESG indicators** as a non-financial metric for director and executive officer remuneration. This will allow them to actively pursue solutions to various ESG issues, including taking on the challenge of realizing carbon neutrality, in an effort to enhance our Group’s corporate value over the medium to long term.

ESG Indicators

- ESG indicators are used to determine payment coefficients for **stock compensation**, with the aim of sharing the interest in corporate value improvement with shareholders.
- we use **major global ESG rating agencies’ indicators** as a metric to evaluate all aspects of E (environmental), S (social), and G (governance) in a comprehensive and objective manner.

ESG rating agencies	Indicators	Base value*	Reference: Our company’s latest scores
CDP	Climate change scores	A	A-
FTSE	ESG scores	3.9 or higher	3.8
MSCI	ESG ratings	AAA	AA

*When the base values are met, the payment coefficients reach their maximum.

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

<p>TCFD</p> 	<p>SDGs</p> 	<p>United Nations Global Compact</p>  <p>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.</p>	<p>GX League</p> 
<p>White Logistics Movement</p> 	<p>Declaration of Partnership Building</p> 	<p>#HereWeGo203030 (Challenge Initiatives for 30% of Executives to be Women by 2030)</p> 	<p>Male Leaders Coalition for Empowerment of Women</p> 

External Evaluations (As of August 2024)

FTSE4Good Index Series



FTSE4Good

FTSE Blossom Japan Index



FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF Kobe Steel, Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Kobe Steel, Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Kobe Steel, Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Kobe Steel, Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

CDP



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

Platinum Kurumin



PRIDE Index



Gold Award

2024 Health and Productivity Management Organization (White 500)



2024
健康経営優良法人
Health and productivity
ホワイト500

Integrated Report & ESG Data Book

Our 2024 Integrated Report and ESG Data Book were released on September 6th.
You can download them from our website.

Integrated Report



ESG Data Book



https://www.kobelco.co.jp/english/about_kobelco/outline/integrated-reports/

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
	<ol style="list-style-type: none">1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.3. Through continuous and innovative changes, we create new values for the society of which we are a member.
Six Pledges of KOBELCO	Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter
	<ol style="list-style-type: none">1. Uphold the Highest Sense of Ethics and Professionalism2. Contribute to the Society by Providing Superior Products and Services Quality Charter3. Establish a Comfortable but Challenging Work Environment4. Live in Harmony with the Local Community5. Contribute to a Sustainable Environment6. Respect Each Stakeholder

Cautionary Statement

- Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements are based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.
- Uncertain and variable factors include, but are not limited to:
 - Changes in economic outlook, demand and market conditions
 - Political situations and trade and other regulations
 - Changes in currency exchange rates
 - Availability and market conditions of raw materials
 - Products and services of competitors, pricing policies, alliances, and business developments including M&As
 - Strategy changes of alliance partners

KOBELCO

Reference Materials

KOBELCO Group's Sustainability Management

- We promote sustainability management based on the Group's Corporate Philosophy, which is based on the following framework.
- We strive to achieve sustainable growth and enhance corporate value by addressing key issues in both the **Value Creation** and **Business Foundation** areas.

