



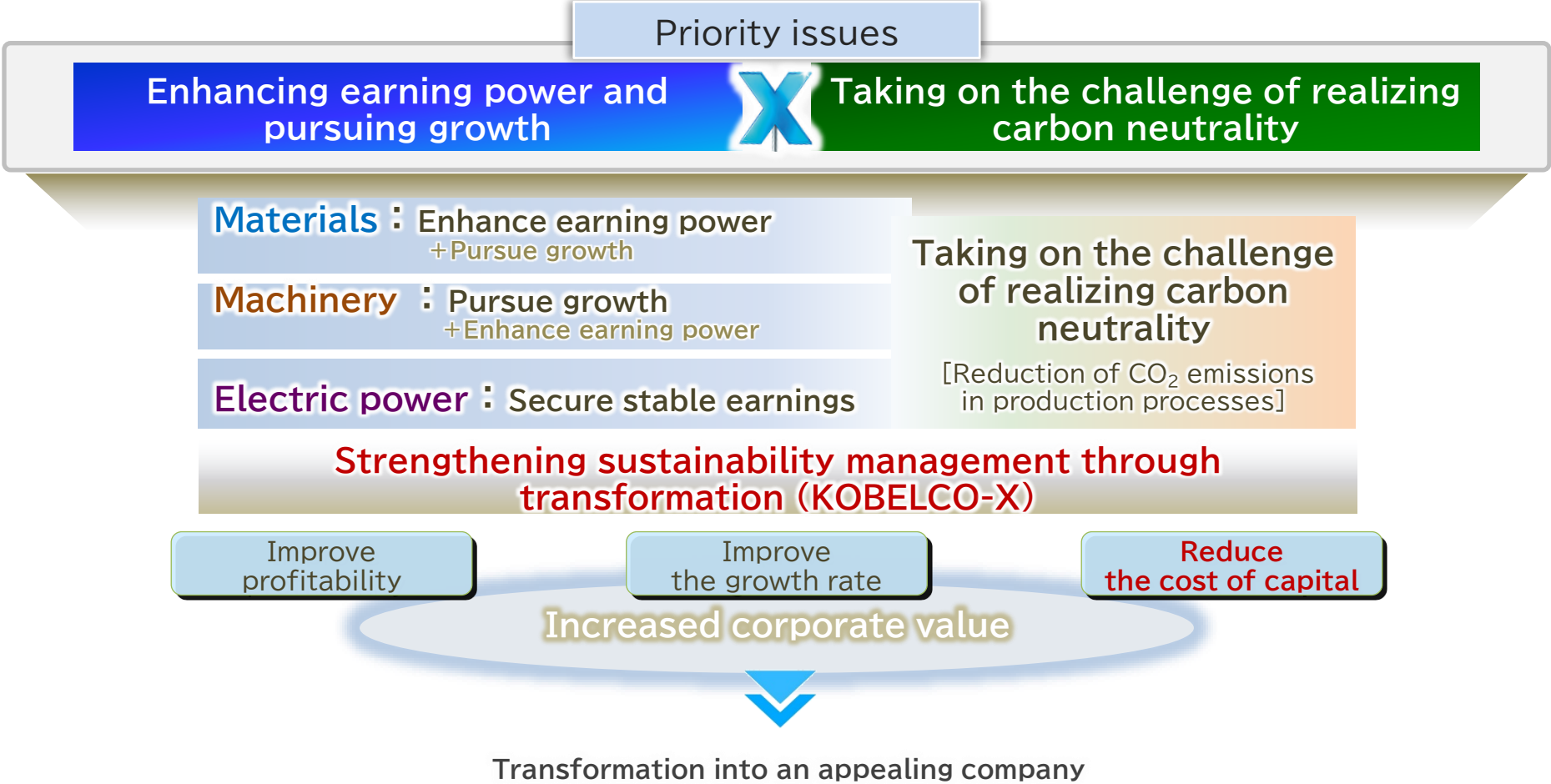
Kobelco Group ESG Initiatives

September 30, 2026
Kobe Steel, Ltd.

Enhancement of Corporate Value

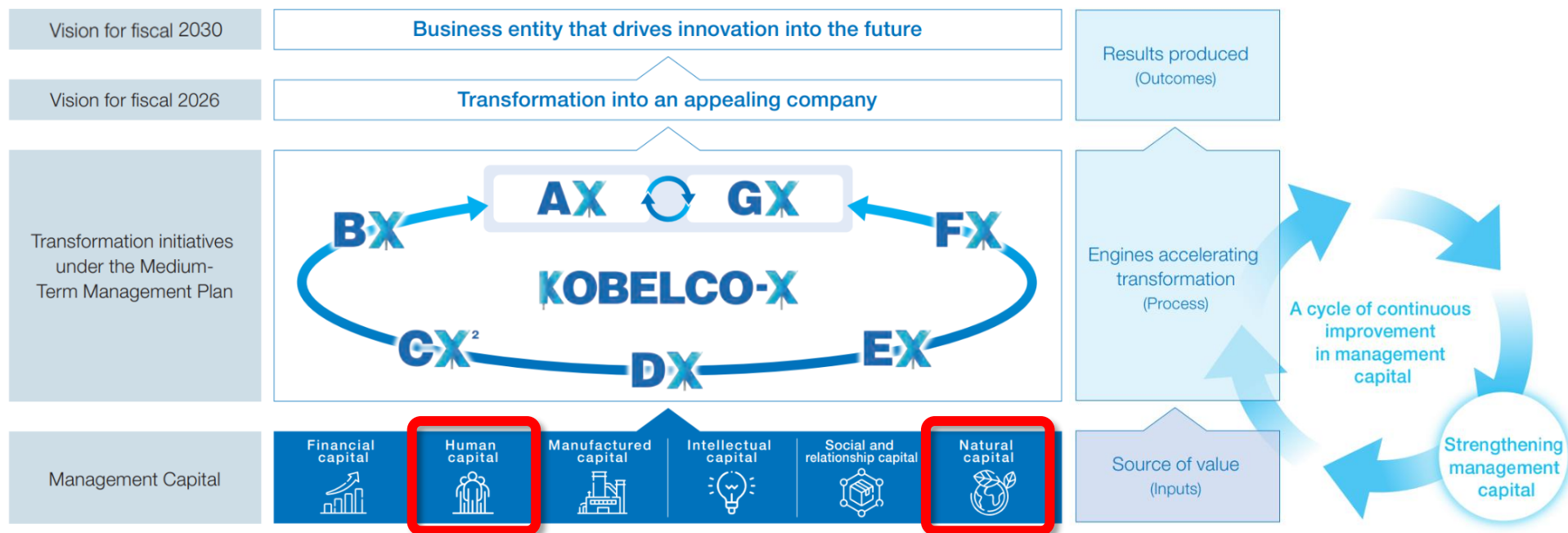
Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026) —Basic Policy—

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



Enhancing Corporate Value

- The source of value that empowers the Kobelco Group to transform into an appealing company and enhance corporate value lies in our six forms of management capital.
- The seven transformations, defined as AX through GX under KOBELCO-X, provide a framework for leveraging these management capitals and also serve as engines to accelerate transformation.
- The outcomes generated by each “X” initiative will not only transform us into an appealing company but will also further strengthen our management capital.



