

Environmental Management and Reduction of CO<sub>2</sub> Emissions

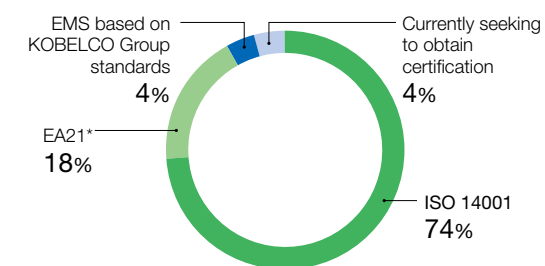
Thorough Risk Management

Kobe Steel identifies environmental risks in its business activities and takes steps to reduce these risks, while properly managing risks in accordance with daily operating procedures. Through environmental audits and other activities, the Company continues to ensure thorough compliance with laws and regulations and reinforces environmental management.

Strengthening Environmental Management (Promoting an environmental management system)

The KOBELCO Group employs environmental management systems (EMSs) based on ISO 14001 and reinforces environmental management through a PDCA cycle. Kobe Steel has acquired certification at all 12 business locations and for the Engineering Business, in addition to 19 domestic Group company business locations and 14 overseas Group companies. The percentage of major production business sites that have EMS certification is 92% among 49 business locations.

Percentage of Total Business Locations with EMS Certification (Domestic and Overseas Group Companies)



\* EA21 (Eco Action 21): An environmental management system accredited by the Ministry of the Environment for which certification is easier to obtain than ISO 14001

Each business location periodically conducts drills for possible emergency situations. Issues are identified in follow-up meetings after the drills and steps are taken to improve responsiveness.



Drill on setting out sandbags and oil absorbent mats in preparation for leakages (Shinko North Co., Ltd.)

Implementation of Environmental Audits

The KOBELCO Group conducts paper audits based on checklists of risks every year to ensure compliance with laws and regulations at Kobe Steel and all business locations of domestic Group companies.

On-site environmental audits are conducted at 12 business locations of Kobe Steel and 28 business locations of 20 domestic Group companies with high environmental risks. These are strict on-site environmental audits to check documents, such as

measurement records and various reports, and inspect work sites for waste storage and other conditions. The audits also entail interviews with managers.

The results of audits conducted in fiscal 2019 are as follows.

Results of Audits Conducted in Fiscal 2019

Paper audits: 12 business locations of Kobe Steel, 411 business locations of 96 domestic Group companies

On-site environmental audits: 6 business locations of Kobe Steel, 12 business locations of 8 domestic Group companies



On-site environmental audit (Ibaraki Plant)

Promoting Environmental Initiatives with Full Employee Participation

KOBELCO Group Environmental Meeting

The KOBELCO Group Environmental Meeting is held every year for the purposes of sharing environmental information and promoting cross-development of environmental initiatives. In fiscal 2019, participants shared useful examples of ways to reduce environmental burden at the business locations where they work and reviewed changes to environmental laws and regulations.



KOBELCO Group Environmental Meeting

Environmental Training and Study

Since fiscal 2006, Kobe Steel has continually incorporated environmental training and study into its stratified training program for employees in specific positions at business locations. Additionally, the Company provides e-learning programs regularly via the intranet to raise environmental awareness among employees and guarantee a thorough knowledge of environmental laws and regulations.

In fiscal 2019, study sessions on environmental laws and regulations were held three times and training sessions for persons in charge of waste management were held four times. A total of 133 people took part in these study and training sessions.



Study session on environmental laws and regulations

Environmental Management Systems at Overseas Locations

Our overseas locations also have environmental management systems in place, just like our business locations and Group companies in Japan. Kobe Steel aims to strengthen environmental management further by sharing information among business divisions at Kobe Steel and with overseas locations.

In the United States and China, where many Group production sites are located, the regional headquarters for respective regions, Kobe Steel USA Inc. and Kobelco (China) Holding Co., Ltd., have environmental managers who are well-versed in local laws and regulations to assist other Group companies and take steps to mitigate risks.

Environmental Audits

Kobe Steel implements on-site environmental audits once every two to five years at overseas business locations. During these audits, the environmental manager at the regional headquarters, who is well-versed in local laws and regulations, or a local consultant is appointed to review compliance with environmental laws and regulations and recommend steps to reduce risks.

A total of 32 overseas Group companies are subject to on-site environmental audits, comprising seven in the United States, 10 in China, 14 in Asia (excluding China), and one in Europe. In fiscal 2019, we conducted on-site audits at a total of six companies in Thailand, India, and Vietnam to review the state of environmental management and to identify problems. Based on the results of these audits, we implemented necessary corrective measures. Kobe Steel will continue to conduct these audits in order to strengthen its environmental management at overseas business sites.

Environmental Training and Study at Overseas Locations

In the United States and China, employees in charge of environmental management participate in environmental seminars and networking events in order to advance the skills of environmental managers at Group companies and share information on the latest developments in environment-related laws and regulations. Employees who will be transferred to overseas locations are given environmental training prior to their departure with the aim of heightening the consciousness of environmental risks, raising the awareness of local laws and regulations, and preventing environmental problems.



Networking event in China



On-site environmental audit at Thai-Kobe Welding Co., Ltd.

Monitoring of Environmental Risks in Investment Projects

The KOBELCO Group has established systems for checking compliance with environmental laws and regulations as well as environmental risks associated with capital investment projects at each business location. In addition, we employed an environmental checklist system through which the head office double-checks the laws and risks pertaining to projects that entail particularly large investments.

These checks are to confirm that, for example, chemical storage tanks are not installed underground in order to prevent soil contamination and to check whether or not effective measures are in place for preventing leaks in cases when storage tanks are located near drainage channels.