Group Corporate Philosophy

KOBELCO's View of the Future

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

KOBELCO's Mission

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

Core Values of KOBELCO

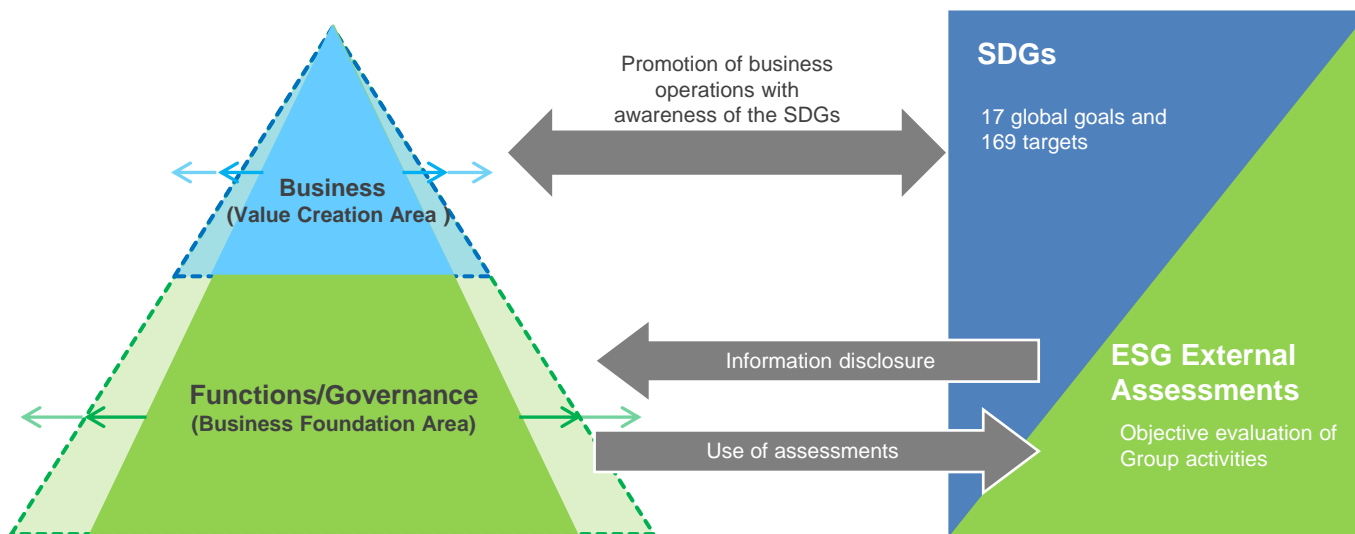
Six Pledges of KOBELCO

Key issues to address

■ Tackling societal challenges through core businesses

- Create new value by providing products and services through R&D and manufacturing

Promotion tools



Fiscal 2023 Results for Materiality Indicators and Targets (1) Note: The list below shows the previous indicators and targets

Kobelco Group's Materiality		Indicators and Targets		
		Indicators	Targets	Actual (FY 2023)
Contributing to a green society	Response to climate change	[1] Reduction of CO ₂ emissions in production processes	2030: 30–40% reduction (compared to fiscal 2013) 2050: Taking on the challenge of realizing carbon neutrality	20% reduction
		[2] Contribution to the reduction of CO ₂ emissions through technologies, products, and services	2030: 61 million tons (including at least 45 million tons through the MIDREX® Process) 2050: 100 million tons or more	61.18 million tons (The latest coefficients are used to calculate the contribution to reduction of CO ₂ emissions through technologies, products, and services)
		[3] Reduction of CO ₂ emissions in the electric power business	2030: Increasing efficiency of coal-fired power plants to the USC level or higher 2050: Taking on the challenge of realizing carbon neutrality	—
	Response to resource recycling	[4] Water recycling rate	Maintaining at 95% or higher	96.3%
		[5] By-product recycling rate	Recycling of three main items FY 2025: 99% (Three main items: Slag, dust, and sludge)	99.1%
Ensuring safety and security in community development and manufacturing	Supplying energy focused on S+3E (S+3E = Safety + Energy Security, Economic Efficiency, and Environment)	—	—	—
	Supplying materials and machinery that meet needs	[6] Percentages of target products in the product mix	FY 2025: Percentage of wire rods/bars and high-tensile strength steel in the steel products: 52%	48%
	Improving safety and productivity		—	—

Fiscal 2023 Results for Materiality Indicators and Targets (2)

Kobelco Group's Materiality		Indicators and Targets		
		Indicators	Targets	Actual (FY 2023)
Providing solutions for the future connecting people and technology	Reforms in manufacturing and operations through digitalization (DX)	[7] Hours of office work streamlined by digitization	FY 2023: 125,000 hours per year FY 2025: 250,000 hours per year	259,000 hours per year
		[8] Progress rates of reconstruction of existing systems Progress rates of the plan to rebuild existing IT systems, excluding the mainframe, which was planned at the time of formulation of the Medium-Term Management Plan (fiscal 2021–2023)	FY 2025: 100%	63.6%
		[9] Number of DX personnel trained	a. FY 2023: Approx. 500 b. FY 2023: Approx. 140 a. IT evangelists (DX personnel who utilize IT to plan and implement business reforms in their own divisions) b. Data scientists (DX personnel capable of advanced data analysis)	a. 593 b. 146 (cumulative)
	Integration and innovation of diverse intellectual assets	[10] New business creation	FY 2025: Multiple task forces (TFs) to create new businesses FY 2030: Multiple TFs to launch new businesses (Annual target earnings: 1 billion yen or more per business)	One business
		[11] Number of employees with PhDs	—	168