Today, we will focus particularly on human capital and natural capital.

Overview of Today's Presentation

Today's presentation covers the following topics of ESG.



(1) Status of CO₂ Reduction Initiatives
(2) Natural Capital (Biodiversity)



Human Capital



(1) Management Structure
(2) Skills Matrix



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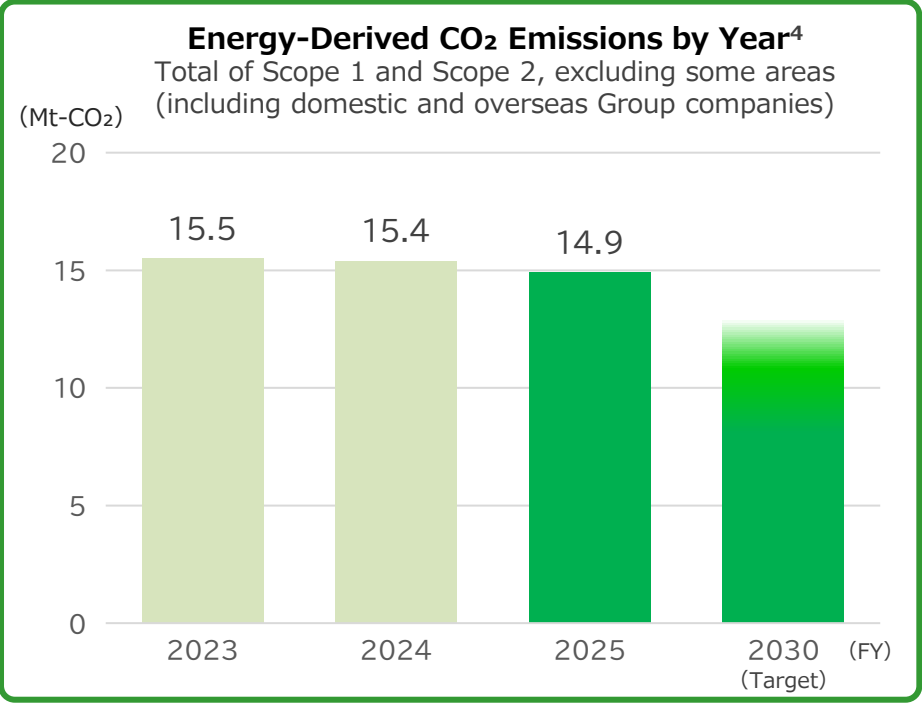
(Environment)

- (1) Status of CO₂ Reduction Initiatives
- (2) Natural Capital (Biodiversity)

Status of CO₂ Reduction Initiatives —CO₂ Emissions Reduction—

Reduction of CO₂ Emissions in Production Processes

2050 Vision	Taking on the challenge of realizing carbon neutrality
2030 Target	30% reduction (compared to fiscal 2013) ^{1, 2} in CO ₂ emissions in our Group's production processes
Fiscal 2025 Result	23% reduction (compared to fiscal 2013) ^{1, 2}



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

2050 Vision	Contribution to CO ₂ reduction: 100 million tons or more
2030 Target	Contribution to CO ₂ reduction: 78.0 million tons or more ³ Net sales of related products: 550 billion yen
Fiscal 2025 Result	Contribution to CO ₂ reduction: 67.42 million tons Net sales of related products: 389.2 billion yen

See [page 30](#) for contribution to reduction of CO₂ emissions through technologies, products, and services.

1. The reduction target is the combined total of Scope 1 and Scope 2 emissions.
2. The target encompasses Kobe Steel and its major subsidiaries, which together account for approximately 96% of the Group's CO₂ emissions, based on fiscal 2025 results.
CO₂ emissions in the covered range: 18.4 million tons in fiscal 2013 and 14.3 million tons in fiscal 2025
3. The 2030 target for contribution to CO₂ reduction has been revised upward from 61.0 million tons.
4. Energy-derived CO₂ emissions do not include CO₂ emissions associated with the generation of electricity sold externally by the three subsidiaries of the Electric Power Business and the steelworks of Kobe Steel (12.0 million t-CO₂). We revised the calculation method for energy activity data at certain sites to improve accuracy, starting in fiscal 2025. This change has been applied retroactively to previous years.

Note: For formulas used to calculate our 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 Technology (AIST).

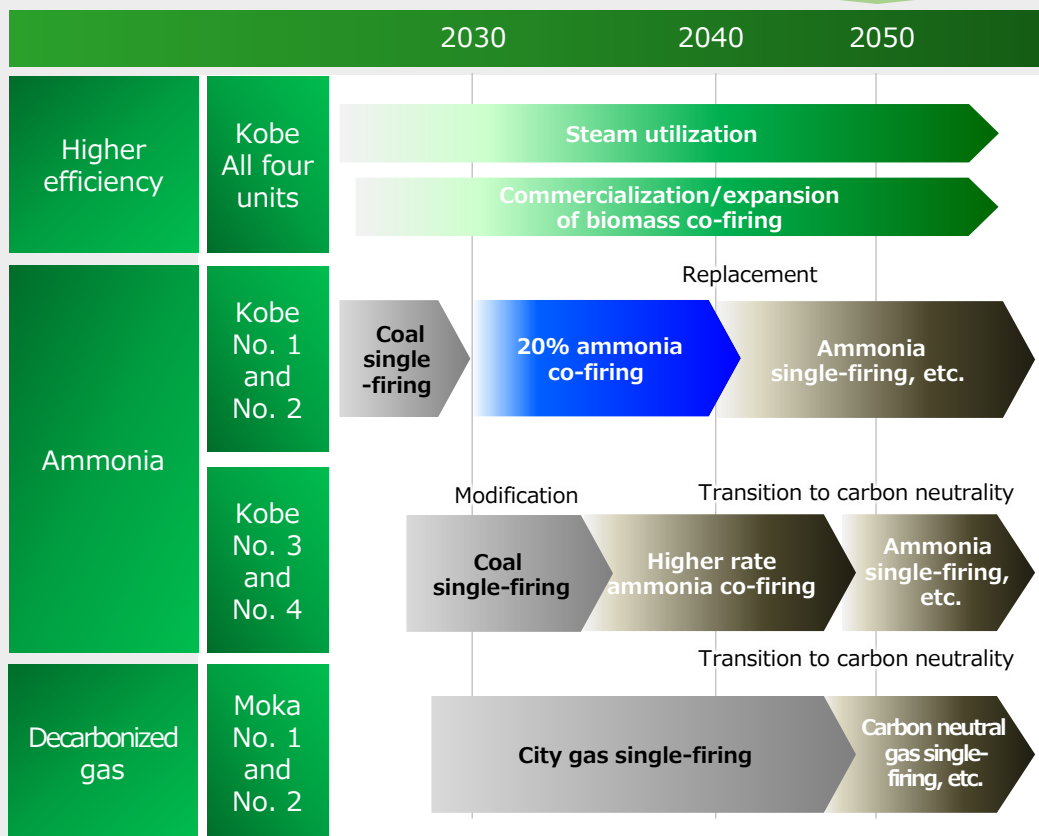
Status of CO₂ Reduction Initiatives —Electric Power Business—

- Kobe Power Plant No. 1 unit: Submitted a bid to and successfully won the third Long-Term Decarbonization Power Resource Auction, which covers a portion of fuel expenses.
- Kobe Steel and IHI received certification for the plan to utilize low-carbon ammonia at the Kobe Power Plant under the “Support Focusing on the Price Gap” scheme.

(As per the Roadmap for Carbon Neutrality Medium-Term Management Plan)

43%
efficiency

Taking on the challenge of
realizing carbon neutrality



Preparations for Implementing 20% Ammonia Co-Firing Facilities

- Full-scale construction of the ammonia facilities began in July 2026.
(Total capital investment: approximately 150 billion yen)
Note: The capital investment is expected to be recovered through auction revenues.
- Construction is progressing as scheduled toward completion of facilities at Kobe No. 2 and No. 1 units by the end of fiscal 2029 and 2030, respectively.

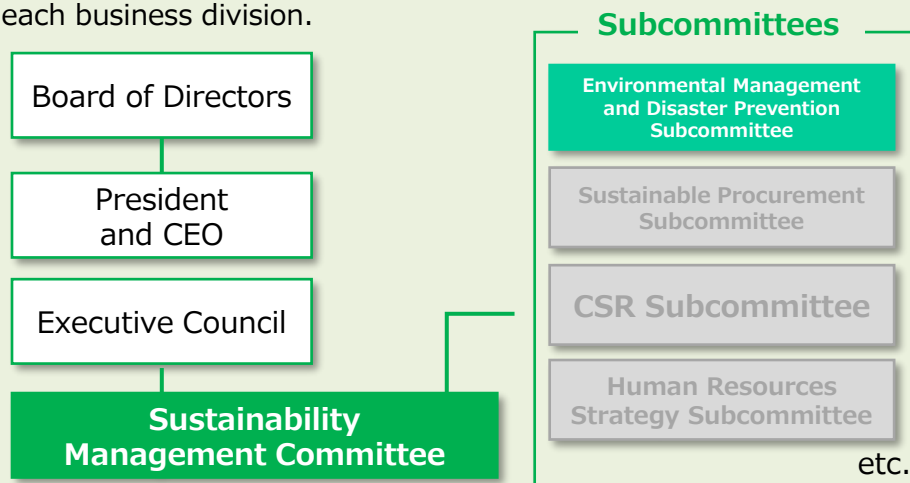
(Fiscal Year)	2026	2027	2028	2029	2030
Preliminary Work	➔				
Ammonia Facility Construction		➔	➔	➔	
Commissioning				➔	
Commercial Operation					➔

Natural Capital (Biodiversity)

- The Kobelco Group has long recognized that conserving the earth's diverse ecosystems is an important theme of its environmental activities and formulated the Kobelco Biodiversity Guidelines in December 2010, under which it is working to conserve and contribute to biodiversity through its business activities.
- The Group analyzed the dependencies and impacts of its business activities on biodiversity, as well as the associated risks and opportunities, using the LEAP approach¹ in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), and organized the corresponding measures as follows.

Governance

To promote internal management of risks and opportunities related to biodiversity, we have established the Biodiversity Response Team within the Environmental Management and Disaster Prevention Subcommittee under the Sustainability Management Committee. Team members are selected from each business division.



Strategy

We analyzed the environmental impacts of our production sites under the Group's direct operational supervision, as well as other sites engaged in raw material procurement in the steel business supply chain that have large business scales and high dependencies on GHG emissions, water use, waste, air pollution, and water resources.

- We confirmed that there are no protected natural areas within a three-kilometer radius of our production sites and that none of the Group's business sites or Group companies in Japan are located in regions of high or higher water stress.
- We also confirmed that none of the major iron ore and coal mines are located in high-conservation-value protected natural areas.

1. LEAP is an acronym for Locate, Evaluate, Assess, and Prepare, indicating the stages of risk assessment.

Natural Capital (Biodiversity)

Management of Risks and Impacts

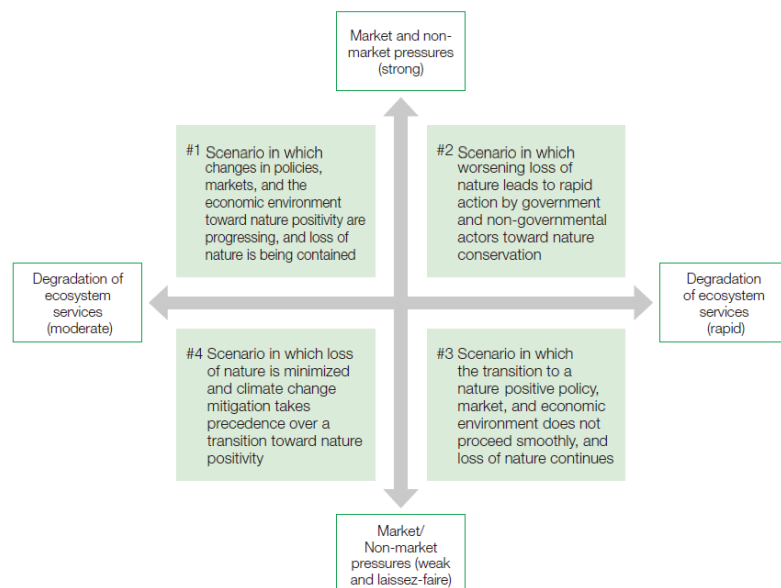
We analyzed the following two scenarios for the future of society.