Fiscal 2023 Results for Materiality Indicators and Targets (3)

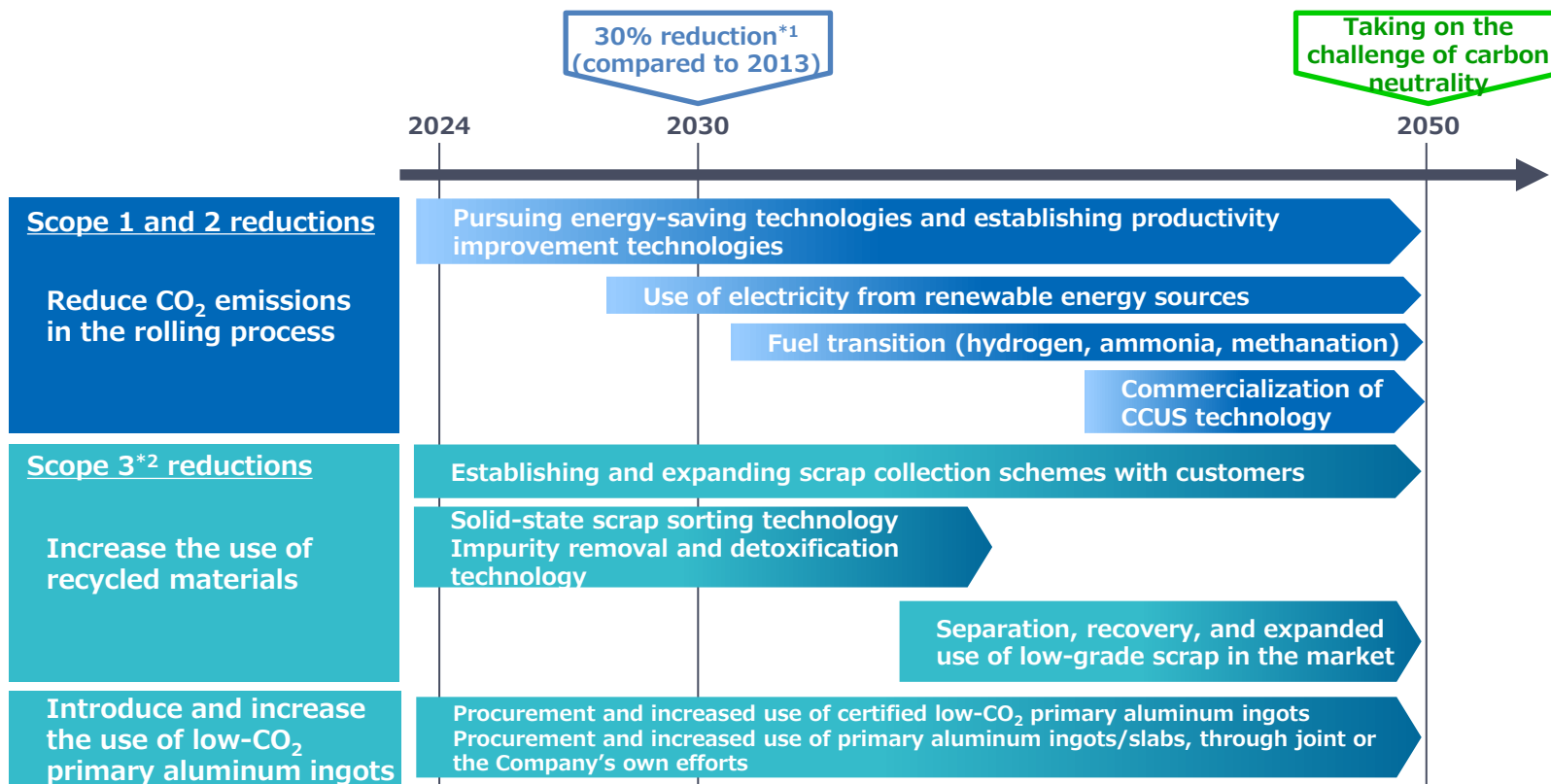
Kobelco Group's Materiality		Indicators and Targets		
		Indicators	Targets	Actual (FY 2023)
Promoting active participation of diverse human resources	Diversity & Inclusion (D&I)	[12] Percentage of women in new graduate hires	FY 2023: a. Career-track administrative positions: 50% or more b. Career-track technical positions: 15% or more c. General technical positions: 15% or more	a. 44% b. 13% c. 9%
		[13] Percentage of female managers	FY 2023: Double the percentage from FY 2020 (FY 2020 actual: 2.7%)	3.1%
		[14] Percentage of employees with disabilities	2.3% (statutory employment rate)	2.62%
		[15] Number of non-Japanese employees	—	87
	Work style reform	[16] Percentage of male employees taking special leave for childcare	FY 2023: 100%	94.5%
		[17] Turnover of employees with less than 10 years of service	Less than 15%	21.1%
		[18] Overtime hours	—	16.1 h (per month/employee)
		[19] Number of annual paid leave days taken	Average 15 days per year/employee	18.0 days
		[20] Total hours worked	Under 2,000 hours/year	2,050 h
		[21] Continuation of employee awareness survey	—	Ongoing
	Human resources development	[22] Improving and expanding employee training	— a. Total hours trained (across all employees) b. Average hours of training per employee	a. 380,056 h b. 33.0 h The time required for an e-learning lesson is estimated at 15 minutes per person