• Nature Positive Scenario

A scenario where nature's degradation is mild, with society strengthening regulations for nature conservation and resource efficiency

• Nature Loss Scenario

A scenario where nature's destruction progresses rapidly, with society showing little initiative in nature conservation



Measurement Indicators and Targets

We have summarized the nature-related dependencies and impacts associated with our business activities, as well as the associated risks and opportunities and corresponding measures, as shown in the table below.

Categories of Risks and Opportunities	Stage of Value Chain	Dependencies and Impacts	Risks and Opportunities	Impacts* (Nature Positive Scenario)	Impacts (Nature Loss Scenario)	Response Measures
Physical risks (acute and chronic)	Upstream/Direct operations	Climate adjustment, disaster mitigation	- Supply chain disruptions due to flooding - Flooding and storm surge damage at production bases	Moderate	Major	- Increasing the number of suppliers and ensuring a constant stock of raw materials - Implementing physical measures against floods and storm surges, and continued reviews of BCP - Confirming using IAT and WRI Aqueduct, etc.
Physical risks (acute)	Direct operations	Supply of water resources	Water stress at Group companies located in some overseas areas worsens, making it difficult to obtain sufficient water for business continuity and resulting in a decline in operating rates	Minor	Moderate	Assessing the water stress situation and maintaining/improving water recycling rates according to the level of risk. [Indicator No. C3.0 Water Resources]
Transition risks (policies)	Direct operations	Waste and recycling	Response to policies calling for the reuse of recycled resources (circular economy)	Moderate	—	Working on horizontal recycling of raw materials
Transition risks (policies)	Upstream	Alteration of terrestrial ecosystems	The expansion of protected areas in line with the 30x30 policy results in a decrease in new resource development areas and permits, leading to supply chain disruptions and price hikes for metal resources and coal	Moderate	—	Diversifying raw materials suppliers
Transition risks (policies and society)	Direct operations	Emissions of air pollutants other than GHGs and emissions of water pollutants	- Increased costs to address stricter water and air pollution regulations during the manufacturing stage - Demands from local communities regarding water quality management	Minor	—	Regular monitoring of wastewater quality [Indicator No. C2.1 Water Quality]
Transition risks (markets and technologies)	Direct operations/Downstream	Impacts of resource use over the life cycle	Changes in product demand due to increased demand from customers for recycled materials	Moderate	—	Working on horizontal recycling of raw materials
Transition risks (markets and technologies)	Direct operations/Downstream	Impacts of resource use over the life cycle	Changes in product demand due to increasing needs for low-greenhouse gas materials	Moderate	—	Expanding production of Kobenble™ Steel and Kobenble™ Aluminum
Opportunities (markets, products and services)	Downstream	Impacts of resource use over the life cycle	Increased demand for products with low greenhouse gas emissions and nature-related certifications	Major	—	Expanding sales of Kobenble™ Steel and Kobenble™ Aluminum as well as the MIRON™ Process [Indicator No. C7.4 Nature Opportunities]

For details, see pages 43–44 of the [ESG Data Book 2026](#).

Natural Capital (Biodiversity)

Initiatives Contributing to Biodiversity KOBELCO GREEN PROJECT

Forest Development Activities

- Employee volunteers carry out forest development activities in Mt. Rokko and other areas.
- In July 2026, we received the River Conservation Merit Award from the Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, which is presented to organizations that have made outstanding contributions to river conservation.



Kobelco Forest Fairy Tale Prize

- We hold the Kobelco Forest Fairy Tale Prize, a creative fairy tale contest on the theme of forests for elementary, junior high, and high school students.
- Gold Prize-winning works are made into picture books with illustrations by professional picture-book artists and donated to elementary, junior high, and high schools, special needs schools, public libraries, and other facilities under the jurisdiction of supporting local governments, with approximately 50,000 copies donated to date.



[Kobelco Forest Fairy Tale Prize website \(Japanese\)](#)

Participation in Alliances and Initiatives

- As a member of Keidanren (Japan Business Federation), we participate in the Keidanren Initiative for Biodiversity Conservation.
- We also participate in the 30by30 Alliance for Biodiversity, which promotes efforts to certify areas conserved by the private sector and others.





Human Capital

Human Capital

- To realize our Group's vision of becoming a business entity that drives innovation into the future, it is essential to advance a human resources strategy that is aligned with our business strategy.
- EX is an initiative aimed at enhancing the execution capabilities of our people and organization toward this goal. We are actively implementing measures to secure, develop, assign, and retain key personnel who have been identified as essential for driving KOBELCO-X.

Fiscal 2030 : Business entity that drives innovation into the future
(Enhancing earning power and pursuing growth, and taking on the challenge of realizing carbon neutrality)

KOBELCO-X

Means and drivers for realization and acceleration

Development and enhancement of people (key personnel) essential for driving KOBELCO-X in each area

AX
personnel

BX
personnel

CX²
personnel

DX
personnel

EX
personnel

FX
personnel

GX
personnel

EX

Foundation for the execution capabilities of people and organization for advancing transformation

Three approaches in our human resources strategy

Enhancing organizational diversity

Encouraging the growth and initiative of every employee

Creating a work environment where employees can play active roles

Key measures

Recruitment of diverse human resources

D&I development

Job assignment that inspires growth and ambition

Compensation based on ability and role

Human resources development

Promotion of work style reform

Increased awareness of human rights

Development of safe and healthy workplaces

Human Capital

- To continuously drive KOBELCO-X transformation initiatives, it is important to systematically secure talent with the expertise and experience required in each area and to create an environment where they can perform effectively in the right roles.
- To this end, our Group is working to identify the key personnel essential for advancing each area of KOBELCO-X, while also promoting initiatives for their recruitment, development, placement, and retention.

AX	Ambidexterity	Personnel who drive initiatives to restructure the operation base in the materials businesses, maintain global competitiveness, and enhance ROIC management to increase corporate value
BX	Business transformation	Personnel who lead fundamental reviews of business processes and drive productivity improvements
CX²	Customer experience transformation	Personnel who propose and implement Groupwide solutions to address customer challenges
DX	Digital transformation	Personnel who drive digital transformation, who promote its on-site implementation, and who create an environment to support these challenges
EX	Employee Experience	Personnel who encourage the growth and initiative of diverse human resources and organizations and lead the creation of an environment that enables them to fully demonstrate their potential
FX	Factory transformation	Personnel who lead the transition to smart factories, manpower savings, and automation
GX	Green transformation	Personnel who play a key role in CO ₂ reduction in ironmaking and power generation processes, as well as in businesses related to low-carbon iron sources and energy transition

Development of DX Personnel

We are committed to developing IT evangelists and data scientists as key personnel in the DX field.

IT evangelists

Personnel who drive DX through IT tool utilization (1,041 employees trained)

Data scientists

Personnel who drive DX through data analysis and utilization (195 employees trained)

Note: The number of employees trained is as of March 2026

Human Capital

- To ensure the recruitment, development, placement, and retention of key personnel, it is crucial to integrate people with diverse knowledge and experiences into the organization, to enable them to acquire the necessary skills and take on new challenges, and to create an environment where they can continue to demonstrate their abilities with confidence.
- Group promotes human resources initiatives based on three approaches—enhancing organizational diversity, encouraging the growth and initiative of every employee, and creating a work environment where employees can play active roles.

Enhancing Organizational Diversity

Human Rights and D&I Month

- ❑ We continuously implement internal communication initiatives to promote a deeper understanding of diversity and inclusion (D&I).
- ❑ In fiscal 2025, we designated December as Human Rights and D&I Month and carried out intensive awareness-raising activities.

Human Rights and D&I Month Events (Example)

Lunchtime Session—Introduction to the Guidebook on Reasonable Accommodation for Disabilities

Distribution of executive messages and D&I Newsletter

Display of human rights awareness posters and implementation of human rights training

Encouraging the Growth and Initiative of Every Employee

Career Self-Development System

We have introduced a new mechanism that allows each employee to express their intention to utilize the Career Self-Development System according to their career goals during annual meetings with their supervisor.

Position-Specific Recruitment (Year-Round)

Employees apply directly to specific positions

Position-Specific Recruitment (Start of Fiscal Year)

Employees apply to specific positions after discussion and consultation with their supervisors(newly introduced)

Position-Specific Recruitment Plus One

Employees take on tasks in the recruiting department while remaining in their current department

Open Position Recruitment

Employees proactively apply for a transfer to their desired organization or division

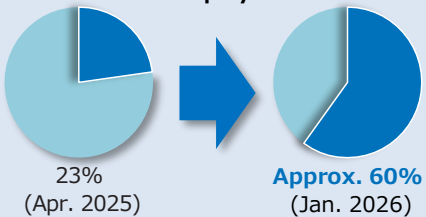
Creating a Work Environment Where Employees Can Play Active Roles

As part of our current Medium-Term Management Plan, we are making steady investments of approximately 45 billion yen to improve the workplace environment, aiming to create an environment that allows employees to realize their full potential.

Stock Incentive Scheme for Employees

- ❑ We have introduced a stock incentive scheme for employees with the aim of increasing engagement by raising employees' awareness of their role in corporate management and corporate value enhancement.
- ❑ The scheme provides members of the employee stock ownership plan with an annual special incentive equivalent to 30 shares.

Participation rate in the employee stock ownership plan



Enhancing Organizational Diversity

Driving transformation and creating new value by bringing together diverse knowledge, experience, and values

Percentage of Women in New Graduate Hires for Career-Track Technical Positions

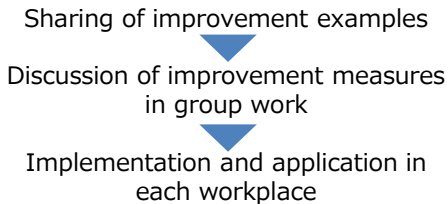
13%  14%
Fiscal 2023 Fiscal 2025

Turnover Rate of Female Technical Employees within Five Years

25.8%  17.6%
Fiscal 2023 Fiscal 2025

Networking Event for Female Technical Employees (Planned for October 2026)

Female technical employees will share examples of improvements to QC circle activities incorporating women's perspectives and discuss improvement measures and implementation methods for their respective workplaces.



Leveraging diverse perspectives to improve the workplace and create a better work environment for everyone

Encouraging the Growth and Initiative of Every Employee

Enhancement and demonstration of capabilities and expertise through self-directed learning and challenges

Average Hours of Training per Employee

33.0 hours  50.4 hours
Fiscal 2023 Fiscal 2025

Average Human Resources Development Expenditure per Employee

¥171,000  ¥245,000
Fiscal 2023 Fiscal 2025

Qualification Acquisition Support Program (Since October 2025)

A program that supports employees' self-directed learning and skill development by providing incentives to employees who obtain eligible qualifications, according to the level of difficulty

Eligible Qualifications
More than 200

Cumulative Number of Applications
Approx. 500
(From program launch to the end of June 2026)

Aiming to expand self-directed learning through greater use of the program

Creating a Work Environment Where Employees Can Play Active Roles

Creating an environment where a diverse workforce can consistently demonstrate its full potential and work with peace of mind

Total Actual Working Hours

2,050 hours  2,014 hours
Fiscal 2023 Fiscal 2025

Workplace Environment Improvement Investment

Approx. ¥45 billion
(Investment planned for fiscal 2024–2026)

Relocation of Tokyo Head Office (June 2026)

Newly-introduced activity-based working (ABW) system allows employees to choose where to work according to their tasks, along with a fully unassigned seating system, to promote cross-divisional communication and collaboration.

- Work location selected according to tasks
- Enhanced information sharing and collaboration across departments
- Creating a comfortable and functional workplace environment