Fiscal 2023 Results for Materiality Indicators and Targets (4)

Kobelco Group's Materiality		Indicators and Targets		
		Indicators	Targets	Actual (FY 2023)
Pursuing governance that supports sustainable growth	Compliance and risk management	[23] Number of reported whistleblowing cases	–	117
	Human rights	[24] Participation rate in employee training	Implementation of Group-wide human rights training	100% (e-learning participation rate at Kobe Steel)
	Safety and health	[25] Lost time injury frequency rate	0.10 or less	0.31
		[26] Expansion of safety and health training	–	1,367
	Quality assurance	[27] Accreditation rate in compliance with Quality Guidelines in internal quality audit	FY 2023: 70% of internal quality audit target locations	67%
		[28] Automation rate of testing and inspection equipment as defined by the Company	–	–
		[29] Continuation of customer satisfaction survey	–	Ongoing
	Corporate governance	[30] Improving the effectiveness evaluation of the Board of Directors	–	Ongoing

Roadmap for CO₂ Reduction in Aluminum Rolled Products

- 2030: 30% reduction in Scope 1 + 2 + 3*¹ (CO₂ emission intensity, compared to fiscal 2013)
- 2050: Taking on the challenge of realizing carbon neutrality



*1 2030 CO₂ reduction target for aluminum rolled product business

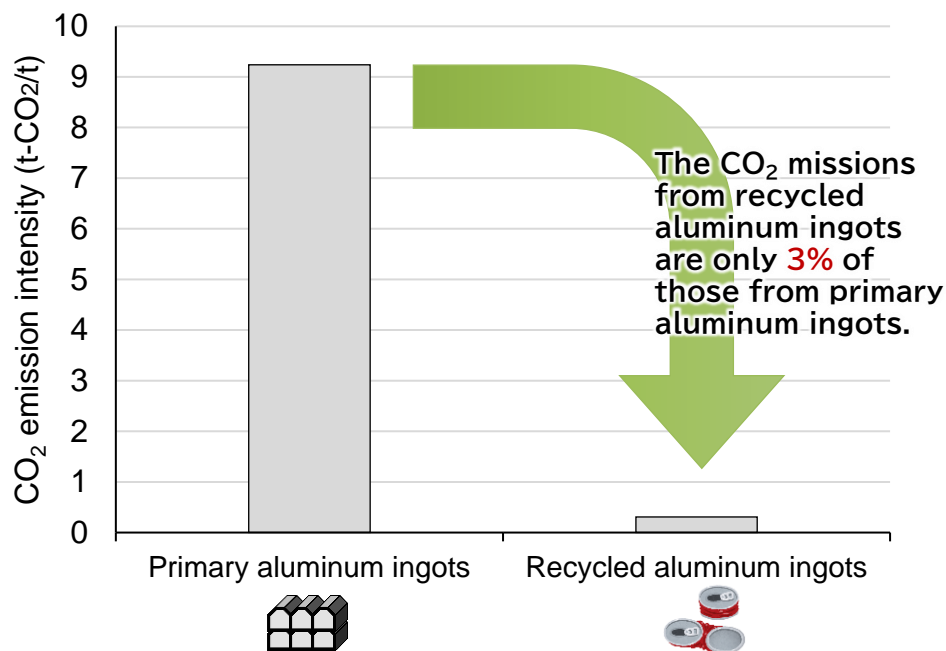
The total of Scope 1, 2, and 3 emissions in Category 1, calculated based on CO₂ emissions intensity, including major overseas Group companies