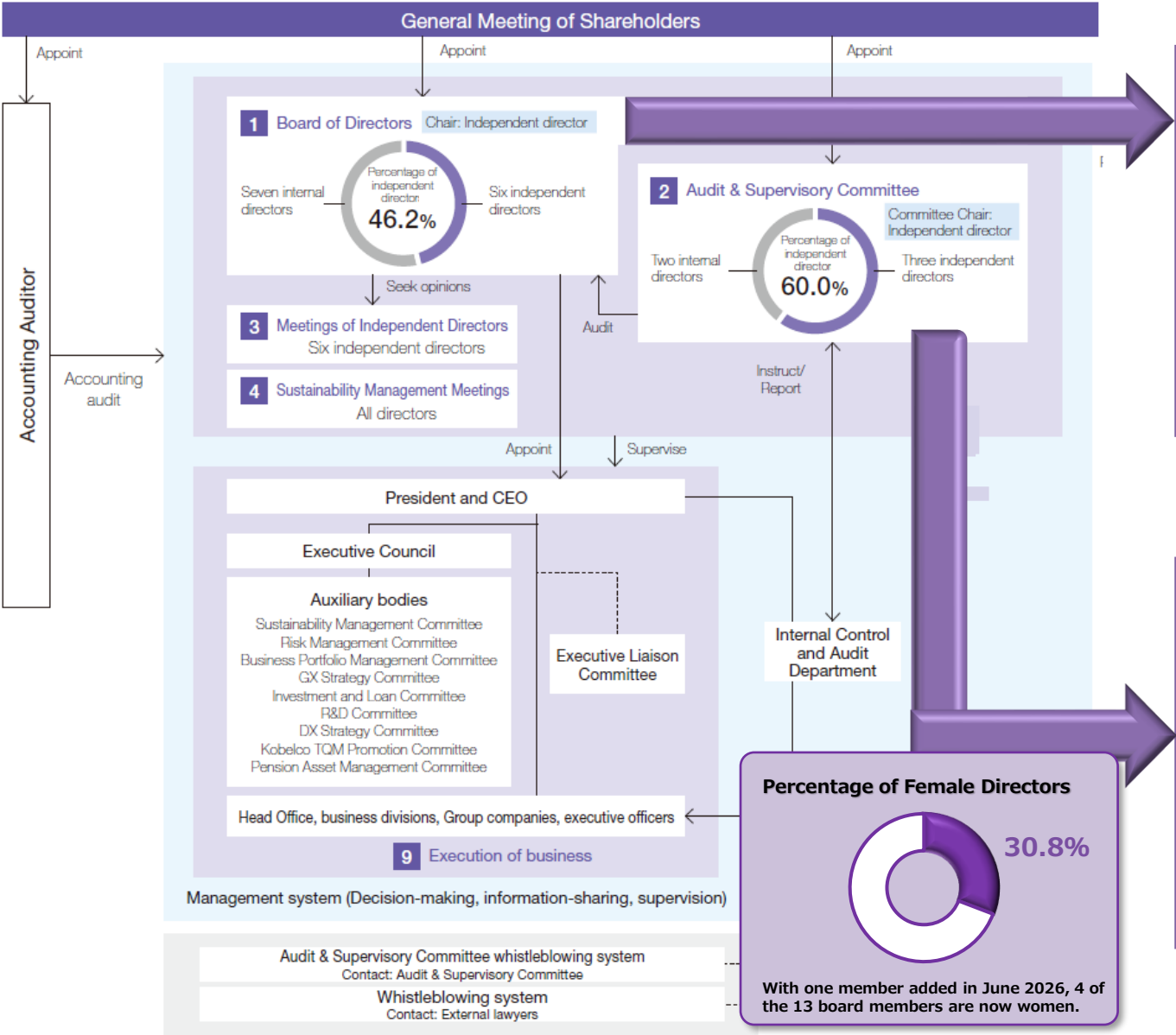
Enhancing individual and organizational productivity through new ways of working



- (1) Management Structure
- (2) Skills Matrix

Management Structure

Our Corporate Governance System



Chair of the Board of Directors



Shinsuke Kitagawa
(Independent Director)

Chair of the Audit & Supervisory Committee



Hisae Kitayama
(Independent Director)

Skills Matrix

- To address the Group's medium- to long-term material issues (materiality) and implement the Medium-Term Management Plan (Fiscal 2024–2026), we have defined the necessary knowledge, experience, and skills as outlined below, taking into account changes in the external environment and other circumstances, and have also revised part of the skills matrix.

Group Corporate Philosophy		Materiality	Knowledge, Experience, and Skills	Reason for Selection	Reference: Relevant Initiatives under KOBELCO-X (Up to Four Ticks)						
					AX	GX	BX	CX*	DX	EX	FX
KOBELCO's View of the Future	KOBELCO's Mission	 Contributing to a green society	Business management and administration	As our Group operates diverse businesses both domestically and internationally, skills in business management and administration are fundamental for optimizing our portfolios and resource allocation, as well as for demonstrating decision-making competency through the development and implementation of medium- to long-term growth strategies on a global scale, aimed at maximizing corporate value.	■	■			■		■
		 Ensuring safety and security in community development and manufacturing	Environmental strategy	Our Group recognizes environmental issues as important medium- to long-term challenges. Environmental strategy skills are essential for advancing initiatives that address both risks and opportunities in the pursuit of a sustainable society. This includes responding to climate change and promoting resource circulation, as well as expanding products and services that contribute to CO ₂ emission reduction.		■	■	■	■		
		 Providing solutions for the future connecting people and technology	Sales strategy and marketing	A market-oriented perspective is required to ensure competitive advantages throughout the Group's business operations. Skills in sales strategy and marketing are essential for swiftly responding to changes in the global market environment and creating customer value.	■		■	■	■		
		 Promoting active participation of diverse human resources	Technical development, intellectual properties, and production technologies	As technological innovation becomes an increasingly important source of competitiveness, skills in technology development, intellectual property, and production technology are essential for developing and implementing technical strategies that promote differentiation and improve profitability, including enhancing existing technologies, products, and services, as well as driving innovation.	■	■			■		■
		 Pursuing governance that supports sustainable growth	Digital, IT, and DX	Skills in digital, IT, and DX are essential for not only improving operational efficiency but also for innovating business models. These capabilities are crucial for gaining competitive advantages in the market, thereby accelerating the creation of new value.			■	■	■	■	
			Human resources strategy	Human resources strategy skills are essential for maximizing human capital and enhancing organizational strengths by promoting diversity, fostering a fulfilling workplace, and developing the next generation of talent. These efforts contribute to achieving sustainable corporate growth.			■		■	■	■
			Finance and accounting	Maintaining a sound financial structure and improving capital efficiency form the foundation for enhancing corporate value. Finance and accounting skills are essential for the optimal utilization of management resources in areas such as investment decisions and capital policies.	■	■	■		■		
			Governance and risk management	Skills in corporate governance and risk management are essential for directors to ensure the soundness and transparency of management, the validity of management strategies, and the appropriateness of business execution. These skills also enable directors to accurately grasp and manage various risks, supporting the sustainable enhancement of corporate value.	■	■	■		■		

Skills Matrix

Name			Gender	Length of Service as Director (Years)	Matters Concerning Overall Management	Value creation area						Business foundation area		Insights into Other Industry Sectors
						Business management and administration	Sales strategy and marketing	Technical development, intellectual properties, and production technologies	Digital technology, IT, and DX	Environmental strategy	Human resources strategy	Finance and accounting	Governance and risk management	
Directors	Yoshihiko Katsukawa	Inside	Executive	Male	8	●	●		●		●	●		
	Hajime Nagara	Inside		Male	6	●			●	●		●		
	Koichi Sakamoto	Inside		Male	3	●		●	●			●		
	Kazuhiko Kimoto	Inside		Male	2	●	●		●		●			
	Kazuo Iritani	Inside		Male	—	●	●	●	●					
	Shinsuke Kitagawa	Outside/Independent Officer	Non-executive	Male	4		●		●	●		●	●	
	Yoshie Tsukamoto	Outside/Independent Officer		Female	2	●	●	●	●				●	
	Akihiro Nakanishi	Outside/Independent Officer		Male	—	●	●			●	●		●	
Directors who are Audit & Supervisory Committee Members	Gunyu Matsumoto	Inside	Non-executive	Male	3	●			●	●	●			
	Yuichiro Goto	Inside		Male	2		●	●	●					
	Nobuko Sekiguchi	Outside/Independent Officer		Female	4			●		●	●		●	
	Hisae Kitayama	Outside/Independent Officer		Female	—	●				●	●	●	●	
	Tomoko Sakamoto	Outside/Independent Officer		Female	—					●		●	●	●

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

Integrated Report and ESG Data Book 2026

The Integrated Report and ESG Data Book 2026 (English version) will be available on our website in October.