*2 Scope 3 emissions in Category 1 (raw materials)

Reference: Initiatives in the Aluminum Rolled Product Business

Raw material CO₂ emissions of aluminum products

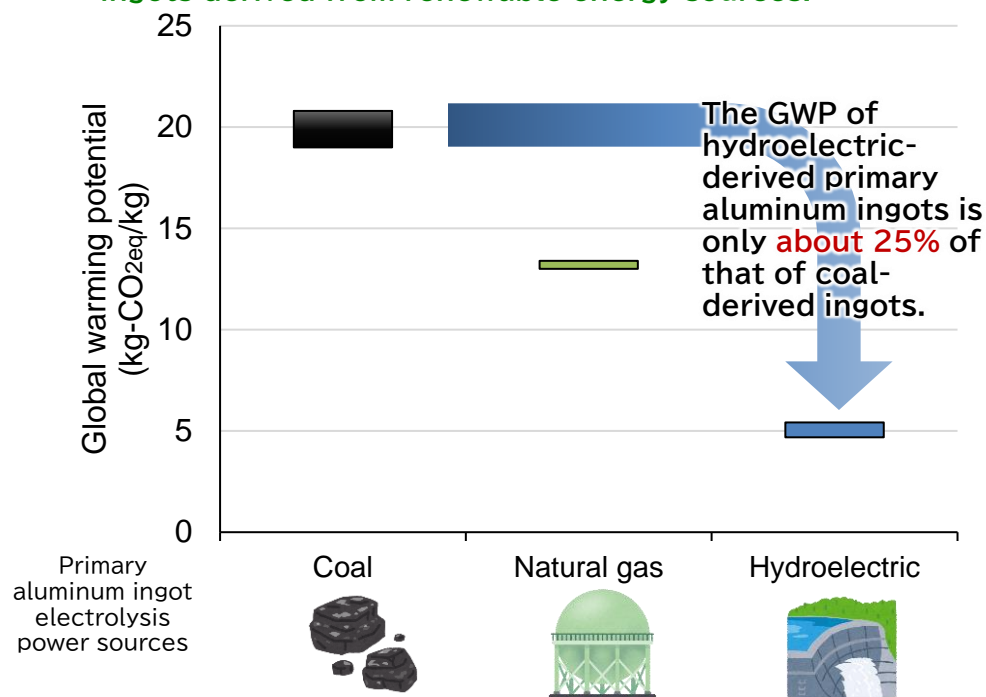
- Raw materials (Scope 3 emissions in Category 1) account for a large part of CO₂ emissions from aluminum products.
➔ **CO₂ reduction in raw materials (Scope 3 emissions in Category 1) is essential.**
- The CO₂ emissions from recycled aluminum ingots are only 3% of those from primary aluminum ingots.
➔ **Using recycled raw materials is an effective way of reducing CO₂ emissions.**



Source: Prepared by Kobe Steel based on the information provided by the Japan Aluminum Association

Environmental impact of primary aluminum ingots

- Along with the expanded use of recycled materials, the need for primary aluminum ingots continues.
➔ **Reducing the CO₂ emissions from primary aluminum ingots is also essential.**
- The environmental impact of primary aluminum ingots varies depending on the power source composition during electrolytic smelting. Primary aluminum ingots derived from hydroelectric power has a low environmental impact
➔ **It is essential to procure and utilize low-CO₂ aluminum ingots derived from renewable energy sources.**



Source: Prepared by Kobe Steel based on the information provided by the Japan Aluminum Association (data from major countries)