Integrated Report



[Integrated Report](#)

ESG Data Book



[ESG Data Book](#)

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 2. Contribute to the Society by Providing Superior Products and Services Quality Charter 3. Establish a Comfortable but Challenging Work Environment 4. Live in Harmony with the Local Community 5. Contribute to a Sustainable Environment 6. Respect Each Stakeholder

- This document contains forward-looking statements about the Company's forecasts, beliefs, expectations, aims, and strategies. These statements are based on the Company's judgements and assumptions using currently available information and may differ substantially from actual results due to uncertainties within its judgements and assumptions and a variety of factors that may change over time, such as future business operations and changes in internal and external circumstances. Kobe Steel assumes no responsibility for revising these statements or other contents in this presentation.
- Uncertain and variable factors include, but are not limited to:
 - Changes in economic conditions, demand, and prices in major markets
 - Political situations and trade and other regulations in major markets
 - Fluctuations in foreign exchange rates
 - Availability and prices of raw materials
 - Products and services of competitors, price strategies, alliances, and other business developments such as M&As
 - Changes in strategies of the Company's alliance partners

KOBELCO

Reference Materials

Kobelco Group's Sustainability Management

- Under the Group's Corporate Philosophy, we promote sustainability management based on the framework below.
- 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.

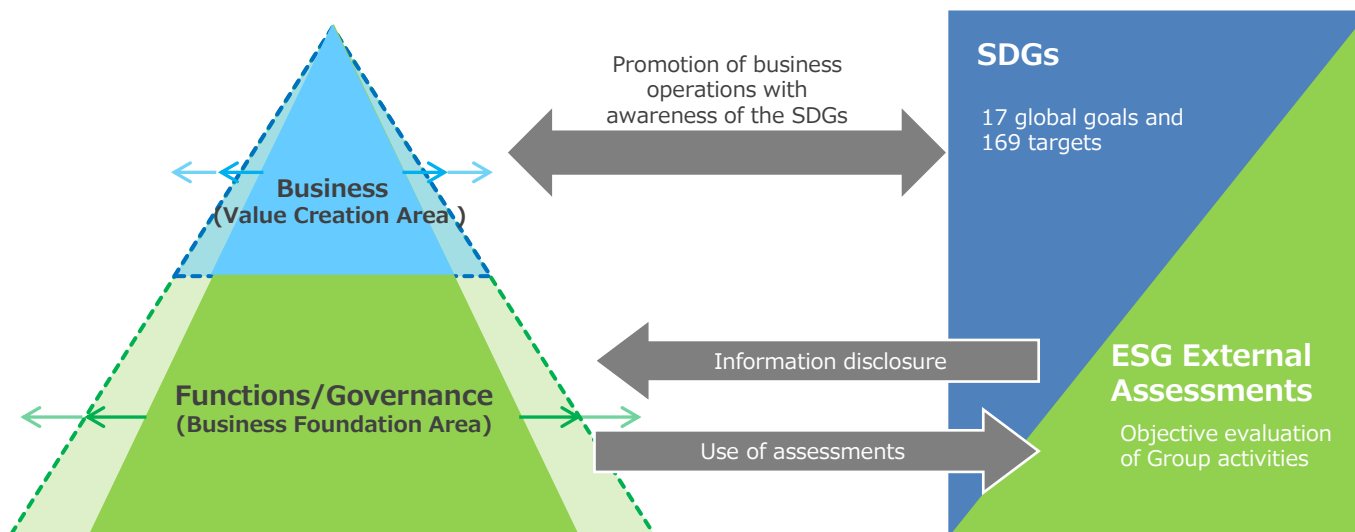
Core Values of KOBELCO

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 2025 Results for Materiality Indicators and Targets (1)

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2025)
		Indicator	Target	
Contributing to a green society 	Response to climate change	[1] Reduction of CO ₂ emissions in production processes	2030: 30% reduction (compared to fiscal 2013) 2050: Taking on the challenge of realizing carbon neutrality	23% reduction
		[2] Contribution to the reduction of CO ₂ emissions through technologies, products, and services	Contribution to CO ₂ reduction: 78 million tons in 2030 and 100 million tons or more in 2050 Net sales of related products: 550 billion yen in FY2030	67.42 million tons 389.2 billion yen
		[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	96.2%
		[5] Discharges of pollutants (COD, total phosphorus) in restricted areas	Discharges of pollutants (COD, total phosphorus) • COD: 474 tons/year or less • Total phosphorous: 23 tons/year or less	COD: 220 tons Total phosphorous: 5 tons
		[6] Disclosure based on the TNFD recommendations	–	Scoping and disclosure of all four phases of the LEAP approach

Fiscal 2025 Results for Materiality Indicators and Targets (2)

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2025)
		Indicator	Target	
Ensuring safety and security in urban development and manufacturing 	Supplying energy Focused on S+3E ¹	[7] Continuous stable supply of electricity	Continuous stable supply of electricity	Ongoing ²
	Providing materials And machinery that meet needs	[8] Percentage of eco-friendly products in steel products	FY2024: 22% FY2026: 22%→FY2030: 25%	24%
		[9] Percentage of low-CO ₂ raw materials in aluminum rolled products	FY2024: 86% FY2026: 90%→FY2030: 100%	84%
		[10] Advanced materials: Percentage of environmental products in net sales	FY2024: 29%, FY2025: 29% FY2026: 32%	32%
		[11] Percentage of orders for environment-related machinery products (decarbonization, LNG, etc.)	FY2024: 23% FY2030: 25%	27%
		[12] Total domestic unit sales of ICT construction machinery	FY2024: 400 units or more FY2026: 1,000 units or more	500 units or more
		[13] Percentage of welding solution products in sales	FY2024: 23% FY2026: 25%	23%

¹ S+3E : Safety + Energy Security, Economic Efficiency, Environment

² Despite the extended inspection of the Kobe Power Plant unit No.3, there was no impact on the stable supply of electricity.

Fiscal 2025 Results for Materiality Indicators and Targets (3)

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2025)
		Indicator	Target	
Providing solutions for the future connecting people and technology 	Manufacturing and operational transformation through digitalization (DX)	[14] Employee awareness survey results on DX	FY2024: Begin survey/set targets FY2026: 72%	76% ³
	Integration and innovation of diverse intellectual assets	[15] Number of ideas for new businesses	Every year: 10 cases/year	8 cases
Promoting active participation of diverse human resources 	Enhancing organizational diversity	[16] Percentage of women in new graduate hires for career-track positions	Every year: Career-track administrative positions: 50% or more Career-track technical positions: 15% or more	Administrative: 46% Technical: 14%
		[17] Percentage of women in new graduate hires for general technical positions and their turnover	Every year: Percentage of women in new graduate hires: 10% or more Turnover rate within five years: 15% or less	Percentage of women in new hires: 9% Turnover rate: 17.6%
		[18] Number of female managers	FY2026: 100 female managers	93 people
	Creating a work environment where employees can play active roles	[19] Percentage of male employees taking paternity leave or special leave for childcare	Every year: 100% or higher	155.0%
		[20] Number of annual paid leave days taken	15 days (per year/employee)	17.3 days
	Encouraging the growth and initiative of every employee	[21] Instilling the Group Corporate Philosophy	Every year: 80% or higher positive response rate for related questions in the employee awareness survey	82%
		[22] Improving and expanding employee training	FY2026: 40 hours or more average hours of training per employee	50.4 hours

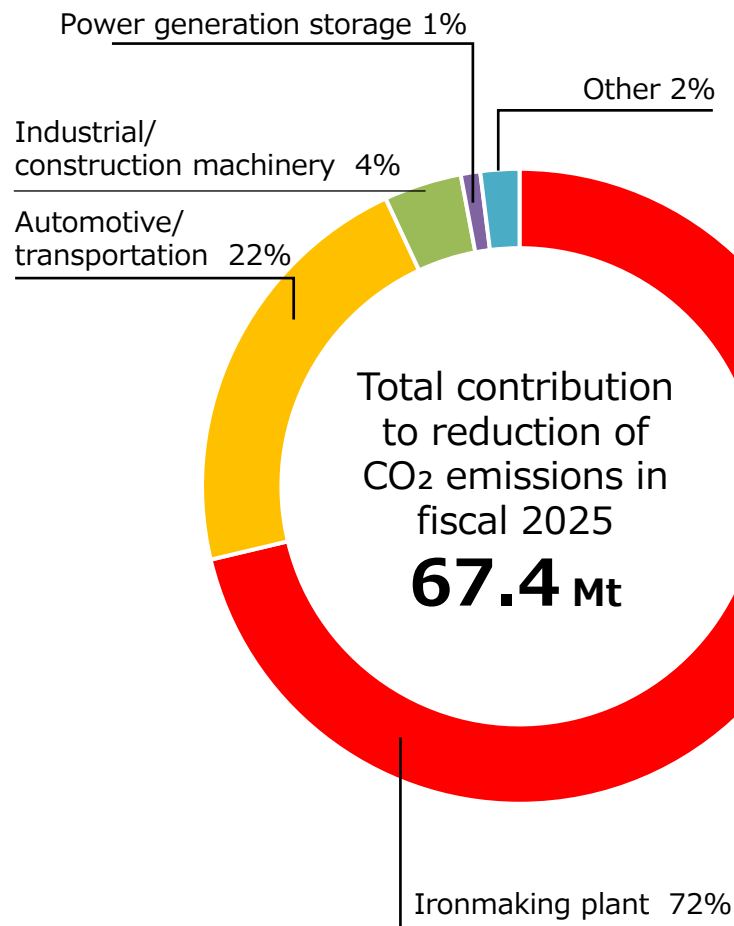
³ The percentage of employees who feel they are ready to promote DX is used as a materiality indicator.

Fiscal 2025 Results for Materiality Indicators and Targets (4)

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2025)
		Indicator	Target	
Pursuing governance that supports sustainable growth 	Compliance and risk management	[23] Whistleblowing system usability	Positive response rate for related questions in the employee awareness survey FY2026: 85% or higher	86.7%
	Human rights	[24] Companies implementing human rights due diligence	Supply chain (SC): Approx. 330 companies ⁴ Group companies: Domestic 83 companies Overseas 41 companies	SC: Completed Domestic: 64 companies Overseas: 46 companies
	Safety and health	[25] Lost time injury frequency rate	Every year: 0.10 or less	0.21
	Quality assurance	[26] Percentage of business sites certified under the Quality Guidelines	FY2025: 100%	100%
	TQM	[27] Kobelco TQM practical management program completion rate	FY2025: 100% of line managers FY2027: 100% of managers and eligible employees of Group companies	93% of line managers (non-consolidated) 76% of managers (non-consolidated)

4 The number of companies that implement human rights due diligence as of fiscal 2026.

Total Contribution to Reduction of CO₂ Emissions



Technologies, Products, and Services		Contribution to CO ₂ reduction (Million t/year)
Ironmaking plant	MIDREX™ Process	48.51
Automotive/transportation	Ultra-high-tensile strength steel for automobiles, welding materials for ultra-high-tensile strength steel	10.96
	Wire rods for suspension springs	0.3
	Wire rods for automotive valve spring, high-strength steel for connecting rods	0.93
	High-tensile strength steel for shipbuilding	1.82
	Aluminum materials for automobiles	0.41
	Aluminum materials for rolling stock	0.08
Industrial/construction machinery	Heat pumps, standard compressors, SteamStar, Eco-Centri	2.40
	Fuel-efficient construction machinery	0.57
Power generation storage	Wood biomass power generation, waste-to-energy (WtE)	0.23
Other	Blast furnace cement, wire rods and steel bars with no need for heat treatment process	1.21
	High-Performance Steel Products for Building Construction	

SDGs



United Nations Global Compact



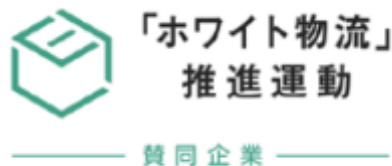
2026 PARTICIPANT

Our company is committed to upholding the Ten Principles of the **United Nations Global Compact**. Please refer to our **Communication on Progress**.

GX Future Consortium



White Logistics Movement



Declaration of Partnership Building



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



Leaders Coalition for Empowerment of Women



Participation in Sustainability Initiatives and External Evaluations

Listed below are major initiatives

FTSE4Good Index Series



FTSE4Good

FTSE JPX Blossom Japan Index



FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index



FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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MSCI Japan Empowering Women (WIN) Select Index

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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CDP



Kobe Steel received “A” rating for climate change

Platinum Kurumin



PRIDE Index

work with Pride



2025 Outstanding Organization of KENKO Investment for Health



DBJ Environmentally Rated Loan Program



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